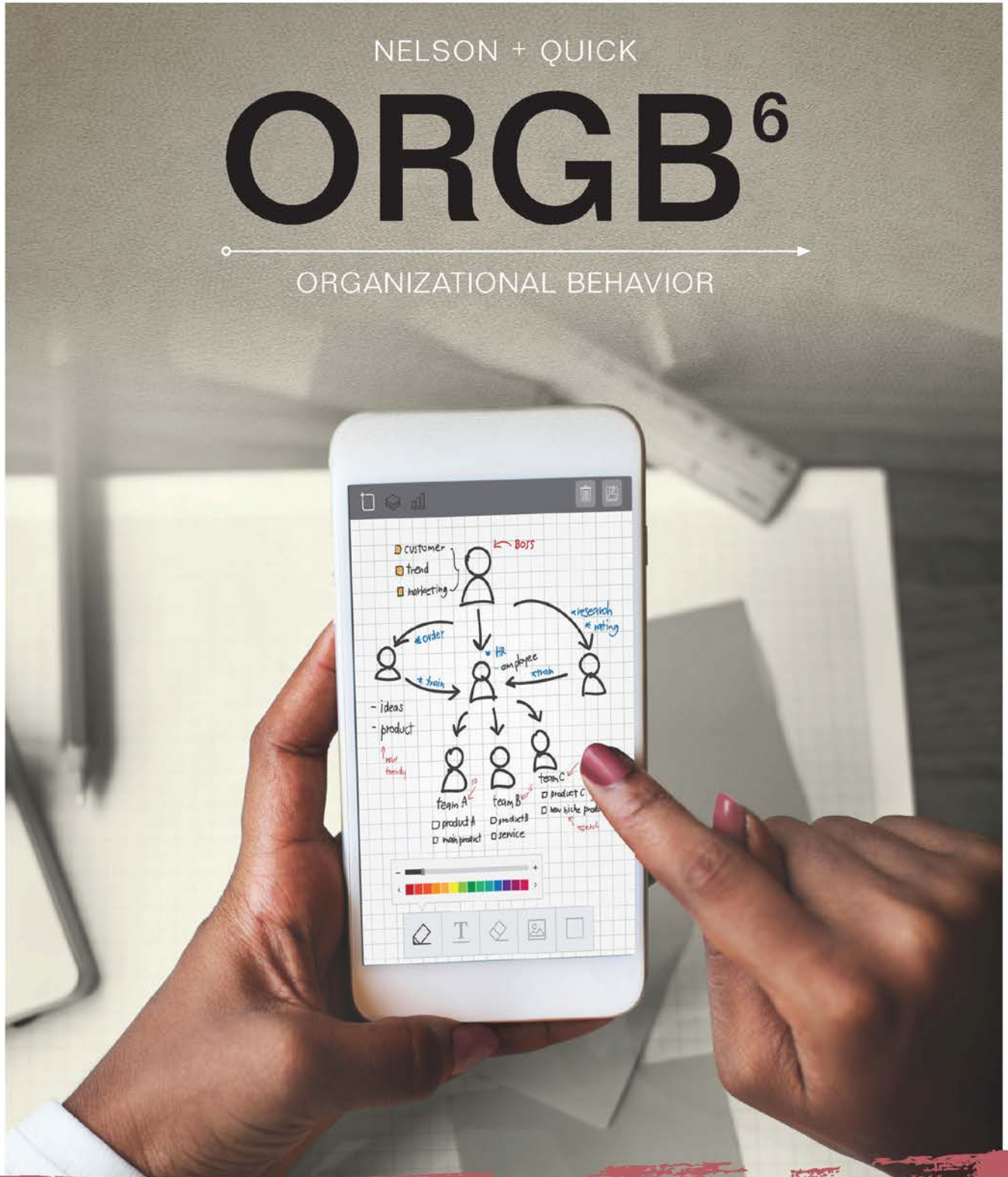


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ORGANIZATIONAL BEHAVIOR



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## PART 1 INTRODUCTION

- 1 Organizational Behavior and Opportunity 2
- 2 Challenges for Managers 16

## PART 2 INDIVIDUAL PROCESSES AND BEHAVIOR

- 3 Personality, Perception, and Attribution 34
- 4 Attitudes, Emotions, and Ethics 52
- 5 Motivation at Work 70
- 6 Learning and Performance Management 86
- 7 Stress and Well-Being at Work 104

## PART 3 INTERPERSONAL PROCESSES AND BEHAVIOR

- 8 Communication 124
- 9 Work Teams and Groups 142
- 10 Decision Making by Individuals and Groups 160
- 11 Power and Political Behavior 180
- 12 Leadership and Followership 198
- 13 Conflict and Negotiation 218

## PART 4 ORGANIZATIONAL PROCESSES AND STRUCTURE

- 14 Jobs and the Design of Work 236
- 15 Organizational Design and Structure 252
- 16 Organizational Culture 272
- 17 Career Management 290
- 18 Managing Change 310

Endnotes 329

Index 363

# CONTENTS

## Part 1 INTRODUCTION



### 1 Organizational Behavior and Opportunity 2

- 1-1 Human Behavior in Organizations 2
- 1-2 Behavior in Times of Change 5
- 1-3 The Organizational Context 6
- 1-4 The Formal and Informal Organization 7
- 1-5 Diversity of Organizations 9
- 1-6 Change Creates Opportunities 9
- 1-7 Learning about Organizational Behavior 13

### 2 Challenges for Managers 16

- 2-1 Competing in the Global Economy 16
- 2-2 Cultural Differences and Work-Related Attitudes 21
- 2-3 The Diverse Workforce 22
- 2-4 Ethics, Character, and Personal Integrity 28
- 2-5 Ethical Dilemmas Facing the Modern Organization 29

## Part 2 INDIVIDUAL PROCESSES AND BEHAVIOR



### 3 Personality, Perception, and Attribution 34

- 3-1 Individual Differences and Organizational Behavior 34
- 3-2 Personality and Organizations 36
- 3-3 Application of Personality Theory in Organizations 40
- 3-4 Social Perception 45
- 3-5 Barriers to Social Perception 47
- 3-6 Attribution in Organizations 50

### 4 Attitudes, Emotions, and Ethics 52

- 4-1 Attitudes 52
- 4-2 Attitude Formation 54
- 4-3 Job Satisfaction 56
- 4-4 Organizational Citizenship versus Counterproductive Work Behavior 57
- 4-5 Persuasion and Attitude Change 59
- 4-6 Emotions and Moods at Work 61
- 4-7 Ethical Behavior 63
- 4-8 Factors That Affect Ethical Behavior 65

## 5 Motivation at Work 70

- 5-1 Motivation and Work Behavior 70
- 5-2 Maslow's Need Hierarchy 73
- 5-3 McClelland's Need Theory 75
- 5-4 Herzberg's Two-Factor Theory 77
- 5-5 Two New Ideas in Motivation 78
- 5-6 Social Exchange and Equity Theory 79
- 5-7 Expectancy Theory of Motivation 82
- 5-8 Cultural Differences in Motivation 84

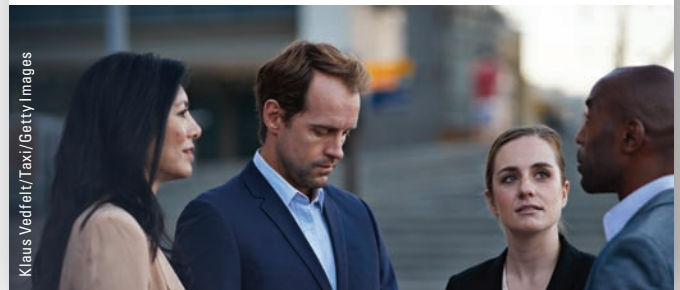
## 6 Learning and Performance Management 86

- 6-1 Behavioral Models of Learning in Organizations 86
- 6-2 Social and Cognitive Theories of Learning 91
- 6-3 Goal Setting at Work 92
- 6-4 Performance: A Key Construct 94
- 6-5 Performance Feedback 96
- 6-6 Rewarding Performance 98
- 6-7 Correcting Poor Performance 99

## 7 Stress and Well-Being at Work 104

- 7-1 What Is Stress? 104
- 7-2 Four Approaches to Stress 105
- 7-3 The Stress Response 107
- 7-4 Sources of Work Stress 107
- 7-5 The Consequences of Stress 111
- 7-6 Individual Differences in the Stress–Strain Relationship 114
- 7-7 Preventive Stress Management 116

## Part 3 INTERPERSONAL PROCESSES AND BEHAVIOR



## 8 Communication 124

- 8-1 Interpersonal Communication 124
- 8-2 Communication Skills for Effective Managers 129
- 8-3 Barriers and Gateways to Communication 130
- 8-4 Civility and Incivility 132
- 8-5 Nonverbal Communication 134
- 8-6 Positive, Healthy Communication 137
- 8-7 Communicating through New Technologies and Social Media 138

## 9 Work Teams and Groups 142

- 9-1 Groups and Work Teams 142
- 9-2 Why Work Teams? 143
- 9-3 Group Behavior 145
- 9-4 Group Formation and Development 146
- 9-5 Task and Maintenance Functions 150
- 9-6 Factors That Influence Group Effectiveness 151
- 9-7 Empowerment and Self-Managed Teams 154
- 9-8 Upper Echelons: Teams at the Top 156

## 10 Decision Making by Individuals and Groups 160

- 10-1 The Decision-Making Process 160
- 10-2 Models and Limits of Decision Making 162
- 10-3 Individual Influences on Decision Making 165
- 10-4 The Group Decision-Making Process 170
- 10-5 Diversity and Culture in Decision Making 175
- 10-6 Participation in Decision Making 176

## 11 Power and Political Behavior 180

- 11-1 The Concept of Power 180
- 11-2 Forms and Sources of Power in Organizations 181
- 11-3 Using Power Ethically 184
- 11-4 Symbols of Power 186
- 11-5 Political Behavior in Organizations 188
- 11-6 Managing Political Behavior in Organizations 192

## 12 Leadership and Followership 198

- 12-1 Leadership versus Management 199
- 12-2 Early Trait Theories 200
- 12-3 Behavioral Theories 201
- 12-4 Contingency Theories 204
- 12-5 Recent Leadership Theories 210
- 12-6 Emerging Issues in Leadership 212
- 12-7 Followership 214
- 12-8 Guidelines for Leadership 215

## 13 Conflict and Negotiation 218

- 13-1 The Nature of Conflicts in Organizations 218
- 13-2 Causes of Conflict in Organizations 221
- 13-3 Forms of Group Conflict in Organizations 224
- 13-4 Individual Conflict in Organizations 225
- 13-5 Conflict Management Strategies and Techniques 229
- 13-6 Conflict Management Styles 232

## Part 4 ORGANIZATIONAL PROCESSES AND STRUCTURE



## 14 Jobs and the Design of Work 236

- 14-1 Work in Organizations 236
- 14-2 Traditional Approaches to Job Design 239
- 14-3 Alternative Approaches to Job Design 244
- 14-4 Contemporary Issues in the Design of Work 248

## 15 Organizational Design and Structure 252

- 15-1 Key Organizational Design Processes 253
- 15-2 Basic Design Dimensions 258
- 15-3 Five Structural Configurations 259
- 15-4 Contextual Variables 261
- 15-5 Forces Reshaping Organizations 267
- 15-6 Emerging Organizational Structures 269
- 15-7 Factors That Can Adversely Affect Structure 270

## 16 Organizational Culture 272

- 16-1 Levels of Organizational Culture 272
- 16-2 Functions of Organizational Culture 277
- 16-3 The Relationship of Culture to Performance 278
- 16-4 The Leader's Role in Shaping and Reinforcing Culture 279



- 16-5 Organizational Socialization 281
- 16-6 Assessing Organizational Culture 283
- 16-7 Changing Organizational Culture 284
- 16-8 Challenges to Developing a Positive, Cohesive Culture 286

## 17 Career Management 290

- 17-1 Occupational and Organizational Choice Decisions 291
- 17-2 Foundations for a Successful Career 296
- 17-3 The Career Stage Model 297
- 17-4 The Establishment Stage 298
- 17-5 The Advancement Stage 299
- 17-6 The Maintenance Stage 305
- 17-7 The Withdrawal Stage 306
- 17-8 Career Anchors 308

## 18 Managing Change 310

- 18-1 Forces for Change in Organizations 310
- 18-2 The Scope of Change 315
- 18-3 Resistance to Change 316
- 18-4 Lewin's Model for Managing Change 318
- 18-5 Determining the Need for Organization Development Interventions 320
- 18.6 Group-Focused Techniques for OD Intervention 321
- 18-7 Individual-Focused Techniques for OD Intervention 323

**Endnotes 329**

**Index 363**

## PART 1

# 1 | Organizational Behavior and Opportunity

### LEARNING OBJECTIVES

- 1-1 Define organizational behavior.
- 1-2 Identify four action steps for responding positively in times of change.
- 1-3 Identify the important system components of an organization.
- 1-4 Describe the formal and informal elements of an organization.
- 1-5 Identify factors that contribute to the diversity of organizations in the economy.
- 1-6 Describe the opportunities that change creates for organizational behavior.
- 1-7 Demonstrate the value of objective knowledge and skill development in the study of organizational behavior.

After finishing this chapter go to **PAGE 15** for **STUDY TOOLS**

## 1-1 HUMAN BEHAVIOR IN ORGANIZATIONS

Human behavior in organizations is complex and often difficult to understand. Organizations have been described as clockworks in which human behavior is logical and rational, but they often seem like snake pits to those who work in them.<sup>1</sup> The clockwork metaphor reflects an orderly, idealized view of organizational behavior devoid of conflict or dilemma because all the working parts (the people) mesh smoothly. The snake pit metaphor, on the other hand, conveys the daily conflict, distress, and struggle in organizations. Each metaphor reflects reality from a different perspective—the organization's versus the individual's. The snake pit metaphor expresses the dark side of human behavior, which is seen at its extreme in cases of road rage and workplace violence. Workplace incivility has become commonplace in many organizations,





with an estimated 50 percent of workers saying that they experience uncivil behavior weekly. Incivility has negative affective, cognitive, and behavioral consequences for instigators, targets, and witnesses of such negative behaviors.<sup>2</sup> In contrast, the clockwork metaphor expresses the view of organizations as healthy and productive systems in which individuals have a clear sense of the shared vision and values, are personally invested in outcomes, feel that their contributions are significant, and receive support and respect from the organization's leadership.<sup>3</sup>

This chapter serves as an introduction to the complex subject of organizational behavior. The first section provides an overview of human behavior in organizations, its interdisciplinary origins, and its responses to change. The second section presents an organizational context within which behavior occurs. The third section

**Organizations have been described as clockworks, but they often seem like snake pits.**

highlights the **opportunities** that exist in times of **change** and **challenge** for people at work.<sup>4</sup> The fourth section addresses the ways people learn about organizational behavior and explains how the text's pedagogical features relate to the various learning styles. The final section presents the plan for the book.

We can define **organizational behavior** as the study of individual behavior and group dynamics in organizations. The study of organizational behavior is primarily concerned with the psychosocial, interpersonal, and behavioral dynamics in organizations. However, organizational variables that affect human behavior at work are also relevant to the study of organizational behavior. These organizational variables include jobs, the design of work, communication, performance appraisal, organizational design, and organizational structure.



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The external perspective, on the other hand, focuses on factors outside the person to understand behavior, that is, external events, consequences, and environmental forces. This perspective excludes consideration of a person's history, feelings, thoughts, and personal value system in interpreting actions and behavior. Thus, it has given rise to an alternative set of motivational and leadership theories, which are covered in Chapters 5 and 12. The internal and external perspectives offer alternative explanations for human behavior. For example, the internal perspective might say Mary is an outstanding employee because she has a high need for achievement, whereas the external perspective might say it is because she is extremely well paid for her work. Kurt Lewin combined both perspectives with his claim that behavior is a function of both the person and the environment.<sup>5</sup>

## 1-1a Understanding Human Behavior

The vast majority of theories and models of human behavior fall into two basic categories: that of an internal perspective and that of an external perspective. The internal perspective looks at workers' minds to understand their behavior. It is psychodynamically oriented, and its proponents understand human behavior in terms of the thoughts, feelings, past experiences, and needs of the individual. The internal perspective explains people's actions and behavior in terms of their histories and personal value systems. The idea of this perspective is that internal processes of thinking, feeling, perceiving, and judging lead people to act in specific ways; therefore, people are best understood from the inside, and their behavior is best interpreted alongside their thoughts and feelings. The internal perspective has given rise to a wide range of motivational and leadership theories.

**opportunities** Favorable times or chances for progress and advancement.

**change** The transformation or modification of an organization and/or its stakeholders.

**challenge** The call to competition, contest, or battle.

**organizational behavior** The study of individual behavior and group dynamics in organizations.

**psychology** The science of human behavior.

**sociology** The science of society.

## 1-1b Interdisciplinary Influences

Organizational behavior is a blended discipline that has grown out of contributions from numerous earlier fields of study. The sciences of psychology, sociology, engineering, anthropology, management, and medicine have all contributed to our understanding of human behavior in organizations.

**Psychology**, the science of human behavior, was developed during the closing decades of the nineteenth century. Psychology traces its origins to philosophy and the science of physiology. One of the most prominent early psychologists, William James, held a degree in medicine (MD). Since its beginnings, psychology has branched into a number of specialized fields, including clinical, experimental, military, organizational, and social psychology. Organizational psychology frequently overlaps with organizational behavior; for instance, both investigate work motivation.<sup>6</sup> Johnson & Johnson, Valero Energy, and Chaparral Steel all used longstanding psychological research to develop their sophisticated personnel selection methods.<sup>7</sup>

**Sociology**, the science of society, has contributed greatly to our knowledge of group and intergroup dynamics. Because sociology takes society rather than the individual as its point of departure, sociologists focus on the variety of roles within a society or culture,



the norms and standards of behavior in groups, and the consequences of compliant and deviant behavior. Individuals have a role set that is determined by their social position, and roles affect how people interact within organizations. The Professional Role Behaviors Survey, for example, studied how the roles of various medical practitioners changed during hospital restructuring and these changes influenced organizational behavior and culture.<sup>8</sup>

**Engineering** is the applied science of energy and matter. It enhances our understanding of the design of work. Frederick Taylor took basic engineering ideas and applied them to human behavior at work, influencing the early study of organizational behavior.<sup>9</sup> With his engineering background, Taylor placed special emphasis on human productivity and efficiency in work behavior. Job preparation and performance shifted from a long apprenticeship and a creative, problem-solving approach to work to training in and automated performance of simplified tasks. A study published in 1990 showed that Taylor's notions of performance standards and differential piece-rate systems were still shaping organizational goal-setting programs at Black & Decker, IBM, and Weyerhaeuser at that time.<sup>10</sup>

**Anthropology**, the science of human learned behavior, is especially important to our understanding of *organizational culture*. In fact, anthropological research has been used to examine the effects of efficient organizational cultures on organizational performance<sup>11</sup> and the ways pathological personalities may lead to dysfunctional organizational cultures.<sup>12</sup> In one case study, Schwartz used a psychodynamic, anthropological mode of inquiry to explore corporate decay at General Motors and NASA.<sup>13</sup>

**Management**, originally called *administrative science*, is the study of overseeing activities and supervising people in organizations. It includes the design, implementation, and management of various administrative and organizational systems. March and Simon take the human organization as their point of departure to investigate administrative practices that enhance the effectiveness of the system.<sup>14</sup> Management is the first discipline to take the modern corporation as the unit of analysis, a viewpoint that distinguishes its contribution to the study of organizational behavior.

**Medicine**, the applied science of treating diseases to enhance an individual's health and well-being, focuses on both physical and psychological health as well as industrial mental health.<sup>15</sup> As modern care defeats acute diseases, medical attention is shifting to more chronic diseases such as hypertension and to issues involved in occupational health and well-being.<sup>16</sup> These trends have contributed to the growth of corporate *wellness programs* such as

Johnson & Johnson's "Live for Life Program." Moreover, *ergonomics* has gained increasing attention as a way to prevent medical problems resulting from poor design of workstations, resulting in the loss of billions of dollars from higher healthcare costs and lower worker productivity.<sup>17</sup> Such costs can be cut nearly in half by implementing the results of medical research into better workplace design.<sup>18</sup>

## 1-2 BEHAVIOR IN TIMES OF CHANGE

Early research of individuals and organizations in the midst of environmental change found that people often experience change as a threat and respond by relying on well-learned and dominant forms of behavior.<sup>19</sup> That is, people often become rigid and reactive in the midst of change, rather than open and responsive. This behavior works well in the face of gradual, incremental change. However, rigid and well-learned behavior may be a counterproductive response to significant change, such as outsourcing. Prompted by dramatic advances in Internet and networking technology, outsourcing has been unavoidable in much of American industry.<sup>20</sup> Yet factors such as employee attrition and the potential for data loss have caused many companies to modify their outsourcing strategies to keep both talent and information within the organization.<sup>21</sup> Big changes disrupt people's habitual behavior and force them to learn new skills, often creating discomfort and discontent. To such employees, Eric Brown, CEO of PlusFactor recommends looking for the positive opportunities in change and viewing challenge as a good rather than bad experience. His action steps for adapting to change are to (1) have a positive attitude, (2) ask questions, (3) listen to the answers, and (4) be committed to success.<sup>22</sup>

Success is never guaranteed, however, and change sometimes results in failure. Some of the world's greatest leaders, such as Winston Churchill, experienced dramatic failures before they achieved lasting success. It was their capacity to learn from the failure and to respond positively to new opportunities that helped them overcome early setbacks. Knowing this, one venture capitalist with whom the authors have worked likes to ask an executive who is seeking to build a business to tell him about his or her greatest failure. He wants to hear

**engineering** The applied science of energy and matter.

**anthropology** The science of human learned behavior.

**management** The study of overseeing activities and supervising people in organizations.

**medicine** The applied science of healing or treating diseases to enhance an individual's health and well-being.

# HOT TREND



## Habits Can Be Good to Have

Product packaging often focuses on developing novel, innovative, and markedly distinctive designs, shapes, and colors that “stand out” for the consumer. This may actually be counterproductive given how people are hard wired. Our brains are designed, especially in stressful or dangerous times, to reduce information intake and increase control. The brain is not designed to be open and creative when it is in a hurry. This has important consequences in how people form and maintain habits, which are behaviorally efficient and demand less energy. So, with repeated responses to familiar and similar objects, the brain requires less information and uses less power to get to the same recognition level or conclusion that would be required if the habit were not formed and in place. Thus, implicit memory has power and helps the brain lead to recognition efficiency. This level of cognitive and behavioral efficiency may become compromised in new and changed environments and circumstances.



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SOURCE: S. Berinato, “The Science: How Habit Beats Novelty,” *Harvard Business Review*, January–February 2017, pp. 60–61.

how the executive responded to the failure and what he or she learned from the experience.

So change carries both the risk of failure and the opportunity for success; our behavior often determines the outcome. Moreover, success can come through the accumulation of small wins and through the use of microprocesses, as has been found with middle managers engaged in institutional change. Finally, companies can improve their performance in the emerging China market during uncertain times and economic transitions by engendering trust between the business and state bureaucrats.<sup>23,23a</sup>

## 1-3 THE ORGANIZATIONAL CONTEXT

A complete understanding of organizational behavior requires an understanding of both human behavior and of the organizational context—that is, the specific setting—within which behavior is acted out.

### 1-3a Organizations as Open Systems

Just as two different perspectives offer complementary explanations for human behavior, two views shape complementary explanations of organizations. Organizations are open systems of interacting components, including people, tasks, technology, and structure. These internal components also interact with components in the organization’s task environment.

**task** An organization’s mission, purpose, or goal for existing.

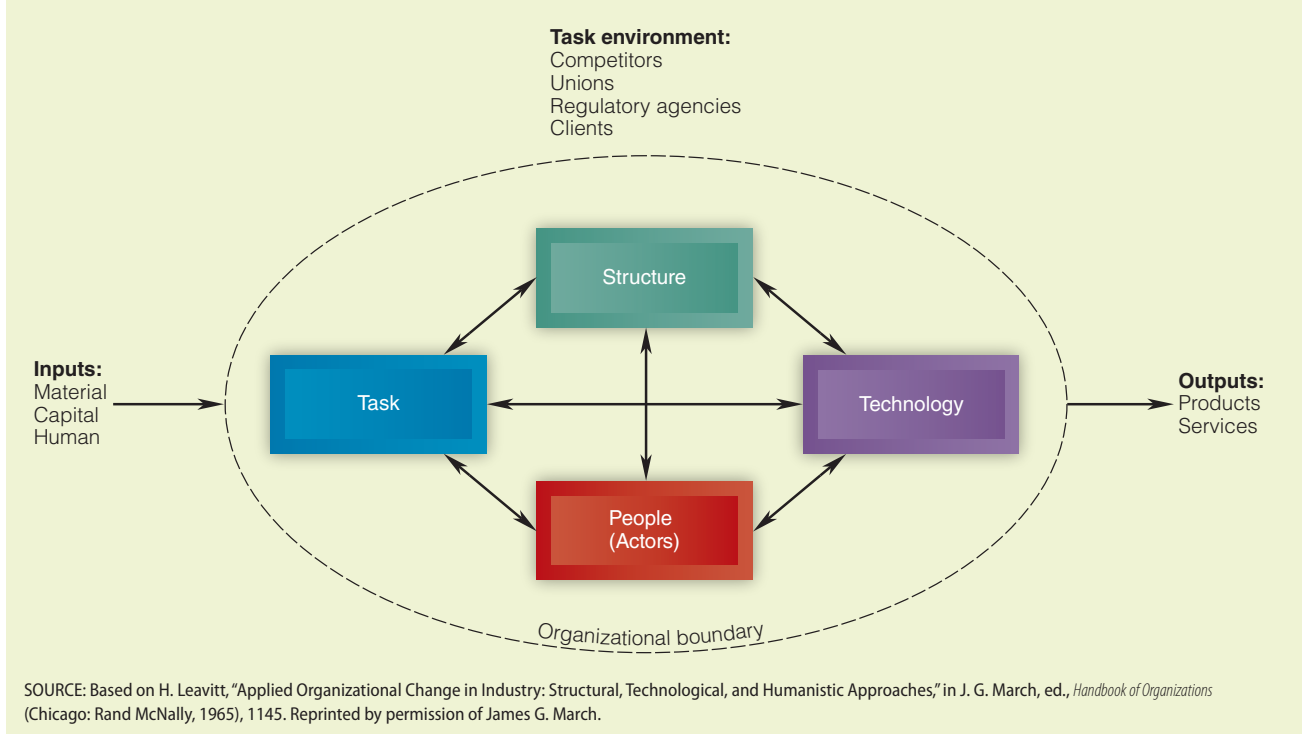
**people** The human resources of an organization.

Today, the corporation is the dominant organizational form for much of the Western world, but other organizational forms have dominated other societies. Religious organizations, such as the temple corporations of ancient Mesopotamia and the churches in colonial America, can often dominate society.<sup>24</sup> So can military organizations, such as the clans of the Scottish Highlands and the regional armies of the People’s Republic of China.<sup>25</sup> All of these societies are woven together by family organizations, which themselves may vary from nuclear and extended families to small, collective communities.<sup>26</sup> The purpose and structure of religious, military, and family organizational forms varies, but people within different organizations often behave alike. In fact, early discoveries about power and leadership in work organizations were remarkably similar to findings about power and leadership within families.<sup>27</sup>

Because organizations are so varied in function, manufacturing products such as aircraft components or delivering services such as money management, for example, we must first understand the open system components of an organization and its task environment in order to see how the organization performs.

Accordingly, Katz and Kahn in one study, and Leavitt in another, established open system frameworks for understanding organizations.<sup>28</sup> The four major internal components are task, people, technology, and structure. These four components, along with the organization’s inputs, outputs, and key elements in the task environment, are depicted in Figure 1.1. The **task** of the organization is its mission, purpose, or goal for existing. The **people** are the human resources of the organization.

**FIGURE 1.1** AN OPEN-SYSTEMS VIEW OF ORGANIZATION



The **technology** is the wide range of tools, knowledge, and/or techniques used to transform inputs into outputs. The **structure** involves the systems of communication, authority and roles, and workflow.

In addition to these major internal components, the organization as a system also has an external task environment composed of different constituents such as suppliers, customers, and federal regulators. Thompson describes the task environment as that element of the environment related to the organization's degree of goal attainment, or its basic task.<sup>29</sup> A number of organizations are using or considering the use of Twitter as a way of networking into elements of their task environments.<sup>30</sup> For example, NASA uses Twitter to update followers on the status of upcoming shuttle flights.

The organization system works by taking inputs, converting them into throughputs, and delivering outputs to its task environment. *Inputs* are the human, informational, material, and financial resources used by the organization. *Throughputs* are the materials and resources as they are transformed by the organization's technology component. Once the transformation is complete, they become *outputs* for customers, consumers, and clients. The actions of suppliers, customers, regulators, and other elements of the task environment affect the organization and the behavior of people at work. The role of modern corporations has expanded

to include corporate social responsibility. Customers expect these organizations to be good corporate citizens, creating social value as well as financial wealth for their shareholders.<sup>31</sup> Organizational transparency contributes to trust in organization–stakeholder relationships, which is good for the health and well-being of the organization.<sup>31a</sup>

## 1-4 THE FORMAL AND INFORMAL ORGANIZATION

The open systems view of organizations suggests that they are designed like clockwork (recall the clockwork metaphor described at the beginning of this chapter), with a neat, precise, interrelated functioning. The **formal organization** is the official, legitimate, and most visible part of the organization, and it enables people to think of organizations in logical and rational ways. The snake pit

**technology** The tools, knowledge, and/or techniques used to transform inputs into outputs.

**structure** The systems of communication, authority and roles, and workflow.

**formal organization** The official, legitimate, and most visible part of the system.



## FAST FACT

### Google's Racial Makeup... Is Up

People are at the heart of Google's success. The company has searched its soul to move minority workers from 37 percent of their workforce in 2012 to 43.1 percent in 2016. Google does employ more men (70.8 percent) than the U.S. average (53.2 percent) and fewer women (29.2 percent) than the U.S. average (46.8 percent). Google is way above the national average for Asian employees (33.5 percent vs. 5.2 percent) while being behind the national average for White (56.9 percent vs. 78.7 percent), Latino (5.2 percent vs. 16.6 percent), and Black (2.4 percent vs. 12.3 percent) employees. But, all their minority trend lines from 2012 to 2016 are positive (up).

SOURCE: E. McGirt, "Google Searches Its Soul," *Fortune*, Feb. 1, 2017, p. 54.



lightpoet/123RF

metaphor mentioned earlier originates from the study of the **informal organization**, which is unofficial and less visible. The **Hawthorne studies**, conducted during the 1920s and 1930s, first suggested the importance of the informal elements. During the so-called interview study, the third of the four Hawthorne studies, the researchers began to fully appreciate the informal elements of the Hawthorne Works as an organization.<sup>32</sup> The formal and informal elements of the organization are depicted in Figure 1.2.

Because the formal and informal elements of an organization can sometimes conflict, we must understand both. Such conflicts erupted in many organizations during the early years of the twentieth century and were embodied in the union-management strife of that era. Sometimes these formal-informal conflicts escalated into violence.

For example, supervisors at the Homestead Works of U.S. Steel during the 1920s were issued pistols "just in case" they felt it necessary to shoot unruly, dangerous steelworkers. However, during that same era, the progressive Eastman Kodak

**FIGURE 1.2 FORMAL AND INFORMAL ORGANIZATION**



company provided financial backing for employees' neighborhood communities, such as Meadowbrook in Rochester, New York. Kodak's concern for employees and attention to informal issues made unions unnecessary at the company.





The open systems view of an organization suggests that it is designed and run like clockwork.

The informal elements of the organization are often points of diagnostic and intervention activities in organizational development, though the formal elements must always be considered because they provide the context for the informal.<sup>33</sup> It is the informal elements involving people's feelings, thoughts, and attitudes about their work that most affect their behavior and performance, but individual behavior plays out in the context of both the formal and informal elements of the system, becoming, in the process, organizational behavior. Employees' moods, emotions, and dispositions all influence critical organizational outcomes such as job performance,



## FAST FACT

### The Cost of Ignoring Older Employees

When companies do not pay attention to older employees, they pay a price. This conclusion was based on a study of 666 Australian workers between the ages of 45 and 75. In workplaces that were most unfavorable to older employees, engagement levels were 19 to 20 percent lower than those whose workplaces were most helpful. This has financial implications because organizations lose money when workers are disengaged.

SOURCE: R. Feintzeig, "Companies Suffer When They Ignore Older Employees, Study Says; When workplaces are less friendly to that group, engagement among veteran workers drops," *Wall Street Journal*, 3 Jan 2017.

decision making, creativity, turnover, teamwork, negotiation, and leadership.<sup>34</sup>

## 1-5 DIVERSITY OF ORGANIZATIONS

Most attempts to explain or predict organizational behavior rely heavily on factors within the organization and give less weight to external environmental considerations.<sup>35</sup> Yet organizational behavior always occurs in the context of a specific organizational setting, so students can benefit from being sensitive to that industrial context and from developing an appreciation for the diversity of various organizations.<sup>36</sup>

Large and small organizations operate in each sector of the economy: the private, manufacturing, service, government, and nonprofit sectors. In the private sector are a great variety of organizations that play an important role in the economy. The manufacturing sector includes the production of basic materials, such as steel, and the production of finished products, such as automobiles and electronic equipment. The service sector includes transportation, financial services, insurance, and retail sales. The government sectors, which provide essential infrastructure, and nonprofit organizations are important to our collective well-being because they meet needs that other sectors do not address. For example, in France, the not-for-profit Action Tank has discovered a solution for poor consumers who find access to even low-cost products and services out of their reach.<sup>37</sup>

Hundreds of small, medium-sized, and large organizations contribute to the economic health and human welfare of the United States. Throughout this book, we provide examples from a variety of organizations to help you develop a greater appreciation for your own organization and for others in the diverse world of private business enterprises and nonprofit organizations.

## 1-6 CHANGE CREATES OPPORTUNITIES

Global competition, which is a leading force driving change at work, has increased significantly during the past few decades, especially in industries such as banking, finance, and air transportation. As a result, change has accelerated and, with it, both opportunities and risks. Corporate competition creates performance and cost pressures, changes that have a ripple