

**Fred
Luthans**



12th Edition

Organizational Behavior

An Evidence-Based Approach

Organizational Behavior

An Evidence-Based Approach

Twelfth Edition

Fred Luthans

*George Holmes Distinguished Professor
of Management, University of Nebraska*

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ORGANIZATIONAL BEHAVIOR: An Evidence-Based Approach

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For
Kay, Kristin, Brett, Kyle, and Paige

About the Author



Fred Luthans is the George Holmes Distinguished Professor of Management at the University of Nebraska–Lincoln. He received his B.A., M.B.A., and Ph.D. from the University of Iowa where he received the distinguished alumni award in 2002, and did postdoctoral work at Columbia University. While serving as a Captain in the U.S. Army, he taught at the U.S. Military Academy at West Point. He has been at the University of Nebraska since 1967, his entire academic career, and won the distinguished teaching award in 1986, the excellence in graduate education award in 2000, and in 2008 the highest award in the system for outstanding research. In 2003, he received an honorary doctorate from DePaul University. A prolific writer, he has published a number of major books and about 200 articles in applied and academic journals. His book *Organizational Behavior Modification*, coauthored with Robert Kreitner, won the American Society of Personnel Administration award for outstanding contribution to human resource management, and another book entitled *Real Managers* is the result of a four-year research study that observed managers in their natural settings. *International Management*, coauthored with the late Richard Hodgetts and Jonathon Doh, also published by McGraw-Hill, is in its seventh edition. He also has two recent books, *The High Impact Leader* (with Bruce Avolio, McGraw-Hill, 2006) and *Psychological Capital* (with Carolyn Youssef and Bruce Avolio, Oxford, 2007). The co-editor-in-chief of the *Journal of World Business*, Professor Luthans is also the editor for *Organizational Dynamics* and *Journal of Leadership and Organizational Studies*. He has been very active in the Academy of Management over the years and was elected a fellow in 1981. He is a former president of the National Academy in 1986 and, in 1997, received the Academy's distinguished educator award. In 2000 he became an inaugural member of the Academy's Hall of Fame for being one of the "Top Five" all-time published authors in the prestigious Academy journals. Also active in the Decision Sciences Institute (DSI), he was elected a fellow in 1987. Professor Luthans has a very extensive research program at the University of Nebraska. Most recently, he has developed positive organizational behavior, or POB (outlined in 2002 articles in the *Academy of Management Executive* and *Journal of Organizational Behavior*), and is conducting research on positive psychological capital and, with close colleague Bruce Avolio, authentic leadership. He has been a visiting scholar at a number of universities in the United States and has lectured at universities and conducted workshops for managers in many countries around the world. In recent years, he has been actively involved in Germany, China, Thailand, Singapore, Russia, Albania, and Macedonia. In addition, he has been on the executive committee of the annual Pan Pacific Conference since its beginning in 1984 and in 1995 was elected a fellow. This international research and experience is reflected in his approach to the field of organizational behavior. In addition, he is an active consultant and trainer to both private- (such as Walmart and Ameritas Life Insurance, Inc.) and public-sector organizations. Since 1998 he has been a senior research scientist with the Gallup Organization. He is an avid golfer and University of Nebraska sports fan. He and Kay, his wife of 47 years, have four grown children and so far six adorable grandchildren.

Preface

Here is the twelfth edition. As I indicated in the last edition, I am still in what positive psychologists call “flow.” I am so engrossed and passionate about my field of organizational behavior that time just flies. As I have said before, I take considerable pride in the sustainability of this text. It took me four years to write the first edition, and then about a year to do each subsequent edition. Because of the rapidly expanding body of knowledge in organizational behavior, these revised editions through the years have become increasingly challenging. However, I am still—actually even more than ever—in flow in trying to keep this first mainline organizational behavior text totally up-to-date with the very latest and relevant theory building, basic and applied research, and best-practice applications. I decided with this edition to give special recognition of this scientific foundation by adding the subtitle—*An Evidence-Based Approach*.

As is now emphasized in the introductory chapter, the time has come to help narrow the theory/research—effective application/practice gap. This has been my mission from the beginning of this text and my now over 20-year editorship of the journal *Organizational Dynamics*. As “hard evidence” for this theory/research base for this text, I can say unequivocally that no other organizational behavior text has close to the number of footnote references. For example, whereas a few texts may have up to 40 or even 50 references for some chapters, the chapters of this text average more than twice that amount. This latest edition continues the tradition by incorporating recent breakthrough research to provide and add to the evidence on the theories and techniques presented throughout.

Before getting into the specific additions of this new edition, I would like to again point out the distinguishing features that no other organizational behavior textbook can claim:

1. I am convinced at this stage of development of the field of OB, we need a comprehensive theoretical framework to structure our introductory textbooks. Instead of a potpourri of chapters and topics, and maybe using an inductive (or should it be deductive?) sequencing, there is now the opportunity to have a sound conceptual framework to present our now credible (evidence-based) body of knowledge. I use the widely recognized, very comprehensive social cognitive theory to structure this text. I present the background and theory building of this framework in the introductory chapter and also provide a specific model (Figure 1.5) that fits in all 14 chapters. Importantly, the logic of this conceptual framework requires two chapters not found in other texts and the rearrangement and combination of several others. For example, in the organizational context part there is Chapter 4, “Reward Systems,” and in the cognitive processes part, Chapter 7, “Positive Organizational Behavior and Psychological Capital,” that no other text contains.
2. Besides having the only comprehensive theoretical framework for an introductory OB text, a second unique feature is one or more OB Principles at the end of each chapter. Importantly, these principles are derived from meta-analytic research findings. The reason for including meta-analytically derived principles is that the field of organizational behavior has matured to the point where there are not just isolated studies but a stream of research on a number of topics that now need to be systematically (quantitatively) summarized for students and practitioners. For example, Alex Stajkovic and I have completed a meta-analysis of the studies with which I have been most closely associated over the past 35 years, focusing on the positive effect that organizational behavior modification (O.B. Mod.) has on task performance. (This analysis is published

in the *Academy of Management Journal*; a follow-up research study conducted in the largest credit card processing company in the world is in a subsequent issue of *AMJ*; another meta-analysis of all behavioral management studies with emphasis on the different types of interventions was published in *Personnel Psychology*; and most recently nonfinancial rewards were found to be as impactful on unit performance outcomes and employee retention over time as were financial rewards, published in the *Journal of Applied Psychology* with Suzanne Peterson). In addition, Alex and I published in *Psychological Bulletin* a meta-analysis (114 studies, 21,616 subjects) that found a very strong positive relationship between self-efficacy and task-related performance. These provide end-of-chapter evidence-based OB Principles.

3. A third unique feature is an “Evidence-Based Consulting Practices” summary to open up each major part of the text. Specifically, in addition to my long academic appointment at the University of Nebraska, since 1998 I have been a senior research scientist with the Gallup Organization. Mostly known for the famous Gallup Poll, this world-class firm also has a widely known management consulting practice. About half of the “*Fortune 50*” are among Gallup’s recent clients. With my input, Tim Hodges, executive director of Gallup University, drew from Gallup’s tremendous survey research-base consisting of thousands of organizations and millions of people over the years. We provide Gallup’s evidence-based practices relevant to each major part of the text.
4. The fourth unique feature reflects my continuing basic research program over the years. Chapter 7 contains my most recent work on what I have termed “Positive Organizational Behavior” and “Psychological Capital” (or PsyCap). To meet the inclusion criteria (positive; theory and research based; valid measures; open to development; and manage for performance improvement), for the first time the topics of optimism, hope, happiness/subjective well-being, resiliency, emotional intelligence, self-efficacy, and the overall core construct of psychological capital have been given chapter status. Because of my involvement in the emerging Positive Psychology movement through Gallup and my research on PsyCap and authentic leadership with colleagues in the University of Nebraska’s Leadership Institute, I feel the time has come to incorporate this positive approach into the mainstream organizational behavior field.

Besides these truly significant four unique features, there are a number of specific revisions and additions to this edition. These include:

1. The new subtitle “An Evidence-Based Approach” reaffirms the importance of the research foundation to the text. A new major section has been added to Chapter 1 that explains why this evidence-based focus is so critical and what it entails.
2. Because communication, decision making, and perception continue to be important to organizational behavior, in this edition there is a new Chapter 8, “Communication and Decision Making” and perception is added to Chapter 5, “Personality, Perception, and Employee Attitudes.”
3. To make room for the new chapter, the separate chapter on job design and goal setting is now incorporated into Chapter 6, “Motivational Needs, Processes, and Applications.”
4. Besides updating the evidence-base and providing new real-world examples in each chapter, breakthroughs on important new topics such as the following are included:
 - Contextual impact of the recent financial crisis and stock market crash on organizational behavior

- Collins' "Good to Great" expectations
- Managing the global workforce
- Global mindset
- Diversity management skills
- Glass ceiling outside the United States
- Corporate social responsibility (CSR)
- Ethics of downsizing
- "Hollow" organization design
- Modular organization design
- Organization culture in an economic crisis
- Incentive/rewards analysis of the financial crisis
- Costs of obesity
- Neuroscience explanations
- Health-Relationships-Work (H-R-W) well-being model
- Intentional component of psychological capital (PsyCap)
- Background on PsyCap
- Performance impact and research summary of PsyCap
- PsyCap development model and research summary
- Evidence-based happiness
- Broaden and Build Theory of positivity
- Use of Facebook
- Gen X and Gen Y
- Stress from 24/7 technology and job loss threat
- Stress levels around the world
- Bullying problem
- "Slacker teammate" problem
- Followership
- Positive and authentic leadership research

Just as real-world management can no longer afford to evolve slowly, neither can the academic side of the field. With the uncertain, very turbulent environment most organizations face today, drastically new ideas, approaches, and techniques as represented above are needed both in the practice of management and in the way we study and apply the field of organizational behavior. This revision mirrors these needed changes.

Social Cognitive Conceptual Framework. The book contains 14 chapters in four major parts. Social cognitive theory explains organizational behavior in terms of both environmental, contextual events and internal cognitive factors, as well as the dynamics and outcomes of the organizational behavior itself. Thus, Part One provides the evidence-based and organizational context for the study and application of organizational behavior. The introductory chapter provides the environmental perspective, historical background, methodology, theoretical framework, and specific social cognitive model for the field of organizational behavior in general and specifically for this text. This is followed by an overall environmental context chapter:

Chapter 2, “Environmental Context: Globalization, Diversity, and Ethics (with major sections on globalization, diversity, and a major ending section on the impact of ethics on “bottom-line” outcomes).

After this broad environmental context is laid out in Chapter 2, there are two chapters for the organizational context of the social cognitive framework:

Chapter 3, “Organizational Context: Design and Culture” (with special emphasis given to the learning organization and horizontal, hollow, modular, network, and virtual designs; best-practice cultures; and a major section on the culture clashes from mergers and acquisitions) and

Chapter 4, “Organizational Context: Reward Systems” (a unique chapter with special emphasis given to money as a reward, effectiveness of pay, forms of “new pay,” recognition systems, and benefits).

The second part of the text recognizes the well-known micro-oriented cognitive processes of the social cognitive framework plus unique topics such as the following:

Chapter 5, “Personality, Perception, and Employee Attitudes” (with unique major sections on the role of heredity and the brain and emphasis given to “Big Five” personality traits, the Myers-Briggs personality indicator, the perceptual process, and organizational citizenship behavior);

Chapter 6, “Motivational Needs, Processes, and Applications” (with major sections on extrinsic versus intrinsic motives, procedural justice, attribution theory, job design and goal setting); and

Chapter 7, the most unique chapter, not only for this text, but any other, on “Positive Organizational Behavior and Psychological Capital.” In addition to the focus on the unique POB psychological states of efficacy, optimism, hope, resiliency, and overall psychological capital, there are also major sections on emotion, multiple intelligences, and general mental abilities.

Parts Three and Four are concerned with the dynamics and behavior management and leadership dimensions of organizational behavior in the social cognitive framework. Part Three contains, in addition to widely recognized topics, the following four chapters:

Chapter 8, “Communication and Decision Making” with particular emphasis given to nonverbal and interpersonal communication and behavioral dimensions, styles, and techniques of decision making.

Chapter 9, “Stress and Conflict” (with material on stress and conflict from advanced technology and globalization, burnout, and work-family initiatives);

Chapter 10, “Power and Politics” (with material on empowerment, trust, resource dependency, and the dynamics of power and politics in the new environment); and

Chapter 11, “Groups and Teams” (with material on the punctuated equilibrium model of groups, group/team effectiveness, role conflict and ambiguity, social loafing, cross-functional teams, virtual teams, and cultural/global issues with the use of teams).

The final Part Four gives an applied emphasis to the text. It focuses on *how* to manage and lead for high performance. These applied organizational behavior chapters include the following:

Chapter 12, “Behavioral Performance Management” (with material on the role of social cognition, critical analysis of reinforcement theory, pay for performance, social

recognition, and the latest research on contingencies with type of organization and interventions for O.B. Mod. effectiveness).

Chapter 13, “Effective Leadership Processes” (with major sections on the historical studies, traditional and modern theories of leadership and the new “authentic leadership” being developed at the University of Nebraska’s Leadership Institute, and leadership across cultures and the GLOBE project).

Chapter 14, “Great Leaders: An Evidence-Based Approach” (with major sections on leading in the new environment, leadership styles, including the new positive, authentic style, the activities and skills of leadership, and leadership development programs).

Pedagogical Features. Besides the many unique features already described, there are also several strong pedagogical features that have characterized the text over the years. To reflect and reinforce the applications orientation of the text, highlighted, currently relevant, boxed real-world OB in Action examples appear in each chapter. In this twelfth edition there are many new real-world examples drawn from *BusinessWeek* articles. In addition to these application boxes, the text also features experiential exercises at the end of each part. The exercises get participants involved in solving simulated problems or experiencing firsthand organizational behavior issues. Also there are end-of-chapter Internet exercises to get students involved in online relevant resources and vehicles for discussion and critique.

Besides the usual end-of-chapter short organizational behavior discussion cases, there is also at least one Real Case at the end of each chapter. These cases are drawn from recent real-world events (excerpted from current *BusinessWeek* articles) and are intended to enhance the relevancy and application of the theories and research results presented in the chapter. These end-of-chapter real cases serve as both examples and discussion vehicles. It is suggested that students read them even if they are not discussed directly in class. The intent is that they can serve as supplemental readings as well as discussion cases.

This edition also contains learning objectives at the start of each chapter. These objectives should help students better focus and prepare for what follows in the chapter. Finally, the chapters have the usual end-of-chapter summaries and review and discussion questions.

Intended Audience. Despite the four unique features and very extensive updating (having anywhere from 5–30 or more new references per chapter) throughout, the purpose and intended audience of the book remain the same. As in the earlier editions, this edition is aimed at those who wish to take a totally up-to-date, evidence-based approach to organizational behavior and management. It does not assume the reader’s prior knowledge of either management or the behavioral sciences. Thus, the book can be used effectively in the first or only course in either four-year or two-year colleges. It is aimed primarily at the required organizational behavior course, at the undergraduate level or in the M.B.A. program. I would like to especially acknowledge and thank colleagues in countries around the world who have used previous editions of the book and point out that the continued international perspective and coverage should make this new edition relevant and attractive. Finally, the book should be helpful to practicing managers who want to understand and more effectively manage their most important assets—their human resources.

Acknowledgments. Every author owes a great deal to others, and I am no exception. First and foremost, I would like to acknowledge the help on this as well as many other writing projects over the years that I received from my deceased friend and colleague, Professor Richard M. Hodgetts of Florida International University. Next, I would like to acknowledge the total support and standards of excellence provided by my friend and longtime department chairman, Sang M. Lee and my former colleague now at the University of Washington, Bruce Avolio. Special thanks goes to Cathy Watson from the Management Department staff who has been very helpful to me over the years. I can never forget the education, encouragement, and scholarly values I received from Professors Henry H. Albers and the deceased Max S. Wortman when starting out in my academic career. Over the years, I have been very lucky to have been associated with excellent doctoral students. I would like to thank them all for teaching me as much as I have taught them. In particular, I would like to thank Don Baack, Steve Farner, and Suzanne Peterson who have helped on previous editions. I am also very grateful to those professors who used the previous editions of the book and gave me valuable feedback for making this revision. The reviewers for this edition are Charles B. Daniels, Old Dominion University; Laura Finnerty Paul, Skidmore College; and James Harbin, Texas A&M University–Texarkana. Finally, as always, I am deeply appreciative and dedicate *Organizational Behavior*, twelfth edition, to my wife and now grown children and their families, who have provided me with a loving, supportive relationship and climate needed to complete this and other projects over the years.

Contents in Brief

PART ONE

Environmental and Organizational Context 1

- 1** Introduction to Organizational Behavior: An Evidence-Based Approach 5
- 2** Environmental Context: Globalization, Diversity, and Ethics 31
- 3** Organizational Context: Design and Culture 57
- 4** Organizational Context: Reward Systems 88

PART TWO

Cognitive Processes of Organizational Behavior 123

- 5** Personality, Perception, and Employee Attitudes 125
- 6** Motivational Needs, Processes, and Applications 156
- 7** Positive Organizational Behavior and Psychological Capital 199

PART THREE

Dynamics of Organizational Behavior 245

- 8** Communication and Decision Making 247
- 9** Stress and Conflict 277
- 10** Power and Politics 312
- 11** Groups and Teams 339

PART FOUR

Managing and Leading for High Performance 373

- 12** Behavioral Performance Management 378
 - 13** Effective Leadership Processes 413
 - 14** Great Leaders: An Evidence-Based Approach 445
- Footnote References and Supplemental Readings 482
- References for Application Boxes and Real Cases 548

INDEX 551

Contents

About the Author iv

Preface v

PART ONE ENVIRONMENTAL AND ORGANIZATIONAL CONTEXT 1

Evidence-Based Consulting Practices 1

Chapter 1

Introduction to Organizational Behavior: An Evidence-Based Approach 5

Learning Objectives 5

The Challenges Facing Management 6

Undergoing a Paradigm Shift 8

A New Perspective for Management 10

Evidence-Based Management 12

Historical Background: The Hawthorne Studies 13

The Illumination Studies: A Serendipitous Discovery 13

Subsequent Phases of the Hawthorne Studies 14

Implications of the Hawthorne Studies 15

Research Methodology to Determine Valid
Evidence 16

The Overall Scientific Perspective 16

Starting with Theory 17

The Use of Research Designs 18

The Validity of Studies 19

Defining Organizational Behavior 20

Theoretical Foundation for Organizational
Behavior 20

Cognitive Framework 20

Behavioristic Framework 21

Social Cognitive Framework 22

The Conceptual Framework for the Text 25

Summary 25

Ending with Meta-Analytic Research Findings 26

Questions for Discussion and Review 27

Internet Exercise: Nonjobs or Telecommuting 27

Real Case: The Big Squeeze on Workers 28

Organizational Behavior Case: How Is This Stuff
Going to Help Me? 29

Organizational Behavior Case: Too Nice to People 29

Organizational Behavior Case: Conceptual Model:
Dream or Reality? 30

Chapter 2

Environmental Context: Globalization, Diversity, and Ethics 31

Learning Objectives 31

Globalization 31

Diversity in the Workplace 34

Reasons for the Emergence of Diversity 35

Developing the Multicultural Organization 38

Individual Approaches to Managing Diversity 39

Organizational Approaches to Managing Diversity 41

Ethics and Ethical Behavior in Organizations 46

The Impact of Ethics on "Bottom-Line" Outcomes 47

Summary 49

Ending with Meta-Analytic Research Findings 50

Questions for Discussion and Review 52

Internet Exercise: Ethical Issues in the Workplace 52

Organizational Behavior Case: How Far-Reaching Are
Globalization and Technology? 52

Organizational Behavior Case: I Want Out 53

Real Case: Not Treating Everyone the Same 53

Organizational Behavior Case: Changing with the
Times 54

Real Case: The Ethics of Downsizing 55

Chapter 3

Organizational Context: Design and Culture 57

Learning Objectives 57

The Organizational Theory Foundation 58

Historical Roots 58

Modern Theoretical Foundation 58

What Is Meant by a Learning Organization? 59

Organizational Behavior in the Learning

Organization 60

Learning Organizations in Action 61

Modern Organization Designs 63

Horizontal Organizations 64

Contemporary Designs: Hollow and Modular 65

Network Designs 66

The Virtual Organization 68

| | |
|---|----|
| The Organizational Culture Context | 71 |
| <i>Definition and Characteristics</i> | 71 |
| <i>Uniformity of Culture</i> | 73 |
| Creating and Maintaining a Culture | 74 |
| <i>How Organizational Cultures Start</i> | 75 |
| <i>Maintaining Cultures through Steps of Socialization</i> | 76 |
| <i>Changing Organizational Culture</i> | 79 |
| Summary | 83 |
| Ending with Meta-Analytic Research Findings | 84 |
| Questions for Discussion and Review | 84 |
| Internet Exercise: The Structure and Culture of Organizations | 85 |
| Real Case: Web-Based Organizations | 85 |
| Organizational Behavior Case: The Outdated Structure | 86 |
| Organizational Behavior Case: Keeping Things the Same | 86 |
| Organizational Behavior Case: Out with the Old, In with the New | 87 |

Chapter 4

Organizational Context: Reward Systems 88

| | |
|--|-----|
| Learning Objectives | 88 |
| Pay: The Dominant Organizational Reward | 90 |
| <i>The Theoretical Background on Money as a Reward</i> | 90 |
| <i>Research on the Effectiveness of Pay</i> | 92 |
| <i>Traditional Methods of Administering Pay</i> | 93 |
| <i>Pay for Performance</i> | 95 |
| <i>New Pay Techniques</i> | 99 |
| Recognition as an Organizational Reward | 100 |
| <i>Recognition versus Money</i> | 100 |
| <i>Examples of Effective Formal Recognition Systems</i> | 102 |
| Benefits as Organizational Rewards | 106 |
| <i>Traditionally Offered Benefits</i> | 106 |
| <i>Newer Types of Benefits</i> | 108 |
| Summary | 111 |
| Ending with Meta-Analytic Research Findings | 112 |
| Questions for Discussion and Review | 113 |
| Internet Exercise: Rewards in the Workplace | 114 |
| Real Case: CEOs Get Fewer Perks | 114 |
| Real Case: Rewarding Teamwork in the Plains | 115 |
| Real Case: Different Strokes for Different Folks | 116 |
| Organizational Behavior Case: Huge Benefits, Little Understanding or Use | 117 |

Experiential Exercises for Part One 118

| | |
|---|-----|
| Exercise: Synthesis of Student and Instructor Needs | 118 |
|---|-----|

| | |
|---|-----|
| Exercise: Work-Related Organizational Behavior: Implications for the Course | 118 |
| Exercise: Organizations | 119 |

PART TWO

COGNITIVE PROCESSES OF ORGANIZATIONAL BEHAVIOR 123

| | |
|-------------------------------------|-----|
| Evidence-Based Consulting Practices | 123 |
|-------------------------------------|-----|

Chapter 5

Personality, Perception, and Employee Attitudes 125

| | |
|--|-----|
| Learning Objectives | 125 |
| The Meaning of Personality | 125 |
| The Role of Heredity and the Brain | 126 |
| <i>Self-Esteem</i> | 128 |
| <i>Person-Situation Interaction</i> | 129 |
| <i>The Socialization Process</i> | 129 |
| <i>The “Big Five” Personality Traits</i> | 132 |
| <i>Myers-Briggs Type Indicator (MBTI)</i> | 134 |
| The Perception Process | 135 |
| <i>Sensation versus Perception</i> | 136 |
| <i>Subprocesses of Perception</i> | 137 |
| Social Perception | 138 |
| <i>Characteristics of Perceiver and Perceived</i> | 138 |
| <i>Stereotyping</i> | 139 |
| <i>The Halo Effect</i> | 139 |
| Work-Related Attitudes: PA/NA | 140 |
| Employee Attitudes | 141 |
| <i>What Is Meant by Job Satisfaction?</i> | 141 |
| <i>Influences on Job Satisfaction</i> | 142 |
| <i>Outcomes of Job Satisfaction</i> | 144 |
| <i>Organizational Commitment</i> | 146 |
| <i>The Meaning of Organizational Commitment</i> | 147 |
| <i>The Outcomes of Organizational Commitment</i> | 148 |
| <i>Guidelines to Enhance Organizational Commitment</i> | 148 |
| <i>Organizational Citizenship Behaviors (OCBs)</i> | 149 |
| Summary | 150 |
| Ending with Meta-Analytic Research Findings | 151 |
| Questions for Discussion and Review | 152 |
| Internet Exercise: Assessing Your Personality | 153 |
| Real Case: It’s All a Matter of Personality | 153 |
| Organizational Behavior Case: Same Accident, Different Perceptions | 154 |
| Organizational Behavior Case: Ken Leaves the Company | 155 |

Chapter 6**Motivational Needs, Processes, and Applications 156**

- Learning Objectives 156
- The Basic Motivation Process 157
 - Primary Motives* 157
 - Secondary Motives* 158
 - Intrinsic versus Extrinsic Motives* 160
- Work-Motivation Theories 161
 - Maslow's Hierarchy of Needs: An Important Historical Contribution* 162
 - Herzberg's Two-Factor Theory of Motivation* 165
 - The Porter-Lawler Expectancy Theory of Work Motivation* 167
 - Equity Theory of Work Motivation* 169
 - The Relationship between Equity Theory and Organizational Justice* 172
 - Attribution Theory* 173
 - Other Work Motivation Theories: Control and Agency* 177
- Motivational Application through Job Design 178
 - Job Rotation* 179
 - Job Enlargement* 179
 - Job Enrichment* 179
 - The Job Characteristics Approach to Task Design* 180
 - Practical Guidelines for Redesigning Jobs* 182
- Motivational Application through Goal Setting 183
 - Theoretical Understanding of Goal Setting* 183
 - Research Evidence on the Impact of Goal Setting* 184
 - Other Performance Management Application Techniques Associated with Goal Setting* 187
 - Impact on the Psychological Contract* 189
- Summary 189
- Ending with Meta-Analytic Research Findings 190
- Questions for Discussion and Review 192
- Internet Exercises: What Types of Jobs Motivate You? 193
- Internet Exercise: What Is the Motivation Potential of Jobs at Southwest Airlines? 193
- Real Case: At UPS Managers Learn to Empathize with Their Employees 194
- Real Case: Making It a Nice Place to Work 195
- Organizational Behavior Case: What Do They Want? 196
- Organizational Behavior Case: Tom, Dick, and Harry 196
- Organizational Behavior Case: The Rubber Chicken Award 197
- Organizational Behavior Case: Specific Goals for Human Service 197

Chapter 7**Positive Organizational Behavior and Psychological Capital 199**

- Learning Objectives 199
- Positive Psychology 200
- Self-Efficacy/Confidence 202
 - The Theoretical Background and Meaning of Efficacy* 202
 - The Process and Impact of Self-Efficacy* 204
 - Sources of Efficacy* 206
 - Implications for Efficacy in the Workplace and POB* 209
- Optimism 212
 - The Dimensions of Optimism* 212
 - Optimism in the Workplace* 214
- Hope 217
- Resiliency 218
- Psychological Capital (PsyCap) 219
 - Background and Research on PsyCap* 220
 - PsyCap Development* 221
- Other Positive Constructs 222
 - Happiness or Subjective Well-Being (SWB)* 222
 - The Background on SWB* 224
 - Emotional Intelligence (EI)* 225
 - The Role of Intelligence* 229
 - Emotional Intelligence* 231
- Summary 234
- Ending with Meta-Analytic Research Findings 236
- Questions for Discussion and Review 236
- Internet Exercise: What Is Your IQ and EQ? 237
- Real Case: High Tech—High Fear 238
- Organizational Behavior Case: People Problems at HEI 238

Experiential Exercises for Part Two 240

- Exercise: Self-Perception and Development of the Self-Concept 240
- Exercise: Job Design Survey 240
- Exercise: Motivation Questionnaire 242

**PART THREE
DYNAMICS OF ORGANIZATIONAL
BEHAVIOR 245**

- Evidence-Based Consulting Practices 245

Chapter 8**Communication and Decision Making 247**

- Learning Objectives 247

| | | | |
|--|-----|---|-----|
| Background of the Role of Communication | 248 | The Causes of Stress | 280 |
| <i>The Definition of Communication</i> | 249 | <i>Extraorganizational Stressors</i> | 281 |
| Nonverbal Communication | 250 | <i>Organizational Stressors</i> | 282 |
| <i>Body Language and Paralanguage</i> | 250 | <i>Group Stressors</i> | 282 |
| <i>Improving Nonverbal Effectiveness</i> | 252 | <i>Individual Stressors: The Role of Dispositions</i> | 284 |
| Interpersonal Communication | 252 | Intraindividual Conflict | 288 |
| <i>Importance of How to Talk to Others</i> | 254 | <i>Conflict Due to Frustration</i> | 288 |
| <i>The Importance of Feedback</i> | 254 | <i>Goal Conflict</i> | 290 |
| <i>Other Important Variables in Interpersonal</i> | | <i>Role Conflict and Ambiguity</i> | 290 |
| <i>Communication</i> | 256 | Interactive Conflict | 292 |
| Interactive Communication in Organizations | 256 | <i>Interpersonal Conflict</i> | 292 |
| <i>The Extent and Implications of Interactive</i> | | <i>Intergroup Behavior and Conflict</i> | 293 |
| <i>Communication</i> | 257 | The Effects of Stress and Intraindividual Conflict | 294 |
| <i>The Purposes and Methods of Interactive</i> | | <i>Physical Problems Due to Stress and Conflict</i> | 295 |
| <i>Communication</i> | 257 | <i>Psychological Problems Due to Stress and</i> | |
| The Decision-Making Process | 259 | <i>Conflict</i> | 295 |
| Behavioral Decision Making | 260 | <i>Behavioral Problems Due to Stress and Conflict</i> | 296 |
| <i>Decision Rationality</i> | 260 | Coping Strategies for Stress and Conflict | 297 |
| <i>Decision-Making Styles</i> | 262 | <i>Individual Coping Strategies</i> | 298 |
| Participative Decision-Making Techniques | 264 | <i>Organizational Coping Strategies</i> | 300 |
| Creativity and Group Decision Making | 265 | Negotiation Skills: Going Beyond Conflict | |
| <i>The Process of Creativity</i> | 265 | Management | 302 |
| <i>Psychological Definition and Analysis of Creativity</i> | 267 | <i>Traditional Negotiation Approaches</i> | 302 |
| <i>Creativity Techniques for Management Decision</i> | | <i>Contemporary Negotiation Skills</i> | 304 |
| <i>Making</i> | 268 | Summary | 305 |
| <i>Group Decision Making</i> | 269 | Ending with Meta-Analytic Research Findings | 306 |
| Summary | 270 | Questions for Discussion and Review | 307 |
| Ending with Meta-Analytic Research Findings | 271 | Internet Exercise: Managing Stress in | |
| Questions for Discussion and Review | 272 | Organizations | 308 |
| Internet Exercise: Communication in the Workplace | 272 | Real Case: When Workers Just Can't Cope | 308 |
| Internet Exercise: Decision Making | | Real Case: Round-the-Clock Stress | 309 |
| in Organizations | 273 | Organizational Behavior Case: Sorry, No Seats Are | |
| Real Case: Online Communication to Share | | Left; Have a Nice Flight | 310 |
| Knowledge | 273 | Organizational Behavior Case: A Gnawing | |
| Organizational Behavior Case: Doing | | Stomachache | 311 |
| My Own Thing | 274 | Organizational Behavior Case: Drinking Up the | |
| Organizational Behavior Case: Bad Brakes | 274 | Paycheck | 311 |
| Real Case: Putting a Human Face on Rational | | Chapter 10 | |
| Decisions | 275 | Power and Politics | 312 |
| Organizational Behavior Case: Harry Smart—Or | | Learning Objectives | 312 |
| Is He? | 276 | The Meaning of Power | 313 |
| Chapter 9 | | <i>The Distinctions among Power, Authority,</i> | |
| Stress and Conflict | 277 | <i>and Influence</i> | 313 |
| Learning Objectives | 277 | <i>The Classifications of Power</i> | 314 |
| The Emergence of Stress | 277 | <i>Contingency Approaches to Power</i> | 318 |
| <i>Contemporary Environment Demands</i> | 277 | The Special Case of Empowerment | 322 |
| <i>What Stress Is, and Is Not</i> | 278 | <i>The Complexity of Empowerment</i> | 323 |
| <i>What about Burnout?</i> | 279 | <i>Putting Empowerment into Action</i> | 324 |

| | |
|--|-----|
| Political Implications of Power | 326 |
| <i>A Political Perspective of Power in Organizations</i> | 327 |
| <i>Specific Political Strategies for Power Acquisition</i> | 330 |
| <i>A Final Word on Power and Politics</i> | 333 |
| Summary | 334 |
| Ending with Meta-Analytic Research Findings | 335 |
| Questions for Discussion and Review | 336 |
| Internet Exercise: The Uses and Abuses of Power | 336 |
| Real Case: Fighting Back | 337 |
| Organizational Behavior Case: Throwing Away a Golden Opportunity | 337 |

Chapter 11 Groups and Teams 339

| | |
|---|-----|
| Learning Objectives | 339 |
| The Nature of Groups | 339 |
| <i>The Meaning of a Group and Group Dynamics</i> | 340 |
| <i>The Dynamics of Group Formation</i> | 340 |
| <i>Types of Groups</i> | 343 |
| <i>Implications from Research on Group and Team Dynamics</i> | 345 |
| <i>Group/Team Effectiveness</i> | 346 |
| The Dynamics of Informal Groups | 347 |
| <i>Norms and Roles in Informal Groups</i> | 347 |
| <i>The Informal Organization</i> | 348 |
| The Dysfunctions of Groups and Teams | 350 |
| <i>Norm Violation and Role Ambiguity/Conflict</i> | 350 |
| <i>The Groupthink, Conformity Problem</i> | 350 |
| <i>Risky Shift Phenomenon</i> | 351 |
| <i>Dysfunctions in Perspective</i> | 351 |
| <i>Social Loafing</i> | 352 |
| Work Teams | 352 |
| <i>The Nature of a Team</i> | 353 |
| <i>Cross-Functional Teams</i> | 354 |
| <i>Virtual Teams</i> | 355 |
| <i>Self-Managed Teams</i> | 356 |
| <i>How to Make Teams More Effective</i> | 356 |
| Summary | 360 |
| Ending with Meta-Analytic Research Findings | 361 |
| Questions for Discussion and Review | 361 |
| Internet Exercise: Work Environment in Team-Based Organizations | 362 |
| Real Case: There Are Teams, and There Are Teams | 362 |
| Organizational Behavior Case: The Schoolboy Rookie | 363 |
| Organizational Behavior Case: The Blue-Ribbon Committee | 364 |

Experiential Exercises for Part Three 365

| | |
|--|-----|
| Exercise: Groups and Conflict Resolution | 365 |
| Exercise: NASA Moon Survival Task | 367 |
| Exercise: TGIF (Thank God It's Friday!) | 368 |
| Exercise: Power and Politics | 371 |

PART FOUR MANAGING AND LEADING FOR HIGH PERFORMANCE 373

| | |
|-------------------------------------|-----|
| Evidence-Based Consulting Practices | 373 |
|-------------------------------------|-----|

Chapter 12 Behavioral Performance Management 378

| | |
|--|-----|
| Learning Objectives | 378 |
| Learning Theory Background | 379 |
| <i>Behavioristic Theories</i> | 379 |
| <i>Cognitive Theories</i> | 381 |
| <i>Social Learning and Social Cognitive Theory</i> | 382 |
| Principles of Learning: Reinforcement and Punishment | 384 |
| <i>Laws of Behavior</i> | 384 |
| <i>Critique of Reinforcement Theory</i> | 384 |
| <i>Reinforcement as Used in Behavioral Management</i> | 386 |
| <i>Positive and Negative Reinforcers</i> | 386 |
| <i>The Use of Punishment</i> | 387 |
| The Role of Organizational Reward Systems | 389 |
| <i>Analysis of Money as a Reinforcer</i> | 390 |
| <i>Nonfinancial Rewards</i> | 391 |
| Behavioral Performance Management, or O.B. Mod. | 394 |
| <i>Step 1: Identification of Performance Behaviors</i> | 398 |
| <i>Step 2: Measurement of the Behavior</i> | 399 |
| <i>Step 3: Functional Analysis of the Behavior</i> | 399 |
| <i>Step 4: Development of an Intervention Strategy</i> | 400 |
| <i>Step 5: Evaluation to Ensure Performance Improvement</i> | 403 |
| <i>Application of Behavioral Management</i> | 404 |
| <i>Manufacturing versus Service Applications</i> | 405 |
| Summary | 406 |
| Ending with Meta-Analytic Research Findings | 406 |
| Questions for Discussion and Review | 408 |
| Internet Exercise: Applying Behavior Management Principles to Athletic Performance | 408 |
| Real Case: The Elite Circle of \$1 CEOs | 408 |
| Organizational Behavior Case: Contrasting Styles | 410 |
| Organizational Behavior Case: Volunteers Can't Be Punished | 410 |

- Organizational Behavior Case: Up the Piece Rate 411
 Organizational Behavior Case: A Tardiness Problem 411

Chapter 13

Effective Leadership Processes 413

- Learning Objectives 413
 What is Leadership? 413
 The Historically Important Studies on Leadership 415
 The Iowa Leadership Studies 416
 The Ohio State Leadership Studies 416
 The Early Michigan Leadership Studies 418
 Traditional Theories of Leadership 418
 Trait Theories of Leadership 419
 From Traits to States and Skills Development 420
 Group and Exchange Theories of Leadership 421
 Contingency Theory of Leadership 423
 Path-Goal Leadership Theory 426
 Modern Theoretical Processes of Leadership 428
 Charismatic Leadership Theories 428
 Transformational Leadership Theory 430
 Substitutes for Leadership 431
 Authentic Leadership 433
 Leadership across Cultures 434
 Project GLOBE and the Future of International Leadership Studies 436
 Summary 439
 Ending with Meta-Analytic Research Findings 440
 Questions for Discussion and Review 441
 Internet Exercise: Leading in Times of Crisis 442
 Real Case: No Organization Chart and an 80-Blank-Pages Policy Manual 442
 Real Case: The Seven Secrets of Inspiring Leaders 443

Chapter 14

Great Leaders: An Evidence-Based Approach 445

- Learning Objectives 445

- Leadership in the New Environment 446
 Leadership Styles 448
 Style Implications of the Classic Studies and the Modern Theories 449
 Classic Styles 451
 Leadership Styles in Perspective 452
 An Evidence-Based Positive, Authentic Leadership Style 454
 The Roles and Activities of Leadership 455
 Leader/Manager Roles 455
 Activities of Successful and Effective Leaders: The Real Managers Study 457
 Leadership Skills 463
 What Skills Do Leaders Need? 463
 Traditional Leadership Development Programs 466
 Contemporary Leadership Development Approaches 468
 Other Indirect Techniques for Developing Leadership Effectiveness 469
 Summary 471
 Ending with Meta-Analytic Research Findings 472
 Questions for Discussion and Review 472
 Internet Exercise: Leaders as Coaches 473
 Real Case: Jeanne P. Jackson: A Retailing Leader 473
 Real Case: For Leaders, Ignorance Isn't Bliss 474
 Organizational Behavior Case: The Puppet 475
- ### **Experiential Exercises for Part Four 476**
- Exercise: Role Playing and O.B. Mod. 476
 Exercise: Leadership Questionnaire 477
 Exercise: Paper Plane Corporation 480

Footnote References and Supplemental Readings 482

References for Application Boxes and Real Cases 548

Index 551

Environmental and Organizational Context

| | |
|--|----|
| 1. Introduction to Organizational Behavior: An Evidence-Based Approach | 5 |
| 2. Environmental Context: Globalization, Diversity, and Ethics | 31 |
| 3. Organizational Context: Design and Culture | 57 |
| 4. Organizational Context: Reward Systems | 88 |

EVIDENCE-BASED CONSULTING PRACTICES

A major component of the evidence-based theme of this text and the link to practice are these part openers from the world-famous Gallup Organization. Gallup draws from its internationally recognized survey science and cadre of internal and external researchers (e.g., the author of this text and a Nobel Prize winner in behavioral economics are Gallup Senior Scientists), publishes its findings in the top academic journals such as *Journal of Applied Psychology*, and provides this evidenced-based perspective and representative practices for each text part. Gallup is the recognized world leader in the measurement and analysis of human attitudes, opinions, and behavior, building on over three-quarters of a century of success. Gallup employs many of the world's leading scientists in management, economics, psychology, and sociology. Gallup performance management systems help organizations maximize employee productivity and increase customer engagement through measurement tools, management solutions, and strategic advisory services. Gallup's 2000 professionals deliver services on-site at client organizations, through the Web, at Gallup University's campuses, and in 40 offices around the world. Gallup has subsidiary operations in 20 countries, covering 75 percent of the world's GNP. Gallup clients include top-performing organizations such as Toyota, Marriott, Wal-Mart, Wells Fargo, and Best Buy.

The details and depth of Gallup's consulting practices can be found in the best-selling books such as *First, Break All the Rules* (Simon & Schuster, 1999) *Now, Discover Your Strengths* (The Free Press, 2001), *How Full Is Your Bucket* (Gallup Press,

2004), and *Strength Finder 2.0* (Gallup Press, 2007), which recently passed the million copies sold mark. These books are all authored by Gallup scientists and practice leaders. All the part opening Gallup practices for this text are written by Tim Hodges, Executive Director of the Gallup University, with some input by former Gallup Senior Analyst Dr. Dennis Hatfield and this author. The following gives an introductory overview of the Gallup evidenced-based approach, and the other openers are more directly concerned with the theme of the respective part.

AN INTRODUCTION TO THE GALLUP EVIDENCE-BASED APPROACH: THE GALLUP PATH

According to numerous think tanks, recent global competition caused corporate executives to pose one common, all-consuming question: What is the role of human nature in driving business outcomes?

As described in Coffman and Gonzalez-Molina's *Follow This Path*, the Gallup Organization sorted through unprecedented bits of economic information and data from customers and employees to develop The Gallup Path™ management theory, answering the question concerning the role of human nature in driving business outcomes.

The Gallup Path™ serves as Gallup's premier management consulting model. At the model's core is the theory that within every organization, every employee, at all levels, contributes to some degree to sales growth, profitability, and ultimately, share price. The path serves as the first management theory to track the connectedness of managers to employees, employees to customers, and customers to real financial outcomes.

The "steps" along The Gallup Path™ progress from (1) individual's identification of strengths to (2) finding the right fit to (3) great management to (4) engaged employees to (5) engaged customers to (6) sustainable business growth to (7) real profit increase to (8) stock increase.

Just as The Gallup Poll reports the will of global citizens, The Gallup Path™ reports the will of customers and employees around the world through Gallup's HumanSigma™ metrics.

GALLUP'S GREAT PLACE TO WORK

One of Gallup's core practices involves the measurement and development of employee engagement, leading to the creation of "great places to work." As described in Buckingham and Coffman's *First, Break All the Rules*, Gallup consultants use the Q¹²® to provide a measure of the extent to which individuals are rightly placed and rightly managed, creating the great place to work. These Q¹²® questions are: (1) Do I know what is expected of me at work? (2) Do I have the materials and equipment I need to do my work right? (3) At work, do I have the opportunity to do what I do best every day? (4) In the last seven days have I received recognition or praise for good work? (5) Does my supervisor, or someone at work, seem to care about me as a person? (6) Is there someone at work who encourages

my development? (7) At work, do my opinions seem to count? (8) Does the mission/purpose of my company make me feel like my work is important? (9) Are my coworkers committed to doing quality work? (10) Do I have a best friend at work? (11) In the last six months, have I talked with someone about my progress? (12) At work, have I had opportunities to learn and grow? (See Buckingham & Coffman, 1999, p. 28. These questions are the results of Gallup research, and as such they are proprietary. They cannot be reprinted or reproduced in any manner without the written consent of the Gallup Organization. Copyright © 1993–1998 The Gallup Organization, Washington, DC. All rights reserved).

A recent issue of the *Journal of Applied Psychology* published a meta-analysis of 7,939 business units in 36 companies examining the relationship between employee engagement and work-related outcomes of customer satisfaction, profit, productivity, turnover, and safety (Harter, Schmidt, & Hayes, 2002). Generalizable relationships of substantial practical value were found for all outcome measures, providing research evidence of the connection between an employee's level of engagement and the level of quality of his or her performance. Related published workplace studies (e.g., Schmidt & Rader, *Personnel Psychology*, 1999) have also illustrated the validity of the right fit and management of talent in predicting supervisory ratings of job performance, sales volumes, production records, and absenteeism.

GALLUP'S APPROACH TO STRENGTHS-BASED DEVELOPMENT

For decades following World War II, the science of psychology focused almost completely on what is wrong with people. Bucking this trend of negativity, Gallup scientists analyzed more than 30 years of research on what is right about people. This in-depth study of over two million individuals led to the creation of the StrengthsFinder, Gallup's Web-based talent assessment tool and psychology's first taxonomy of strengths. For his leadership in the development of the StrengthsFinder and for his thought leadership that changed the entire field of psychology, in 2003 Gallup's former chairman and chief scientist, Dr. Donald O. Clifton, was officially named the "Father of Strengths Psychology" and "Grandfather of Positive Psychology" by the American Psychological Association.

The StrengthsFinder serves as the starting point for self-discovery in all of Gallup's strengths-based development programs. After an individual has completed the assessment, a list of developmental suggestions is customized to the individual's top five themes of talent—called Signature Themes. Over the past several years, StrengthsFinder has been used in the development of millions of individuals across hundreds of roles including manager, salesperson, teacher, student, leader, pastor, nurse, and many more. StrengthsFinder is available in more than a dozen languages. Role-specific strengths-based developmental information is available through the following Gallup books (each including a personal ID number allowing the reader to complete the StrengthsFinder): *Now, Discover Your Strengths* (Buckingham & Clifton, 2001); *StrengthsQuest* (Clifton & Anderson, 2002); *Discover Your Sales Strengths* (Smith & Rutigliano, 2003); *Living Your Strengths* (Winseman, Clifton, & Liesveld, 2003); and *StrengthsFinder 2.0* (Rath, 2007).

EXAMPLES OF CLIENT SUCCESS: GALLUP'S EVIDENCED-BASED PRACTICES IN ACTION

An important aspect of Gallup's evidence-based approach is measuring the value of client engagements, known as Business Impact Analysis. The following examples of recent client success illustrate the impact of Gallup's research in action.

1. A national clothing retailer was experiencing declining business. The retailer brought Gallup in to create an integrated performance management system designed to provide each store manager with the tools to optimize employee and customer engagement. The client engagement consisted of several administrations of employee and customer engagement, followed by in-depth analysis, executive consulting, and manager training. Gallup's Business Impact Analysis uncovered a trend where employee and customer engagement significantly influenced each store's financial performance. In fact, the group of stores with top-level performance on employee and customer engagement metrics realized a significant net benefit to the organization of approximately \$114.8 million in sales, \$47.6 million in margins, and \$34.7 million in operating profit when compared to the group of stores with lower employee and customer engagement metrics.
2. Gallup's extensive work in the health care sector has also led to valuable results for clients. For example, a relationship with one of the largest for-profit hospital networks created value for many years. Since the inception of an ongoing, systemwide program to improve employee engagement, more than 26,000 employees of this hospital network have moved from being "not engaged" (neither positive nor negative about their work environment) or "actively disengaged" (fundamentally disconnected from their work) to being engaged, or emotionally invested, in their jobs. According to the client's estimates, these engaged employees represent over \$46 million in reduced absenteeism costs alone. Further, over a recent three-year period, systemwide employee engagement levels closely reflect steady, incremental increases in the client's stock price. Positive multimillion dollar relationships between employee engagement and reduced malpractice claims, earnings per admission, patient loyalty, and decreased nurse turnover have also been realized over the course of this successful client partnership.
3. One of the largest banks in North America entered into a partnership with Gallup to improve sales performance in three call centers. Gallup consultants studied the call center structure and business strategy, reviewed job performance criteria, and studied the best performers in each role to identify the talents that contributed to their success. Gallup developed and implemented hiring systems for customer service representatives and inbound sales representatives. Not only did employees hired through the Gallup system deliver a higher sales success rate, high-scoring new hires substantially outperformed their lower-scoring counterparts in revenues, sales, call handling time, and loan accuracy.

Many more examples of successful client partnerships, as well as actionable management insights and perspectives from Gallup experts, are available in the monthly online newsletter, the Gallup Management Journal (<http://www.gallupjournal.com>).

Chapter One



Introduction to Organizational Behavior: An Evidence-Based Approach

Learning Objectives

- **Provide** an overview of the major challenges and the paradigm shift facing management now and in the future.
- **Outline** an evidence-based approach to organizational behavior.
- **Summarize** the Hawthorne studies as the starting point of the study of organizational behavior.
- **Explain** the methodology that is used to accumulate knowledge and facilitate understanding of organizational behavior.
- **Relate** the various theoretical frameworks that serve as a foundation for the study of organizational behavior.
- **Present** the social cognitive model of organizational behavior that serves as the conceptual framework for the text.

Every era laments about daunting challenges. However, even previous generations would probably agree that effectively managing today's organizations is very difficult. Ask anyone today—management professors, practitioners, or students—what the major challenges are in today's environment, and the answer will be fairly consistent: A turbulent economy and dangerous geopolitics preoccupy everyone's concerns. However, at the organization level, understanding global competition and diversity, and trying to solve ethical problems and dilemmas come to the fore. These are unquestionably major issues facing contemporary organizations and are given major attention in this text. However, the basic premise and assumptions of the field of organizational behavior in general, and of this text in particular, are that managing the people—the human resources of an organization—have been, are, and will continue to be, *the* major challenge and critical competitive advantage.

Globalization, diversity, and ethics serve as very important environmental or contextual dimensions for organizational behavior. However, as Sam Walton, the founder of Wal-Mart and richest person in the world when he died, declared to this author over lunch a number of years ago when asked what the answer was to successful organizations—"People are the

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