

TENTH EDITION

ORGANIZATIONAL BEHAVIOUR

UNDERSTANDING AND MANAGING LIFE AT WORK GARY JOHNS ALAN M. SAKS



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UNDERSTANDING AND MANAGING LIFE AT WORK

GARY JOHNS
CONCORDIA UNIVERSITY

ALAN M. SAKS
UNIVERSITY OF TORONTO

PEARSON

Toronto

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For Bill and Jean Johns and for Monika Jörg
Gary Johns

For Kelly, Justin, Brooke, and my parents
Simon and Renee Saks

Alan M. Saks

*This edition is dedicated to the memory of Lyman Porter,
an inspiring academic and good friend who played
an important role in the genesis of this book.*

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PREFACE

Welcome to the tenth edition of *Organizational Behaviour: Understanding and Managing Life at Work!* This edition marks the 33rd anniversary of the text, which has been rigorously updated over the years to present students with the latest knowledge and research on both the science and practice of organizational behaviour. First published in 1983, *Organizational Behaviour* is the longest-running, continuously published, and regularly revised organizational behaviour textbook authored in Canada.

In writing the tenth edition of this book, we have been guided by three goals. First, we wish to convey the genuine excitement inherent in the subject of organizational behaviour by sharing our enthusiasm about the subject with students who are reading and learning about it for the first time.

Second, we want the presentation of the material to have both academic and practical integrity, acknowledging the debt of the field to both behavioural science research and organizational practice. To put it another way, we want this book to be useful and enjoyable to read without oversimplifying key subjects on the premise that this somehow makes them easier to understand. This requires striking a balance between research and theory on the one hand, and practice and application on the other hand. The tenth edition of *Organizational Behaviour* includes the most recent research and theory in the field (e.g., positive organizational behaviour, Chapter 1; cultural distance and cultural intelligence, Chapter 4; ethical, authentic, and servant leadership, Chapter 9; evidence-based management, big data, and crowdsourcing, Chapter 11; abusive supervision and cyberbullying, Chapter 13) as well as many examples of the application and practice of organizational behaviour that are throughout the text and showcased in the chapter-opening vignettes, the “Applied Focus” features, and the “You Be the Manager” features.

Third, we want students to not only learn about organizational behaviour but also to understand the connections and linkages across topics and how to integrate theory, principles, and concepts across chapters rather than see them as separate or isolated topics. Special features designed to enhance this skill include a new integrative case that runs through each section of the text and integrative discussion questions at the end of every chapter. We sincerely hope these goals have resulted in a textbook that is interesting and enjoyable to read and also conveys the importance of organizational behaviour to individuals, groups, organizations, and society.

NEW TO THE TENTH EDITION

The tenth edition of *Organizational Behaviour* involves a substantial revision to Chapters 14 (Organizational Structure) and what was Chapter 15 (Environment, Strategy, and Technology) in the previous editions. In the tenth edition, these two chapters have been merged, resulting in a new Chapter 14 (Environment, Strategy, and Structure) that covers the material on the external environment and strategic responses to uncertainty and resource dependence from the previous Chapter 15 as well as material on organizational structure and structural characteristics from the previous Chapter 14. In addition, the Appendix on Research in Organizational Behaviour that appeared in previous editions of *Organizational Behaviour* is now available online.

The tenth edition of *Organizational Behaviour* adds substantial new content, features, and pedagogy while remaining faithful to the general format and structure of the ninth edition. While the major topics of the ninth edition remain in this edition, we have added new content to reflect recent research as well as new and emerging themes in the organizational behaviour literature in every chapter of the text. Examples of new vignettes, focus boxes, topics, case studies, and definitions that can be found in the tenth edition include

- Integrative Case: Ken Private Limited: Digitization Project

Chapter 1:

- positive organizational behavior
- Chapter-Opening *Vignette*: Vega
- *Research Focus* box: Collective Organization Engagement
- *Applied Focus* box: Mental Health at Wellington County
- *Case Study*: Argamassa Construction Materials

Chapter 2:

- Chapter-Opening *Vignette*: Naheed Nenshi
- *Research Focus* box: Personality and Adaptive Performance
- *Case Study*: Roaring Dragon Hotel

Chapter 3:

- LGBT stereotypes
- Chapter-Opening *Vignette*: RBC
- *Applied Focus* box: Police Anti-Bias Training
- *Case Study*: LGBTQA at TD Bank

Chapter 4:

- cultural distance and cultural intelligence
- Chapter-Opening *Vignette*: Facebook
- *You be the Manager* box: Carlsberg Group

Chapter 5:

- expanded coverage of self-determination theory (e.g., autonomy support)
- Chapter-Opening *Vignette*: DevFacto Technologies
- *Research Focus* box: Challenging Goals and Business Unit Performance
- *Ethical Focus* box: The Dark Side of Goal Setting
- *Case Study*: Kyle Evans at Ruffian Apparel: Staffing a Retail Establishment

Chapter 6:

- flexible work arrangements
- Updated Chapter-Opening *Vignette*: EllisDon
- *Research Focus* box: Improving the “Line-of-Sight” in Pay-for-Performance Programs
- *You Be the Manager*: Retention Bonuses at SNC-Lavalin
- *Case Study*: Dr. Jack Perry

Chapter 7:

- *Research Focus* box: Supporting Teamwork on the Mission to Mars
- *Applied Focus* box: Virtual Teams at Save the Children
- *Case Study*: Levi Strauss & Co.’s Flirtation with Teams

Chapter 8:

- person-group (PG) fit
- Chapter-Opening *Vignette*: Kicking Horse Coffee
- *Research Focus* box: The Discriminatory Gap in University Mentoring
- *Case Study*: The Wonderful World of Human Resources at Disney

Chapter 9:

- role congruity theory
- Chapter-Opening *Vignette*: Sergio Marchionne (Fiat Chrysler Automobiles)
- *Research Focus* box: Narcissism and Leadership
- *Research Focus* box: Empowering Leadership and Newcomer Creativity
- *You Be the Manager*: Leadership at the CBC
- *Case Study*: Radio Station WEAA: Leading in a Challenging Situation

Chapter 10:

- enterprise social media
- Chapter-Opening *Vignette*: Toronto Sick Kids Hospital
- *You Be the Manager*: Communicating Diversity and Inclusion at Ryder
- *Research Focus* box: Red Sneakers Effect

Chapter 11:

- crowdsourcing
- evidence-based management
- big data
- *Applied Focus* box: Target Decision Errors
- *Applied Focus* box: Crowdsourcing
- *Case Study*: The Admissions Dilemma

Chapter 12:

- effects of extreme performance pressure on ethical lapses
- *Research Focus* box: Are you more moral in morning?
- *Case Study*: To Tell the Truth

Chapter 13:

- Chapter-opening *Vignette*: Orange France
- *Research Focus* box: Get Smarty Pants
- *Applied Focus* box: Vancity family-friendly

Chapter 14:

- Holacracy organizational structure
- Chapter-Opening *Vignette*: McDonald's
- *You be the Manager*: Zappos
- *Case Study*: Chris Peterson at DSS Consulting

Chapter 15:

- Chapter-Opening *Vignette*: Microsoft's Struggle
- *You Be the Manager*: Transforming 3M culture
- *Applied Focus* box: Guests Help Hotels Innovate
- *Case Study*: ION Consulting: The MP² Training Program

We have updated many other areas throughout the text with the most current and recent research from the practising management literature, academic literature, and the popular and business press. We have also replaced the content of many of the features and added new ones. In total, the tenth edition contains 11 new chapter-opening vignettes, 19 new “Focus” boxes, and 6 new “You Be the Manager” features. These features have been carefully chosen to represent current and exciting examples of organizational behaviour. Of those examples that we have retained from the ninth edition, many have been substantially updated.

In addition to new and updated content, the tenth edition includes several new exhibits. For example, Chapter 4 includes new data on what contributes to employee job satisfaction (Exhibit 4.7); Chapter 6 includes an exhibit showing the contingency factors to consider for the motivational practices discussed in the chapter (Exhibit 6.9); Chapter 9 includes a model of leadership styles, situational factors, and leader effectiveness (Exhibit 9.10); and Chapter 12 includes new data on observed ethical misconduct (Exhibit 12.6).

Finally, in the end-of-chapter material, there are thirteen new case studies, three new case incidents, and two new experiential exercises.

ABOUT THE COVER

The cover of the tenth edition of *Organizational Behaviour: Understanding and Managing Life at Work*, along with the pictures throughout the text, features musicians from a performing jazz band. What does a jazz band have to do with organizational behaviour? A great deal! Jazz has been used as a metaphor for organizations and organizational behaviour for many years.

In 1998, the journal *Organizational Science* published a special issue on jazz improvisation as a metaphor for organizations (vol. 9, no. 5), a result of a symposium called “Jazz as a Metaphor for Organizing in the Twenty-First Century” that was held at the 1995 Academy of Management Conference in Vancouver, British Columbia. The idea was to think about the twenty-first-century organization in the context of the jazz metaphor for organizing. The jazz metaphor has also been adopted by some organizations. In its 1996 annual report, the LEGO Corporation featured its top-management team as a jazz ensemble, with the CEO playing the saxophone—the CEO wanted to highlight the importance of improvisation at all levels of management.

Organizations and organizational behaviour are like jazz in many ways. Jazz involves improvisation, innovation, and flexibility, all of which are important attributes of individuals and groups in organizations as well as organizations themselves. Organizations and the people in them must be flexible and capable of innovation and improvisation to survive and adapt to change. Innovation and flexibility are especially important for contemporary organizations.

In his book *Leadership Jazz*, Max De Pree argues that leadership in organizations is like a jazz band: “Jazz-band leaders must choose the music, find the right musicians, and perform—in public. But the effect of the performance depends on so many things—the environment, the volunteers playing in the band, the need for everybody to perform as individuals and as a group, the absolute dependence of the leader on the members of the band, the need of the leader for the followers to play well. What a summary of an organization!”

Finally, as noted by Mary Jo Hatch, one of the chairs of the jazz symposium, the characteristics that are associated with the twenty-first-century organization are very similar to those of a jazz band: It is flexible, adaptable, and responsive to the environment, and it has loose boundaries and minimal hierarchy. Organizational behaviour is very much like a jazz band—individuals working together in the spirit of innovation, improvisation, and inspiration.

GENERAL CONTENT AND WRITING STYLE

Organizational Behaviour, Tenth Edition, is comprehensive—the material is authoritative and up to date and reflects current research and practical concerns. Both traditional subjects (such as expectancy theory) and newer topics (like workplace spirituality, positive organizational behaviour, cyberbullying, whistle-blowing, servant leadership, virtual teams, collective efficacy, emotional intelligence, creative deviance, and crowdsourcing) are addressed. Balanced treatment is provided to micro topics (covered in the earlier chapters) and macro topics (covered in the later chapters).

Although *Organizational Behaviour* is comprehensive, we have avoided the temptation to include too many concepts, theories, and ideas. Rather than composing a long laundry list of marginally related concepts, each chapter is organized in interlocked topics. The topics are actively interrelated and are treated in enough detail to ensure understanding. Special attention has been devoted to the flow and sequencing of the topics.

The writing style is personal and conversational. Excessive use of jargon is avoided, and important ideas are well defined and illustrated. Special attention has been paid to consistency of terminology throughout the book. We have tried to foster critical thinking about the concepts under discussion by using devices like asking the reader questions in the body of the text.

Believing that a well-tailored example can illuminate the most complex concept, we have used examples liberally throughout the text to clarify the points under consideration. The reader is not left wondering how a key idea applies to the world of organizations. The book is illustrated with exhibits, cartoons, and excerpts from the business press, such as *Report on Business*, *Canadian Business*, and *Canadian HR Reporter*, to enhance the flow of the material and reinforce the relevance of the examples for students.

We have treated the subject matter generically, recognizing that organizational behaviour occurs in all organizations. The reader will find vignettes, cases, “Focus” selections, “You Be the Manager” features, and examples drawn from a variety of settings, including large and small businesses, high-tech firms, manufacturing firms, hospitals, schools, and the military. In addition, care has been taken to demonstrate that the material covered is relevant to various levels and jobs within these organizations.

ORGANIZATION

Organizational Behaviour is organized in a simple but effective building-block manner. Part One: An Introduction defines organizational behaviour, discusses the nature of organizations, introduces the concept of management, and reviews contemporary management concerns. Part Two: Individual Behaviour covers the topics of personality, learning, perception, attribution, diversity, attitudes, job satisfaction, organizational commitment, and motivation. Part Three: Social Behaviour and Organizational Processes discusses groups, teamwork, socialization, culture, leadership, communication, decision making, power, politics, ethics, conflict, negotiation, and stress. Part Four: The Total Organization considers the environment, strategy, organizational structure, change, and innovation.

Some instructors may prefer to revise the order in which students read particular chapters, and they can accomplish this easily. However, Chapter 5, Theories of Work Motivation, should be read before Chapter 6, Motivation in Practice. The book has been designed to be used in either a quarter or semester course.

MAJOR THEMES AND CONTENT

In preparing the tenth edition of *Organizational Behaviour*, we concentrated on developing several themes that are current in contemporary organizational life. This development included adding new content, expanding previous coverage, and addressing the themes throughout the text to enhance integration.

The **global aspects of organizational life** continue to receive strong treatment in this edition to enable students to become more comfortable and competent in dealing with people from other cultures. Major sections on this theme appear in Chapters 4, 5, 9, and 10, which deal respectively with values, motivation, leadership, and communication. Pedagogical support for the global theme includes “Global Focus” features (Chapters 4 and 10), two “You Be the Manager” features (Chapters 4 and 10), a case study (Chapter 2), and the integrative case.

The changing nature of workplace demographics and a need to provide a welcoming work environment for all organizational members has led to explicit coverage of **workforce diversity**. The major treatment of this topic occurs in Chapter 3 in the context of perception and attribution. Additional treatment occurs in the context of motivation (Chapter 5), teams (Chapter 7), and communication (Chapter 10). Pedagogical support for the diversity theme can be found in the “You Be the Manager” feature in Chapters 3 and 10. We also see it in an “Applied Focus” feature (Chapter 3), a “Research Focus” feature (Chapter 8), an “Ethical Focus” feature (Chapter 3), three chapter-opening vignettes (Chapters 3, 4, and 12), a case incident (Chapter 3), two case studies (Chapters 3 and 4), and an experiential exercise (Chapter 3).

Contemporary organizations are focusing more and more on **teamwork**. This has led to expanded coverage of teams (such as virtual teams), and the most recent research findings on

team characteristics and group effectiveness can be found in Chapter 7. Coverage of group decision making is included in Chapter 11. Pedagogical backup for the teamwork theme includes a chapter-opening vignette, “You Be the Manager” feature, “Research Focus” feature, “Applied Focus” feature, a case study, a case incident, and an experiential exercise (all in Chapter 7).

Many organizations continue to undergo major *change and transformation*. Interrelated topics involving organizational change such as reengineering and the use of technology continue to receive detailed coverage and are the focus of another theme highlighted in this edition. Coverage of organizational change can be found in Chapter 15. The role of technology in communication and decision making can be found in Chapters 10 and 11, where computer-mediated communication and enterprise social media are covered. Other relevant topics include telecommuting (Chapter 6) as well as sections on virtual, modular, and ambidextrous organizational structures (Chapter 14). Several passages portray the use and abuse of advanced technology, such as the discussion of cyberloafing in Chapter 10. Pedagogical backup for the change theme includes two chapter-opening vignettes (Chapters 14 and 15), three “You Be the Manager” features (Chapters 8, 14, and 15), an experiential exercise (Chapter 10), a case incident (Chapter 15), a case study (Chapter 15), and the Integrative Case.

Finally, the tenth edition of *Organizational Behaviour* reflects the continuing issue of **ethics** in organizations. The major formal coverage of ethics is included in Chapter 12 along with a discussion of power and politics. In addition, coverage of ethical leadership can be found in Chapter 9. Pedagogical support for the ethics theme can be found in a chapter-opening vignette and the “You Be the Manager” feature in Chapter 12, and several “Ethical Focus” features (Chapters 3, 5, 6, 8, and 12). Case studies are particularly good vehicles for examining the complexity surrounding ethical issues, and the case incidents in Chapters 9 and 12 and the case studies in Chapters 10 and 12 deal with explicit ethical dilemmas. One of the experiential exercises in Chapter 9 deals with ethical leadership.

PEDAGOGICAL FEATURES

The tenth edition’s pedagogical features are designed to complement, supplement, and reinforce the textual material. More specifically, they are designed to promote self-awareness, critical thinking, and an appreciation of how the subject matter applies in actual organizations. The tenth edition of *Organizational Behaviour* includes all of the features found in the previous edition, including three different kinds of cases (case studies, case incidents, and a new integrative case), four types of “Focus” boxes (“Applied Focus,” “Research Focus,” “Ethical Focus,” and “Global Focus”), “You Be the Manager” features, experiential exercises, and “On-the-Job Challenge” questions, which can be found at the end of each chapter, along with discussion questions for each chapter and integrative discussion questions.

- All chapters begin with an **Opening Vignette** chosen to stimulate interest in the chapter’s subject matter. All of these vignettes concern real people in real organizations. Each vignette is carefully analyzed at several points in the chapter to illustrate the ideas under consideration. For example, Chapter 3 begins with a discussion of diversity at RBC, and Chapter 12 describes sexual harassment at the RCMP. The tenth edition of *Organizational Behaviour* includes eleven new vignettes and an updated one.
- Each chapter opens with **Learning Objectives** to help focus the student’s attention on the chapter’s subject matter. The Learning Objectives also appear within the chapter, in the margin, beside content relevant to each objective.
- In each chapter, students encounter a “**You Be the Manager**” feature that invites them to stop and reflect on the relevance of the material they are studying to a real problem in a real organization. Venues range from the Toronto Transit Commission (Chapter 1) and Calgary International Airport (Chapter 2) to Zappos’ new holacracy organization structure (Chapter 14). Problems range from improving customer service (Chapter 1), managing diversity (Chapter 3), and changing an organization’s culture (Chapter 8), to bullying at work (Chapter 13). At the end of each chapter, “**The Manager’s Notebook**” offers some observations about the problem and reveals what the organization actually did or should do. The tenth edition of *Organizational Behaviour* includes six new “You Be the Manager” features.

- All chapters contain some combination of the following “Focus” features: “**Research Focus**,” “**Applied Focus**,” “**Global Focus**,” or “**Ethical Focus**.” These features illustrate or supplement the textual material with material from the practising management literature (e.g., *Canadian HR Reporter*), the research literature (e.g., *Academy of Management Journal*), and the popular press (e.g., *National Post*). They are chosen to exemplify real-world problems and practices as they relate to organizational behaviour. The “Research Focus” feature provides examples of organizational behaviour research, such as the effects of goals on business-unit performance (Chapter 5) and the red sneakers effect (Chapter 10). The “Applied Focus” features provide practical examples of the application of the text material in organizations. For example, the “Applied Focus” box in Chapter 1 describes mental health initiatives in Wellington County, and the box in Chapter 3 describes police training to address implicit biases. These two features help to reinforce the importance of both the research and practice of organizational behaviour. The “Ethical Focus” feature provides examples of ethics in organizational behaviour research, such as incentive compensation and unethical behaviour (Chapter 6) and knowledge hiding in the workplace (Chapter 12). This feature reinforces the importance of ethics in management and organizational behaviour. The “Global Focus” feature provides examples of organizational behaviour around the globe, such as illustrating who has high cultural intelligence (Chapter 4). This feature reinforces the importance of cross-cultural issues in management and organizational behaviour. The tenth edition of *Organizational Behaviour* includes 19 new Focus features.
- **Key terms** in each chapter are set in boldface type when they are discussed in the body of the text and are defined in the margin in a **running glossary**. To help students find the definitions they need, key terms are highlighted in the index, with page references for definitions, also in boldface.
- Each chapter concludes with a **Learning Objectives Checklist** (keyed to the chapter **Learning Objectives**) and **Discussion Questions**. In addition, each chapter includes at least two **Integrative Discussion Questions**. While the traditional discussion questions deal with issues within each chapter, the integrative discussion questions require students to relate and integrate the material in a current chapter with concepts and theories from previous chapters. For example, one of the questions in Chapter 12 (“Power, Politics, and Ethics”) requires students to use the material on organizational learning practices (Chapter 2) and contributors to organizational culture (Chapter 8) to understand how an organization can create an ethical workplace. This feature is designed to facilitate student integration of various concepts and theories throughout the text.
- **On-the-Job Challenge Questions** appear after the Integrative Discussion Questions in each chapter. These questions differ from the other discussion questions in several respects. First, they are based on real issues and problems facing organizations. Second, they are more complex and challenging in that they require students to use their knowledge of all the material in the chapter. Third, these questions are very practical and require students to apply the text material to an actual situation or event facing an organization. For example, the question in Chapter 8 asks students to consider the role of culture in the sexual misconduct and abuse in the Canadian Forces. The answers to these questions are not simple or straightforward and require the student to apply the text material to a real issue or problem facing an organization. We hope that these questions provide students with an interesting and engaging opportunity to use their knowledge of organizational behaviour to address real problems facing organizations today. The tenth edition of *Organizational Behaviour* includes four new on-the-job challenge questions.
- Each chapter includes at least one **Experiential Exercise**. These exercises span individual self-assessment, role-playing, and group activities. In addition, to enhance student understanding and encourage discussion and interaction, most of the exercises include a group component in which groups of students work together on an exercise or discuss the results of a self-assessment and answer a series of questions. To ensure confidence in the feedback students receive, the self-assessments generally have a research base. The tenth edition of *Organizational Behaviour* includes two new experiential exercises.

- **Case Incidents** are included in every chapter. Case incidents are shorter than the case studies and are designed to focus on a particular topic within a chapter. Because they are short (one or two paragraphs) and deal with realistic scenarios of organizational life, they enable an instructor to quickly generate class discussion on a key theme within each chapter. They can be used at the beginning of a class to introduce a topic and to stimulate student thinking and interest, during the class when a particular topic is being discussed, or at the end of a class when the focus turns to applying the text material. The tenth edition of *Organizational Behaviour* includes three new case incidents.
- A **Case Study** is found in each chapter. The cases are of medium length, allowing great flexibility in tailoring their use to an instructor's personal style. We have selected cases that require active analysis and decision making, not simply passive description. Cases span important topics in contemporary organizations, such as diversity (Chapter 3), introducing teams (Chapter 7), and corporate culture (Chapter 8). The tenth edition of *Organizational Behaviour* includes thirteen new case studies.
- The **Integrative Case** is presented at the end of Part One of the text. Unlike the case studies, which focus only on the material in each chapter, the integrative case requires that students use the material throughout the text to understand the case material. Integrative case questions can be found at the end of each of the four parts of the text. The questions deal with the main issues and themes of the chapters within each part. This enables students to gain an increasing awareness and understanding of the case material upon completion of each part of the text. Answering the case questions requires the integration of material from the chapters within each part as well as preceding parts of the text. Therefore, upon completion of the text and the integrative case questions, the student will have acquired a comprehensive understanding of the case through the integration of issues pertaining to individual behaviour, social behaviour and organizational processes, and the total organization. The tenth edition of *Organizational Behaviour* includes a new integrative case: Ken Private Limited: Digitization Project.

RESOURCES FOR STUDENTS

MyManagementLab

We have created an outstanding supplements package for *Organizational Behaviour*, Tenth Canadian edition. In particular, we have provided access to MyManagementLab, which provides students with an assortment of tools to help enrich and expedite learning. MyManagementLab is an online study tool for students and an online homework and assessment tool for faculty. MyManagementLab lets students assess their understanding through auto-graded tests and assignments, develop a personalized study plan to address areas of weakness, and practise a variety of learning tools to master management principles. New and updated MyManagementLab resources include the following:

- *New Study Plan*. MyManagementLab offers students an engaging and focused self-study experience that is driven by a powerful new Study Plan. Students work through assessments in each chapter to gauge their understanding and target the topics that require additional practice. Along the way, they are recognized for their mastery of each topic and guided toward resources in areas that they might be struggling to understand.
- *Talking OB*. These self-assessment activities allow students to test their own knowledge.
- *New Personal Inventory Assessment (PIA)*. Students learn better when they can connect what they are learning to their personal experience. PIA is a collection of online exercises designed to promote self-reflection and engagement in students, enhancing their ability to connect with concepts taught in principles of management, organizational behaviour, and human resource management classes. Assessments can be assigned by instructors, who can then track students' completions. Student results include a written explanation along with a graphic display that shows how their results compare to the class as a whole. Instructors will also have access to this graphic representation of results to promote classroom discussion.

- *New Dynamic Study Modules.* These new study modules allow students to work through groups of questions and check their understanding of foundational business topics. As students work through questions, the Dynamic Study Modules assess their knowledge and show only questions that still require practice. Dynamic Study Modules can be completed online using your computer, tablet, or mobile device.
- *Simulations.* Simulations walk students through key business decision-making scenarios to help them understand how business decisions are made. Students are asked to make important decisions relating to core business concepts. At each point, students receive feedback to help them understand the implications of their choices in the business environment. Both types of simulations can now be assigned by instructors and graded directly through MyManagementLab.
- *Assignable Mini-Cases.* Instructors have access to case-based assessment material for each part that can be assigned to students, with multiple-choice quizzes.
- *Pearson eText.* The Pearson eText gives students access to their textbook anytime, anywhere. In addition to note taking, highlighting, and bookmarking, the Pearson eText offers interactive and sharing features. Instructors can share their comments or highlights, and students can add their own, creating a tight community of learners within the class.
- *Glossary Flashcards.* This study aid is useful for students' review of key concepts.
- *Writing Space.* Better writers make great learners—who perform better in their courses. Providing a single location to develop and assess concept mastery and critical thinking, the Writing Space offers automatic graded, assisted graded, and create-your-own writing assignments, allowing you to exchange personalized feedback with students quickly and easily.

RESOURCES FOR INSTRUCTORS

Most of these instructor supplements are available for download from a password-protected section of Pearson Canada's online catalogue (www.pearsoncanada.ca/highered). Navigate to your book's catalogue page to view a list of those supplements that are available. See your local Pearson Canada sales representative for details and access.

- **CBC Video Library on DVD.** This DVD compilation which has been developed by the text authors includes segments from CBC programs on a range of topics relevant to issues covered in the text. Contact your local sales representative for details and access.
- **Instructor's Resource Manual with Video Guide.** Written by the text authors to ensure close coordination with the book, this extensive manual includes chapter objectives, a chapter outline, answers to all of the text questions and cases, supplemental lecture material, video case teaching notes, and teaching notes for each chapter.
- **Computerized Test Bank.** The testbank which has been developed by the text authors consists of nearly 4000 questions, including a mix of factual and application questions. Multiple-choice, true/false, fill-in-the-blank and short-answer formats are provided. For each question, we have provided the correct answer, a reference to the relevant section of the text, a difficulty rating, and a classification (recall/applied). Pearson's computerized test banks allow instructors to filter and select questions to create quizzes, tests or homework. Instructors can revise questions or add their own, and may be able to choose print or online options. These questions are also available in Microsoft Word format.
- **PowerPoint® Presentations.** Developed by the text authors, a ready-to-use PowerPoint slideshow designed for classroom presentation. Use it as is, or edit content to fit your individual classroom needs.
- **Image Library.** This package provides instructors with images to enhance their teaching.

Learning Solutions Managers

Pearson's Learning Solutions Managers work with faculty and campus course designers to ensure that Pearson technology products, assessment tools, and online course materials are tailored to meet your specific needs. This highly qualified team is dedicated to helping schools

take full advantage of a wide range of educational resources, by assisting in the integration of a variety of instructional materials and media formats. Your local Pearson Education sales representative can provide you with more details on this service program.

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ABOUT THE AUTHORS



Gary Johns (PhD, Wayne State University) is Professor of Management in the John Molson School of Business, Concordia University, Montreal. He has research interests in absenteeism from work, presenteeism, personality, job design, research methodology, and the impact of context on organizational behaviour. He has published in *Journal of Applied Psychology*, *Academy of Management Journal*, *Academy of Management Review*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Journal of Management*, *Research in Organizational Behavior*, *Research in Personnel and Human Resources Management*, *Journal of Organizational Behavior*, *Journal of Vocational Behavior*, *Journal of Occupational and Organizational Psychology*, *International Review of Industrial and Organizational Psychology*, *Journal of Occupational Health Psychology*, *Canadian Psychology*, *Human Resource Management Review*, *Human Relations*, *Applied Psychology: An International Review*, *Journal of Business and Psychology*, *Canadian Journal of Administrative Sciences*, *International Journal of Cross Cultural Management*, *Cross Cultural Management*, and *Psychology Today*. Co-author of *Organizational Behavior: Understanding and Managing Life at Work* (10th Edition, Pearson). Recipient of Academy of Management Organizational Behavior Division's New Concept Award, Society for Industrial and Organizational Psychology's Edwin E. Ghiselli Research Design Award, the Canadian Society for Industrial and Organizational Psychology's Award for Distinguished Contributions to Industrial and Organizational Psychology, the Concordia University Research Award, the award for the Best Article published in *Human Relations* in 2007, and the award for the Outstanding Paper published in *Cross Cultural Management* in 2013. Elected Fellow of SIOP, American Psychological Association, Canadian Psychological Association, Academy of Management, and International Association of Applied Psychology. Former Chair of the Canadian Society for Industrial and Organizational Psychology. Former Associate Editor, *Journal of Organizational Behavior*. Currently on editorial boards of *Journal of Applied Psychology*, *Human Relations*, *International Journal of Selection and Assessment*, and *Applied Psychology: An International Review*. Formerly on editorial boards of *Academy of Management Journal*, *Journal of Management*, *Personnel Psychology*, *Organizational Behavior and Human Decision Processes*, *Journal of Occupational Health Psychology*, *Canadian Journal of Administrative Sciences*, and *Journal of Occupational and Organizational Psychology*. Held visiting positions at University of Sheffield, University of Oregon, Queensland University of Technology, Australian Graduate School of Management and Australian School of Business (University of New South Wales), Hong Kong University of Science and Technology, Singapore Management University, Australia's Griffith University, and the University of British Columbia.

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Alan M. Saks (PhD, University of Toronto) is a Professor of Organizational Behaviour and Human Resources Management at the University of Toronto, where he holds a joint appointment in the Department of Management—UTSC, the Centre for Industrial Relations and Human Resources, and the Joseph L. Rotman School of Management. Prior to joining the University of Toronto, Professor Saks was a member of the Department of Management at Concordia University and the School of Administrative Studies at York University. Professor Saks earned an HBA in Psychology from the University of Western Ontario, an MAsc in Industrial–Organizational Psychology from the University of Waterloo, and a PhD in Organizational Behaviour and Human Resources from the University of Toronto. His research interests include recruitment, job search, training, employee

engagement, and the socialization and on-boarding of new employees. Professor Saks has published his research in refereed journals such as the *Journal of Applied Psychology*, *Personnel Psychology*, *Academy of Management Journal*, *Journal of Organizational Behavior*, *Journal of Vocational Behavior*, *Journal of Business and Psychology*, *Human Resource Management*, *The International Journal of Human Resource Management*, *International Journal of Training and Development*, and *Human Resource Management Review*, as well as in professional journals such as *HR Professional Magazine*, *The Learning Journal*, and *Canadian HR Reporter*. In addition to *Organizational Behaviour: Understanding and Managing Life at Work*, he is also the author of *Research, Measurement, and Evaluation of Human Resources* and co-author of *Managing Performance through Training and Development*. Professor Saks is currently on the editorial boards of the *Journal of Vocational Behavior*, *Human Resource Development Review*, *Journal of Leadership and Organizational Studies*, *Journal of Organizational Effectiveness: People and Performance*, *Journal of Management*, and *International Journal of Training and Development* and is an Associate Editor of the *Journal of Business and Psychology*.

ORGANIZATIONAL BEHAVIOUR AND MANAGEMENT

LEARNING OBJECTIVES

After reading Chapter 1, you should be able to:

- 1.1 Define *organizations* and describe their basic characteristics.
- 1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.
- 1.3 Define *management* and describe what managers do to accomplish goals.
- 1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.
- 1.5 Describe the *contingency approach* to management.
- 1.6 Explain what managers do—their roles, activities, agendas for action, and thought processes.
- 1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

VEGA

How would you like to work for a company that offers vegan meals prepared by an in-house chef and complementary smoothies, soups, salads, and snacks on a daily basis? The 165 employees at Vega of Burnaby, British Columbia get this and more every day.

According to Angela Hutchinson, Vega HR Generalist, “We believe that a plant-based, whole-foods diet reduces stress so therefore it’s going to be more energizing for our employees as well during the day.”

Vega was founded by company President Charles Chang in his basement in 2001. The company sells plant-based natural health and performance products such as its flagship product, protein-rich powdered shake Vega One, as well as other protein smoothies and nutritional shakes. It is considered a pioneer in plant-based supplements. Vega’s sales in 2004, its first year on the market, reached \$1 million. By 2013, sales had reached \$70 million, with projected sales of \$100 million. In the United States, Vega has doubled its growth every year since it entered the market.

In addition to healthy food, Vega also offers employees an after-hours clinic with massage therapists and acupuncture, and wellness events that include foosball tournaments and team outings such as trips to a spa.

Employees also participate in events such as the Tough Mudder obstacle course challenge.

Vega fosters a culture of empowerment and entrepreneurship,” says Hutchinson. “For an employee who wants to take the ball, they have the freedom to make things happen and then they’re rewarded for their efforts. So whether or not you’re in a management role, you are still given the opportunity to be a leader in your position.”

At Vega, they refer to the company culture as Vegatopia and employees as Vegatopians. The company’s culture and core values of relationships, entrepreneurship, integrity, and performance are a key source of its competitive advantage. According to Vega President Charles Chang, “We nurture a performance-driven culture with highly motivated employees who have a sense of ownership in the business. We’re committed to product innovation, category creation and category leadership. And we’re always fit and ready to sell. This keeps us focused on our vision, our strategy and our best practices.”

Vega hires people who contribute to its spirited culture. “We look for people who have really great core values, aligned with our own,” says Hutchinson, citing integrity, a passion for customer service, being performance-driven, embracing change, and thriving in



Eric Milic (ericmilic.com), by permission of Vega, Vegan Snacks

Vega has been named one of Canada's Best Workplaces, Best Managed Companies and one of BC's top employers.

a high-paced, dynamic work environment. According to Chang, “Our primary sustainable competitive advantage lay in our ability to build a team to fulfill our vision and represent our core values.”

Vega has an open-door policy, so everyone has full access to managers and the president. There are also weekly one-on-one meetings with managers and monthly staff meetings, plus a new program for coaching and career development.

Vega recently rolled out an employee survey in which it asked employees to take their lowest-scoring and highest-scoring sections and come back with action plans. “We really want to empower our employees to take charge on how they want to see their engagement level and their teams improve by doing that. We’re there to support them,” said Hutchinson.

Performance bonuses are based on quarterly goals, and each employee receives an annual profit-sharing bonus. Benefits include a health spending account along with life insurance, travel insurance, an education reimbursement, a green incentive, a fitness reimbursement, and free products every month.

If this sounds like a great place to work, then you are right. Vega has been named one of Canada's Best Workplaces and Best Managed Companies as well as one of British Columbia's Top Employers.¹

What we have here is an example of work life and management—just what this book is about. The example also highlights many important aspects of organizational behaviour, such as culture, values, empowerment, health and wellness, motivation, compensation, engagement, and rewards. It raises some very interesting questions: Why does Vega offer employees vegan meals and wellness events? Why does Vega foster a culture of empowerment and entrepreneurship? Why does Vega have an open-door policy? Why do Vega employees receive a performance bonus and an annual profit-sharing bonus? This book will help you uncover the answers to these kinds of questions.

In this chapter, we will define *organizations* and *organizational behaviour* and examine their relationship to management. We will explore historical and contemporary approaches to management and consider what managers do and how they think. The chapter concludes with some issues of concern to contemporary organizations.

LO 1.1

Define *organizations* and describe their basic characteristics.

Organizations. Social inventions for accomplishing common goals through group effort.

WHAT ARE ORGANIZATIONS?

This book is about what happens in organizations. Most of us will earn our livelihood working in organizations, and our well-being as well as that of our communities depends on organizations. We are often identified, in part, by what we do and where we do it. We live in an organizational society.² But what exactly is an organization?

Organizations are social inventions for accomplishing common goals through group effort. Vega is obviously an organization, but so are the Toronto Blue Jays, CTV, and college sororities or fraternities.

Social Inventions

When we say that organizations are social inventions, we mean that their essential characteristic is the coordinated presence of *people*, not necessarily things. Vega owns a lot of things, such as equipment and offices. However, you are probably aware that, through advanced information technology and contracting out work, some contemporary organizations make and sell products, such as computers or clothes, without owning much of anything. In fact, Vega outsources the manufacturing and warehousing of its products. Also, many service organizations, such as consulting firms, have little physical capital. Still, these organizations have people—people who present both opportunities and challenges. *The field of organizational behaviour is about understanding people and managing them to work effectively.*

In a variety of different organizations, individuals work together to accomplish goals through group effort. Though the motivation of a television news station might differ from that of another organization, all organizations strive for goal accomplishment and survival.



THE CANADIAN PRESS/Adrien Vezzan

Goal Accomplishment

Individuals are assembled into organizations for a reason. The organizations mentioned above have the very basic goals of selling plant-based natural health and performance products, winning baseball games, delivering news, or providing social networks. Non-profit organizations have goals such as saving souls, promoting the arts, helping the needy, or educating people. Virtually all organizations have survival as a goal. Despite this, consider the list of organizations that have failed to survive: Canadian Airlines, Eaton's, the Montreal Expos, and Columbia House, to name just a few. *The field of organizational behaviour is concerned with how organizations can survive and adapt to change.* Certain behaviours are necessary for survival and adaptation. People have to

- be motivated to join and remain in the organization;
- carry out their basic work reliably, in terms of productivity, quality, and service;
- be willing to continuously learn and upgrade their knowledge and skills; and
- be flexible and innovative.³

The field of organizational behaviour is concerned with all these basic activities. Innovation and flexibility, which foster adaptation to change, are especially important for contemporary organizations. Management guru Tom Peters has gone so far as to advise firms to “Get Innovative or Get Dead.”⁴ Demonstrating the validity of his advice, layoffs and the loss of market share at Blackberry several years ago were blamed on the company's failure to innovate. Perhaps it is not surprising that 87 percent of executives believe that innovation is a strategic priority for their organizations.⁵

Group Effort

The final component of our definition of organizations is that they are based on group effort. At its most general level, this means that organizations depend on interaction and coordination among people to accomplish their goals. Much of the intellectual and physical work done in organizations is quite literally performed by groups, whether they are permanent work teams or short-term project teams. Also, informal grouping occurs in all organizations because friendships develop and individuals form informal alliances to accomplish work. The quality of this informal contact in terms of communication and morale can have a strong impact on goal achievement. For all these reasons, *the field of organizational behaviour is concerned with how to get people to practise effective teamwork.*

Now that we have reviewed the basic characteristics of organizations, let's look more directly at the meaning and scope of organizational behaviour.

WHAT IS ORGANIZATIONAL BEHAVIOUR?

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The discipline of organizational behaviour systematically studies these attitudes and behaviours and provides insight about effectively managing and changing them. It also studies how organizations can be structured more effectively and how events in their external environments affect organizations. Those who study organizational behaviour are interested in attitudes—how satisfied people are with their jobs, how committed they feel to the goals of the organization, or how supportive they are of promoting women or minorities into management positions. Behaviours such as cooperation, conflict, innovation, resignation, or ethical lapses are important areas of study in the field of organizational behaviour.

A closely related but distinct discipline is human resources management. **Human resources management** refers to programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations. You are probably familiar with many

LO 1.2

Explain the concept of *organizational behaviour* and describe the goals of the field.

Organizational behaviour.

The attitudes and behaviours of individuals and groups in organizations.

Human resources

management. Programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations.

human resource practices such as recruitment and selection, compensation, and training and development. As you will see throughout this text, knowledge of organizational behaviour will help you understand human resource management. For example, in Chapter 3 you will learn about the role that perceptions play in recruitment, the employment interview, and performance appraisals. In Chapter 4, you will learn about the factors that contribute to employee absenteeism and turnover, knowledge of which is necessary for developing effective human resource practices to lower absenteeism and retain employees. In Chapters 5 and 6 you will learn how theories of motivation help us understand the effects of different compensation strategies on employee motivation and performance. In Chapter 8 you will learn how human resource practices such as realistic job previews and employee orientation programs contribute to the on-boarding and socialization process in organizations. Thus, learning about organizational behaviour will improve your understanding of human resources management.

Using an organizational behaviour perspective, reconsider the Vega vignette that opened the chapter. The immediate question is, *What are the factors that make an organization successful and a great place to work?* Although we will not answer this question directly, we can pose some questions highlighting some of the topics that the field of organizational behaviour covers, which we will explore in later chapters.

- What can organizations do to help employees manage stress? Vega provides employees with healthy food choices and wellness programs. The topic of stress and organizational strategies for managing it are the focus of Chapter 13.
- What does it mean to empower employees, and why is this important? Vega fosters a culture of empowerment, and employees have the freedom to make things happen. Empowerment and its consequences are discussed in Chapter 12.
- How can organizations motivate employees, and how important is compensation? Vega provides performance bonuses to employees, and employees receive an annual profit-sharing bonus. Chapter 5 describes different theories of motivation, and the role of money as a motivator is discussed in Chapter 6.
- What is the purpose of an employee survey? Vega conducts an employee survey and asks employees to come up with action plans. An employee survey is an organizational approach to improve communication, which is covered in Chapter 10.
- What is an organizational culture, and what role does it play in an organization's success? The culture at Vega emphasizes relationships, entrepreneurship, integrity, and performance. How cultures are built and maintained and their role in organizational effectiveness is covered in Chapter 8.

These questions provide a good overview of some issues that those in the field of organizational behaviour study. Accurate answers to these questions would go a long way toward understanding why Vega is a successful organization and how other organizations can make changes to become more effective. Analysis followed by action is what organizational behaviour is all about.

WHY STUDY ORGANIZATIONAL BEHAVIOUR?

Why should you attempt to read and understand the material in *Organizational Behaviour*? As described below, organizational behaviour is interesting and important, and it makes a difference for employees and organizations.

Organizational Behaviour Is Interesting

At its core, organizational behaviour is interesting because it is about people and human nature. Why does Vega have a culture of empowerment and entrepreneurship, and what effect does this have on employee attitudes and behaviour? These questions are interesting

because they help us understand why employees become committed to an organization and what motivates them to work hard.

Organizational behaviour includes interesting examples of success as well as failure. Later in the text, we will study a company that promotes job satisfaction among its mostly young workforce (Facebook, Chapter 4); an organization that provides all employees \$2500 per year for any vocational training, \$100 per month for travel expenses, an annual \$1200 cell-phone and home-internet subsidy, and free beer on Fridays from the company's beer fridge (DevFacto Technologies Inc., Chapter 5); an organization that has a strong commitment to recruiting, hiring, and developing persons with disabilities (RBC, Chapter 3); a company that excels at staffing project teams (IDEO, Chapter 7); and a company where employees have flexible work hours, daily workout breaks, catered monthly meetings called "pow-wows," and fun days for outdoor activities like hiking, rafting, kayaking, mountain bike excursions, and skiing (Kicking Horse Coffee, Chapter 8). All of these companies are extremely successful, and organizational behaviour helps explain why.

Organizational behaviour does not have to be exotic to be interesting. Anyone who has negotiated with a recalcitrant bureaucrat or had a really excellent boss has probably wondered what made them behave the way they did. Organizational behaviour provides the tools to find out why.

Organizational Behaviour Is Important

Looking through the lens of other disciplines, it would be possible to frame Vega's success in terms of marketing and sales. Notice, however, that underlying these perspectives, it is *still* about organizational behaviour. What happens in organizations often has a profound impact on people. It is clear that the impact of organizational behaviour does not stop at the walls of the organization. The consumers of an organization's products and services, such as the customers who purchase Vega's products, are also affected. Thus, organizational behaviour is important to managers, employees, and consumers, and understanding it can make us more effective managers, employees, or consumers.

We sometimes fail to appreciate that there is tremendous variation in organizational behaviour. For example, skilled salespeople in insurance or real estate make many, many more sales than some of their peers. Similarly, for every Greenpeace or Sierra Club, there are dozens of failed organizations that were dedicated to saving the environment. The field of organizational behaviour is concerned with explaining these differences and using the explanations to improve organizational effectiveness and efficiency.

Organizational Behaviour Makes a Difference

In his book *Competitive Advantage Through People*, Jeffrey Pfeffer argued that organizations can no longer achieve a competitive advantage through the traditional sources of success, such as technology, regulated markets, access to financial resources, and economies of scale.⁶ Today, the main factor that differentiates organizations is their workforce and human capital. The results of a study that reviewed research on human capital are unequivocal: Human capital is strongly related to and a key determinant of firm performance.⁷ Thus, sustained competitive advantage and organizational effectiveness are increasingly related to the management of human capital and organizational behaviour.

Pfeffer identified 16 practices of companies that are effective through their management of people. Many of these practices, such as incentive pay, participation and empowerment, teams, job redesign, and training and skill development, are important topics in organizational behaviour and are discussed in this book. Pfeffer's research helps to point out that organizational behaviour is not just interesting and important but that it also makes a big difference for the effectiveness and competitiveness of organizations.

Many of the best companies to work for and organizations like Vega that have been named best workplaces, best managed companies, and top employers are living examples of

EXHIBIT 1.1**Management practices of the best companies to work for in Canada.**

Sources: Brearton, S., & Daly, J. (2003, January). The 50 best companies to work for in Canada. *Report on Business Magazine*, 19(2), 53–66; Hannon, G. (2002, January). The 50 best companies to work for. *Report on Business Magazine*, 18(7), 41–52.

- Flexible work schedules (flex-time, telecommuting, job sharing, and compressed workweek)
- Stock options, profit sharing plans, and performance bonuses
- Extensive training and development programs
- Family assistance programs
- On-site fitness facilities, daycare, and wellness programs
- Career days and formal career plans
- Flexible or cafeteria-style benefit plans
- Monthly staff socials, family Christmas parties, and picnics
- Stress reduction programs
- Monthly all-employee meetings
- Formal workplace diversity programs to encourage women and minorities
- Employee recognition and reward programs

the importance of organizational behaviour. As shown in Exhibit 1.1, the best companies to work for in Canada have implemented management practices that have their basis in organizational behaviour such as flexible work schedules, diversity programs, and employee recognition and reward programs. This raises an interesting question: Are the best companies to work for also the most profitable? Some might argue that just because an organization is a great place to work does not necessarily mean that it is a great organization when it comes to competitiveness and performance. What do you think?

As it turns out, the best companies to work for are also the most successful. Research has found that the best companies outperformed a matched group of companies that have never been on the 100 best list but are comparable in terms of industry, size and operating performance, financial performance and stock returns.⁸ Thus, it makes good business sense for organizations to be great places to work, and that is what organizational behaviour is all about.

HOW MUCH DO YOU KNOW ABOUT ORGANIZATIONAL BEHAVIOUR?

Although this is probably your first formal course in organizational behaviour, you already have a number of opinions about the subject. To illustrate this, consider whether the following statements are true or false. Please jot down a one-sentence rationale for your answer. There are no tricks involved!

1. Effective organizational leaders tend to possess identical personality traits.
2. Nearly all workers prefer stimulating, challenging jobs.
3. Managers have a very accurate idea about how much their peers and superiors are paid.
4. Workers have a very accurate idea about how often they are absent from work.
5. Pay is the best way to motivate most employees and improve job performance.
6. Women are just as likely to become leaders in organizations as men.

Now that you have your answers, do one more thing. Assume that the correct answer is opposite to the one you have given; that is, if your answer is true for a statement, assume that it is actually false, and vice versa. Now, give a one-sentence rationale for why this opposite answer could also be correct.

Each of these statements concerns the behaviour of people in organizations. Furthermore, each statement has important implications for the functioning of organizations. If effective leaders possess identical personality traits, then organizations might sensibly hire leaders who have such traits. Similarly, if most employees prefer stimulating jobs, there are

many jobs that could benefit from upgrading. In this book, we will investigate the extent to which statements such as these are true or false and why they are true or false.

The answers to this quiz may surprise you. Substantial research indicates that each of the statements in the quiz is essentially false. Of course, there are exceptions, but in general, researchers have found that the personalities of effective leaders vary a fair amount, many people prefer routine jobs, managers are not well informed about the pay of their peers and superiors, workers underestimate their own absenteeism, pay is not always the most effective way to motivate workers and improve job performance, and women are underrepresented in leadership roles in organizations. However, you should not jump to unwarranted conclusions based on the inaccuracy of these statements until we determine *why* they tend to be incorrect. There are good reasons for an organization to tie pay to job performance to motivate employees and to improve their performance. Also, we can predict who might prefer challenging jobs and who will be motivated by pay. We will discuss these issues in more detail in later chapters.

Experience indicates that people are amazingly good at giving sensible reasons why the same statement is either true or false. Thus, pay will always motivate workers because most people want to make more money and will work harder to get more pay. Conversely, workers will work only as hard as they have to, regardless of how much money they are paid. The ease with which people can generate such contradictory responses suggests that “common sense” develops through unsystematic and incomplete experiences with organizational behaviour.

However, because common sense and opinions about organizational behaviour do affect management practice, practice should be based on informed opinion and systematic study. Now, let’s consider the goals of organizational behaviour.

GOALS OF ORGANIZATIONAL BEHAVIOUR

Like any discipline, the field of organizational behaviour has a number of commonly agreed-upon goals. Chief among these are effectively predicting, explaining, and managing behaviour that occurs in organizations. For example, in Chapter 6 we will discuss the factors that predict which pay plans are most effective in motivating individuals and groups. Then we will explain the reasons for this effectiveness and describe how managers can implement effective pay plans.

Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement for everyday life, both inside and outside of organizations. Our lives are made considerably easier by our ability to anticipate when our friends will get angry, when our professors will respond favourably to a completed assignment, and when salespeople and politicians are telling us the truth about a new product or the state of the nation. In organizations, there is considerable interest in predicting when people will make ethical decisions, create innovative products, or engage in sexual harassment.

The very regularity of behaviour in organizations permits the prediction of its future occurrence. However, untutored predictions of organizational behaviour are not always as accurate. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events. Of course, being able to predict organizational behaviour does not guarantee that we can explain the reason for the behaviour and develop an effective strategy to manage it. This brings us to the second goal of the field.

Explaining Organizational Behaviour

Another goal of organizational behaviour is to explain events in organizations—why do they occur? Prediction and explanation are not synonymous. Ancient societies were capable of predicting the regular setting of the sun but were unable to explain where it went or why it went there. In general, accurate prediction precedes explanation. Thus, the very regularity of the sun’s disappearance gave some clues about why it was disappearing.