



Organizational Behavior

Theory and Practice

Altman

Valenzi

Hodgetts

**ORGANIZATIONAL BEHAVIOR:
THEORY AND PRACTICE**

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ORGANIZATIONAL
BEHAVIOR:
THEORY
AND
PRACTICE

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. . . the lives of the workers. I don't see why it isn't a more profitable thing to make those lives happy., they'll be more productive. Environment, as we found it to be when we built the Johnson Administration building, results in a greatly increased efficiency on their part. If you make them proud of their environment, and happy to be where they are, and give them some dignity and pride in their environment, it all comes out to the good where the product is concerned.

Frank Lloyd Wright

The cover photo is the Great Workroom of the Administration Building, Johnson Wax, Racine, Wisconsin. Cover photo courtesy of Johnson Wax.

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PREFACE

Modern organizations face many problems, from increasing internal efficiency to more effectively interacting with their external environments. In all of these endeavors people play a key role, and for this reason more and more attention is now being directed toward the understanding of behavior in organizations. We know that intuition and common sense can help us to understand, predict, and control human behavior, but they are no substitute for a systematic, analytical approach to the field. It is this need that has given rise to the academic discipline of organizational behavior.

The purpose of this book is to familiarize you with the field of organizational behavior by first introducing its major elements and then explaining each in detail. We begin with a consideration of the individual and the organization and then move on to groups, structure, processes, and finally, organizational development. It is assumed that you

are either a newcomer or a practitioner with little formal training in organizational behavior. Hence, this book can be used effectively for the first behavioral course in management in undergraduate or junior colleges. It can also be employed in professional training courses and should prove useful to practicing executives who want to update their knowledge of the field.

Distinguishing Features

We have attempted to present the concepts of organizational behavior in an interesting, easy-to-read style through the use of the following special features:

- **Organization** This book is organized into six major parts. Part I introduces the foundations of modern organizational

behavior. In this part you will learn what the term organizational behavior means, become acquainted with the three major fields of study that constitute organizational behavior, and be introduced to the ways in which behavioral scientists go about studying behavior in organizations. Part II is devoted to an examination of individual behavior in organizations. Topics such as perception, attitudes, learning, motivation, and personality will be the major focus of attention as we attempt to shed light on the question, why do people act as they do? Part III investigates this question further, through an analysis of groups in organizations. In this part of the book you will be examining group norms, roles, status, and composition. You will also learn about group decision making and communication, as well as some of the most recent findings on effective group leadership. In Part IV the focus of attention switches to organizational structure and the ways in which individuals, groups, and the structure all come together in an organizational setting. In this part of the book major consideration is given to basic factors in organizational design, contingency factors in organizational design, and job design. Part V examines the organizational processes used in bringing together the individual, the group, and the structure. Our attention in these chapters will be on decision making, communication, and performance appraisal. Finally, in Part VI you will study the ways in which organizations deal with behavioral problems such as conflict and the fears that often accompany change. Our focus in these chapters will be on understanding how and why people oppose change and the ways in which new behaviors can be introduced and maintained in making the organization as effective as possible.

- **Exhibits and Margin Comments** A large

number of tables and illustrations are employed in this text, both to highlight important concepts and to present them in an easy-to-understand manner. Also, margin comments are located throughout the book to aid in both understanding and reviewing the material.

- **Self-Feedback Exercises** We have placed a self-feedback exercise at the end of each chapter. The purpose of this exercise is to provide insights into your own behavior, attitude, and philosophy regarding the concepts you have studied in the chapter. These exercises should help make the chapter material more relevant to you.
- **Chapter Goals and Review and Study Questions** Behavioral goals are set forth at the beginning of each chapter. These goals relate what you will be learning in the chapter. At the end of the chapter are review and study questions that are tied directly to these goals. These questions enable you to measure your own progress and go back and read any parts of the text you feel you did not sufficiently understand.
- **Cases** All too often students learn theories without understanding their practical application. For this reason, we have included two cases at the end of each chapter. These cases provide you with an opportunity to apply the behavioral concepts presented in the chapter and thus reinforce these major ideas. There also are comprehensive cases at the end of Sections II through VI that allow for an integration and application of major ideas contained in the section.
- **Glossary of Terms** At the end of the text you will find a glossary of terms. This glossary is very comprehensive and will provide you with a definition or explanation of the most important topics contained in the book.

Supplements and Teaching Aids

The following supplements and teaching aids have been designed to accompany this text:

- **Readings and Exercises in Organizational Behavior** This supplementary text contains selections related to each of the parts of the main text and provides readings on some of the most relevant concepts in organizational behavior.
- **Instructor's Manual** The manual contains a synopsis of the goals and materials in each chapter, as well as suggestions for teaching the chapter. In addition, there are answers to the review and study questions at the end of each chapter, questions pertaining to the cases at the end of each chapter, and a large pool of true-false and multiple-choice questions for testing purposes. Transparencies are also available to adopters.

Acknowledgments

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**ORGANIZATIONAL BEHAVIOR:
THEORY AND PRACTICE**

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PART I

**FOUNDATIONS OF
MODERN
ORGANIZATIONAL
BEHAVIOR**

Organizational behavior is a topic of major concern to every practicing manager, regardless of organization or hierarchical level. Many questions confront and perplex most modern managers: How do you motivate people? Which leadership style is most effective in which situation? What are the main causes of communication breakdown?

The major goal of this part of the book is to study the foundations of modern organizational behavior, thereby setting the stage for a systematic analysis of the field. When you are finished reading this part, you will not be able to answer definitely the three questions posed in the preceding paragraph, but you will have a sound understanding of what organizational behavior is, and how modern psychologists, sociologists, and anthropologists study such behavior.

Chapter 1 provides a historical perspective on modern organizational behavior. Our objectives in this chapter are to define the term organizational behavior, to provide some illustrations of this behavior in action, and then to trace the development of the store of knowledge about human social behavior from the early classical contributors to today's modernists. You will learn in this chapter that we have come a long way from the factory manager who was convinced that people work for money and that everything else is secondary to them. You will also learn that despite some very great strides in behavioral research, there is a long way to go in truly understanding why people act the way they do.

In Chapter 2 we are going to study the field of behavioral science, noting who behavioral scientists are and how they go

about investigating behavior in the workplace. You will learn that many of your assumptions about behavior are probably based on limited experience. For example, if you have ever worked in a large office you may have noted that many of the personnel are working far below their real potential. This observation may have led you to think that the organization could fire half of its staff with no consequent loss in efficiency. However, modern behavioral scientists would be unwilling to draw such a conclusion until the effects of worker layoff had been studied and the investigators were certain that if half the workers were fired, the others would indeed be able (and willing) to do all the work. Were these scientists to find that the remaining workers became panicky, and that most of them started looking for other jobs (a not unlikely result of a mass firing), then your idea about dismissing half the workers would be perceived as detrimental rather than helpful. In short, we all have ideas about how and why people act as they do, but modern behavioral scientists put their biases aside and try to study each situation on its own merits. In Chapter 2 we will examine some of the research designs used by these scientists in gathering data and formulating behavioral hypotheses.

When you are finished with this part of the book you should have a sound understanding of where the field of organizational behavior is currently and where it seems to be heading. You should also know what is meant by the term organizational behavior and how the individuals who work in this field go about conducting their research and formulating their theories.

CHAPTER 1
ORGANIZATIONAL
BEHAVIOR:
A HISTORICAL
PERSPECTIVE

GOALS OF THE CHAPTER

Organizational behavior is a subject that has long intrigued and perplexed managers. Perhaps the major reason is that employees do not always act in a predictable way. This is not to say that they are irrational; they may simply be acting in a manner other than what the manager would anticipate. In any event, the latter considers their behavior unpredictable or unorthodox. Why do managers believe that their concept of appropriate behavior is right and the employee's is wrong? Perhaps the best answer is that the managers cannot see themselves acting as the employees do, and "correct" behavior is regarded as what the managers themselves would do.

Such feelings are widespread, and not only among modern managers. If we were to go back in history as little as 50 years, we would find that

even then many managers were confused and frustrated by worker behavior. At that time, however, strict work rules supported the managers' convictions, and workers who did not conform were fired. This approach did not always solve the problem, but it did prevent it from becoming a more serious one. Today, when employee firings are much less common and management emphasis is on developing employee abilities and talents, managers are finding their need for an understanding of human behavior to be greater than ever before. In this initial chapter of the book, we are going to examine what organizational behavior is all about. We are also going to take a historical look at the emergence of modern organizational behavior and examine the status of modern theory. When you have finished reading this chapter, you will be able to

1. define the term organizational behavior;
2. describe the philosophy of the classical theorists of organizational behavior and give its shortcomings;
3. describe how the human relationists adopted and extended classical theory;
4. explain some of the shortcomings of the human relationists' theory;
5. describe the human resources philosophy of organizational behavior;
6. note how the modernists have extended the thinking of the human relationists.

ORGANIZATIONAL BEHAVIOR IN ACTION

The primary goal of this book is to introduce you to the field of organizational behavior. For purposes of our discussion, we will define **organizational behavior** as *an academic discipline that is concerned with describing, understanding, predicting, and controlling human behavior in an organizational environment*. This definition is intentionally an all-embracing one. When applied to individuals and groups, it includes norms, values, perceptions, attitudes, and a series of other behavioral determinants, all of which we will be studying. For the moment, however, we would like you to think of organizational behavior in action terms by examining five specific cases. The first presents a behavioral dilemma sometimes encountered in the academic world. The second presents a behavioral problem that occurred in a manufacturing firm. The third demonstrates an organizational behavior problem that took place in a large hospital. The fourth concerns a behavioral problem that took place in an investment firm. The fifth describes a behavioral problem that occurred in a production plant.

CASE 1: WHAT'S THE SCORE?

Having earned his doctoral degree in marketing, Louis King accepted a two-year contract, with renewal dependent upon satisfactory performance, at a nationally known university. The department chairperson was in Europe during the interview process, so the dean of the College of Business had filled in by meeting Louis at the plane, taking him to dinner, arranging for him to meet the marketing faculty, and seeing him off at the airport. In the course of this visit the dean had told Louis that, although publications were important, most of the students came from very wealthy families and were accustomed to high-quality teaching and counseling. As a result, Louis devoted most of the year to preparing his lectures, designing two new courses for the curriculum, and serving on one university and two college committees.

Louis found this work rewarding, but could not help noticing that most of the faculty in his department spent little time on class preparation or committee assignments. Rather, they seemed to be most concerned with conducting research and submitting articles for publication. Although he believed that two articles could be drawn from his dissertation, Louis put off preparing them in order to concentrate on his responsibilities to the students and the university.

Toward the end of his first year, Louis was called in by the newly elected chairperson of the department for a progress talk. At this meeting it was revealed that Louis had the highest student evaluations in the department for the preceding semester and the second highest in the entire college.

Nevertheless, the chairperson noted, there was a problem: Louis had not submitted one article for publication that year and had not appeared on one panel at either a national or a regional meeting. Louis explained that when he was hired the dean had made it clear that publication was of secondary importance. Unfortunately for Louis, the chairperson disagreed, noting that the dean had spoken out of turn and had no direct control over who was hired and fired in the department, a matter that was decided solely by the departmental faculty. Upon checking with the dean, Louis learned that the chairperson was right. He also found out that while he was busy with other matters, the chairperson and top members of the department had been bringing in people to fill new openings in the department, and that many of these candidates were very research oriented.

Before the end of the second semester the chairperson informed Louis that the college would stand behind its two-year commitment, but that his contract would not be renewed for a third year. This advance notice would enable him to find a new job before the second year was out.

Louis went to the dean but did not get a very favorable hearing. In fact, when asked if teaching were not the most important role of a professor, the dean replied that although it was, "We are still in an era of publish or perish." Louis spent the first semester of his second year interviewing for a job. He eventually accepted a position at a large university in the mid-west where he was told that they expected him to publish one article a year if he hoped to get tenure. Although Louis was sorry to leave his old job, he was optimistic about his new one. "At least," he said, "I know the score at this new school."

In this case, we see a typical behavioral problem that confronts individuals in organized environments. The person's expectations are not in accord with those of the organization. We can put the blame (if we want to assign one) on any number of people. The dean inadvertently misled the young professor. The people in the department in general, and the chairperson in particular, failed to provide guidance and support to the individual. Finally, the professor himself failed to react appropriately to cues in the environment that indicated he was not pursuing all the right activities. When he saw everyone else working hard on research and writing, he should have realized that these activities were high on the organization's priority list. For the moment, we won't examine why the problem occurred or how it could have been avoided. Rather, we simply note that there are many organizational behavior problems with which individuals must deal. Individual behavior will be the topic of discussion in Chapters 3-5.

CASE 2: THE COMPANY THAT TAKES CARE OF YOU

Barbara Gilbert was a new supervisor at the Lake Point plant. The first two weeks of Barbara's tenure had been taken up with training. In particular, the firm spent a great deal of time trying to impress on her and the other new supervisors the importance

of work output. Throughout the training session one continual theme was repeated: "If you take care of the company, the company will take care of you." This message was meant not only for the supervisors but also for transmittal to the workers. At the end of the training session, Barbara felt she understood the company's operating philosophy quite well.

During the next six months Barbara practiced what she had been taught. Specifically, she noted that of the 14 workers under her direct control, 4 were very productive, 8 were average, and the other 2 were generally very poor. In an effort to encourage the top four, she continually reminded them that the company rewarded high productivity; and at the first semiannual review she recommended the four for the highest salary increases allowed under the contract. This, she felt, would show them how much management appreciated what they were doing.

However, the salary adjustment brought about a problem. The four high producers were now making more money than anyone else in the group, and the others retaliated by interacting less and less with them. In fact, within three weeks of the salary increases, the four workers were totally ostracized by the others.

Barbara encouraged the high producers to ignore these psychological pressures, and she was initially successful. Unfortunately, within a month of the second review period, all four indicated that they would be quitting. One of them put it this way: "I went to work in a friendlier, more relaxed atmosphere." The others echoed these sentiments. Their terminations took place over a two-week period and resulted in a large decline in work output. The departures and reduced productivity led to Barbara's being told by her boss, "You've lost your best four workers. What type of manager are you? If you don't straighten out that mess down there and get us back the lost productivity, you'll be the next to go."

On her way out of the manager's office Barbara reflected on the problem. "Maybe," she thought, "if I hadn't pushed so hard for high productivity, the four wouldn't have done so well at raise time and they'd still be working here. On the other hand, the company said I was supposed to get high output and I did. I don't understand. I thought I was doing the right thing."

In contrast to the first case, here we see an illustration of group behavior. The norms, values, and attitudes of a work group can directly affect the

output of individual members. Although Barbara's intentions were commendable, she singled out the high producers and split the work group into two camps. If she had had more supervisory experience, she might have exercised more effective leadership and gotten the low-average producers to do more work, or reduced the negative effect that these employees had on the high producers, or both. Group behavior and effective leadership, primary topics in the study of organizational behavior, will be the subject of our attention in Chapters 6–8.

CASE 3: ONE HECK OF A JOB

Roberta Anderson was hired by Woodling Memorial Hospital to develop a management development department that would provide training for the supervisors and other managerial personnel in the organization. Although Roberta had a bachelor's degree in English and a master's degree in psychology, she was very interested in management training and spent the first six months reading a great deal of management literature and attending a number of professional training courses. This was fine with her boss, Paula Castle, the hospital administrator, who wanted her to become as well-rounded as possible in all fields of management training and development.

Once this initial training period was over, Roberta set about contacting all of the departments in the hospital and asking each what type of training they would like to see done over the next year. Each department head gave Roberta a list of training and development objectives. Among the goals listed were (a) improved communication, (b) time management, and (c) effective leadership styles. Roberta developed training programs in all of these areas. By the end of the year she felt that her work had been very successful and, from a personal standpoint, highly rewarding. Much of the feedback she received from department heads in the hospital reinforced these feelings.

At the beginning of the new year, however, she received some bad news. Paula Castle announced that she was taking early retirement. Her replacement, Phil Winthrop, told Roberta that he would like to see her temporarily continue in her current job, but that he wanted to decentralize control over training and development to the departmental level by increasing the budgets of these departments and letting them send people outside for much of this training. As Roberta's job was phased out, Phil

wanted her to move into the public relations department of the hospital.

After giving the matter serious thought, Roberta announced she was leaving to take a job with another hospital, helping them start up a management development department of their own. "This is one heck of a job," she told Phil, "and I just can't see myself doing any other type of work."

In this case we see a person who loves her job and refuses to be phased into some other activity that is less personally rewarding. Situations like this can arise any time an organization restructures its departments or activities. Sometimes these changes involve specific individuals, as in this instance; other times they affect entire groups. The latter situation occurs when people who have been working together for long periods of time and have established warm personal relationships suddenly find themselves transferred to different parts of the organization. Yet, whether individuals or groups are affected, the behavioral problems involved relate to organization design, job design, and stress, topics that will be discussed in Chapters 9–11.

CASE 4: GETTING OUT AHEAD

When Harry White started working for the Rutherford Investment Company, he took a training program designed to teach him how the firm analyzed and evaluated its investment proposals. Harry learned that the company was basically conservative, although from time to time it did take big risks. Six months after Harry began, his boss, Fred Audrey, was scheduled to go on vacation. Fred called Harry in and told him, "Next week a personal friend of mine is going to apply for a loan on a real estate deal he is putting together in South Florida. I'd appreciate it if you'd look at the proposal very closely and do what you can for him." Harry promised to do so.

When the proposal came in Harry looked it over carefully. The investment was a bold one and promised both high risk and high reward. As a result, Harry gave the proposal a marginal acceptance, calling it "pretty much of a gamble when com-

pared to other safer investments we can make.” The committee, acting on Harry’s evaluation, turned down the application.

Harry’s boss returned the Monday after the proposal was rejected. He was very upset. “I thought I told you to take care of this man’s proposal. Sure it’s something of a gamble, but I know the individual personally and he would never get into anything he could not get out of profitably. Now he’s going to go somewhere else and we’re going to lose the loan. What’s wrong with your judgment?”

The next week, Harry received his first six-month evaluation. He was rated as low average. His boss said that Harry “does not have a sufficient understanding of investment analysis. His work is not on a par with that of many other trainees in the firm.” Harry was shocked. All of his young friends had received good evaluations. Two weeks later, having secured employment at another financial institution, Harry tendered his resignation. When his fiancée asked him why he had decided to leave Rutherford, Harry said, “I like to think that I’m getting out while I’m still ahead.”

In this case we see a person who misinterpreted a communication he received. As a result, he made a decision that was wrong and elicited a negative personal evaluation. Situations like this are not uncommon. Although the firm has a basic set of rules, management expects its people to know when to bend those rules. Harry did not. The result is that he terminated his relationship with the organization. The three functions we saw at work in this case, decision making, communication, and performance appraisal, constitute the major organizational processes that take place in every enterprise. These are the three major functions that individuals and groups use when they interact in an organizational environment. They will be the focus of our attention in Chapters 12–14.

CASE 5: STRAIGHTENING OUT A MESS

When Anthony Rodriguez became head of Production Plant 6, he knew that output had been slipping for almost eight months. He was determined to find out why and correct the situation as quickly as possible.

It took Tony less than two weeks to pinpoint the major problems. The production groups and the quality control sector in the plant were at each other's throats. The reason was that all production output moved quickly down a conveyor-like assembly line. There was time to perform only the particular assembly function; if any mistakes were made, the unit had to continue to the end, at which point the quality control people took over and determined whether the unit was acceptable or not. Those units that were not acceptable were sent to a rework department where they were fixed.

What the production groups hated about this process was that the quality control people were responsible for identifying and listing all errors that they found. These lists were then posted in the production area. The production people felt as if the quality control people were holding them up to ridicule. The quality control people, in turn, felt that the production people ought to have done their work correctly the first time.

In order to deal with the problem, Tony brought in an outside consultant known as a change agent. For the next two weeks, this individual examined the problem and worked to find a solution to the intergroup conflict that existed. When his boss called him yesterday, Tony gave him a status report on the problem. The boss told him, "I don't care what you do, Tony, just as long as you straighten out the mess. The last guy we had in there was unable to do that and we had to get rid of him. I'd hate to see that happen to you." Tony promised to have the matter at least partially resolved by the end of the month. "If you can do that," the boss told him, "you should start to see an increase in productivity by the beginning of the fiscal quarter and results by the end of it. Good luck!"

When Tony put down the phone, he wondered how successful the consultant would be in helping to resolve the group conflict problem. "The toughest thing about this job," he thought to himself, "is that problems like this never end. When I solve this one, there will be another waiting for me. No wonder so many people in this plant take early retirement."

In this case, we see a manager who is facing a problem of intergroup conflict that is affecting organizational effectiveness. These types of problems are often resolved with the help of an outside consultant known as a change agent. These individuals work with the organization to help create an environment more conducive to increased output. This entire area of conflict, change, and the resolution of such problems in order to

achieve organizational effectiveness is a major one in modern enterprise. Quite often, the issue requires cooperation from the personnel as well as support from top management. It also calls for the use of many of the tools and techniques you will be studying in this book. That is why we have reserved the topics of conflict, change, and conflict resolution until Chapters 15 and 16.

From the five cases we have just examined, it is evident that organizational behavior is a very broad field. In examining it, we will be studying about individuals, groups, organization design, organizational processes, and organizational effectiveness. Before we begin our study, however, it is helpful first to obtain a historical perspective on the field. Where has it been and where is it going? This question can be answered by a brief review of classical management theory and human relations theory, followed by modern theory.

CLASSICAL MANAGEMENT THEORY

Managers have always been concerned with organizational behavior problems. With the advent of the age of industrialization, however, these problems increased. In particular, management discovered that attainment of high productivity required a systematically designed organization that adhered to basic rules of order and logic. Three major groups helped formulate these ideas: (a) the scientific managers, (b) the administrative theorists, and (c) the bureaucracy advocates. The thinking of the three constitutes what today is called **classical management theory**. In the following pages we examine each, together with its implications for organizational behavior.

Scientific Management

The **scientific management** movement in the United States began in the post-Civil War era. The scientific managers were, in many cases, mechanical engineers who attempted to apply time-and-motion study concepts in the workplace. Through the use of such scientific procedures they were often able to significantly increase productivity. At the heart of their work was the **task concept**, described by Frederick Taylor, the most famous member of their group, in this way:

The task concept was central to scientific management.

The most prominent single element in modern scientific management is the task idea. The work of every workman is fully planned out by the management at least one day in advance, and each man receives in most cases complete written instructions, describing in detail the task which he is to accomplish, as well as the means to be used in doing the work. And the work planned

in advance in this way constitutes a task which is to be solved. . . . This task specifies not only what is to be done but how it is to be done and the exact time allowed for doing it.¹

PHILOSOPHY AND BEHAVIORAL IMPLICATIONS. From an organizational behavior standpoint, we might ask why workers would be willing to do more work simply because a mechanical engineer had discovered some time-saving shortcuts. Actually there were two reasons. First, there was a good chance of being fired if an employee failed to do the required work. Second, in most cases the company offered a financial incentive for high output. Taylor, for example, designed a *differential piece-rate system* based on two different rates of pay. For those who did less than the expected output (standard), there was a low rate. For those who did standard or above, there was a higher rate. Figure 1–1 illustrates a wage-payment computation

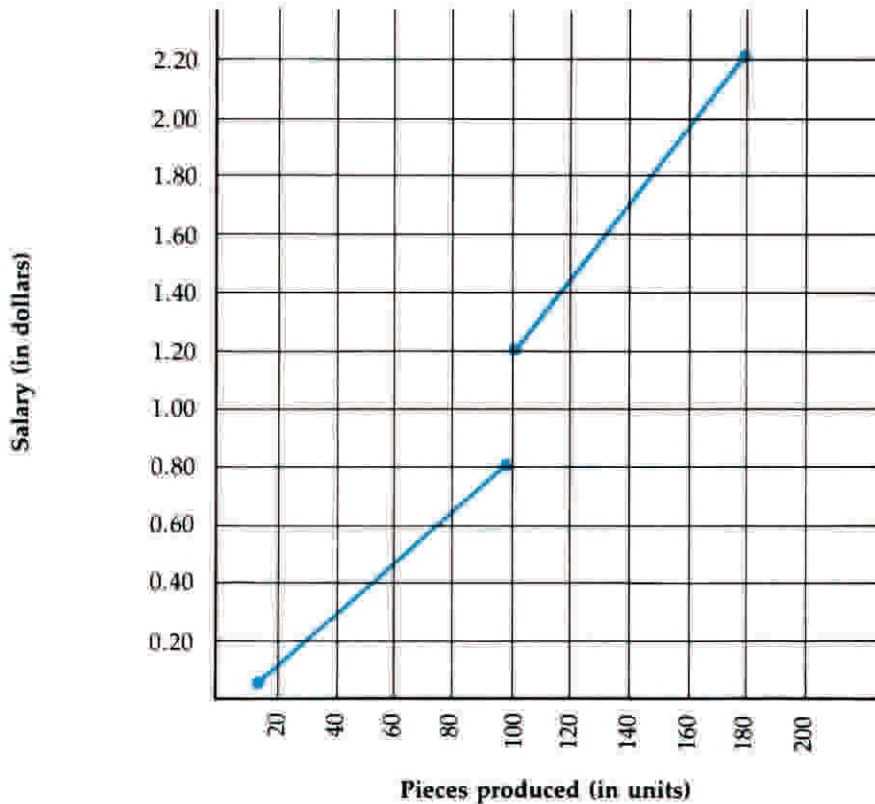


FIGURE 1–1
A wage-payment computation chart for Taylor’s differential piece-rate plan

Note: On a standard of 100 units per day, the piece rate would range from a low of .8¢ to a high of 1.2¢.

1. Frederick W. Taylor, *Principles of Scientific Management* (New York: Harper Brothers, 1911), p. 39.

chart using Taylor's differential piece rate. Note that standard is 100 units per day. An individual producing 99 pieces would receive a wage of 79¢ ($99 \times .8¢$), whereas a worker producing 100 pieces would receive a wage of \$1.20 ($100 \times 1.2¢$).

The workers were adjuncts to the machine.

From this discussion we can draw four behavioral conclusions about the scientific managers. First, they believed that by carefully designing each job, high efficiency and profit could be obtained. Unfortunately, in the process they tended to lose sight of the worker as a person. Most scientific managers viewed the worker as a mere adjunct to the machine.

Money was considered a prime motivator.

Second, by offering financial incentives for high productivity they illustrated a belief in the maxim "Money motivates." On the negative side, however, they made no allowances for people who did not want to maximize their financial gain. There was no place for the person who was happy with, say, 70¢ per day.

There was a lack of understanding about group behavior.

Third, that these incentive plans were typically geared to individuals rather than groups indicates that the scientific managers lacked a solid understanding of group behavior. Note that we did *not* say that these managers understood nothing about group behavior. They knew from their research that 10 people working independently would typically have greater total output than 10 people working as a group. What they did not know was *why*. In behavioral terms they failed to examine the *transformation* process. This idea is diagrammed in Figure 1-2.

The difference between individual and group results might be accounted for in several ways: (a) people prefer to work alone because they are not subject to pressure from group members to restrict output; (b) people like to work alone because in every group there tend to be those who underproduce, thereby penalizing the productive workers; or (c) when people work alone no one knows how much they actually do, so they are able to maximize their income on any given day without fear of social pressure. Any one (or more) of these statements might explain the overall success of the individual incentive plan. The scientific managers did not know which reasons explained the success of the plan, because they failed to investigate what happens in this transformation process.

The worker was viewed as a totally rational person.

Finally, these managers tended to see the worker as a totally rational person, who would perform the work in the most efficient manner and maximize his or her income in the process. Actually, people do not function this way; they are too complex to be reduced to such a simple description.

The scientific managers raised more behavioral questions than they answered. They did, however, make organizations more aware of these

FIGURE 1-2
The transformation process



behavioral challenges. Certainly if business were to continue along the road of industrialization, it would have to pay more attention to the area of human behavior in organizations.

Administrative Theory

The success of the scientific management movement resulted in a shift of attention farther up the organizational hierarchy. The development was explained by Horace K. Hathaway, vice-president of the Tabor Manufacturing Company, in this way:

At the Tabor Manufacturing Company we have succeeded through the application of the Taylor principles of Scientific Management in increasing our production to about three times what it formerly was, with the total cost approximately the same and approximately the same total of men; of course with a very much smaller proportion of men in the shop, and a very much increased proportion of men in the planning department, or on the management side.²

This focus on management led to the eventual formulation by administrative theorists of management rules and principles.³ Some of the more commonly cited were the following:

Principles of administration were developed.

1. Authority and responsibility ought to be equal; you cannot have one without the other.
2. The goals of the organization should take precedence over those of individuals or groups of employees.
3. The remuneration of personnel must be fair and should be tied to successful effort.
4. Everyone should have one and only one boss.
5. In order to preserve the integrity of the hierarchy, communication should follow formal channels, unless employees have permission from their superior to cut across organizational lines.

These principles were much more general than the engineering-oriented rules employed by the scientific managers, which is to be expected, given that they were designed for the management of people.

2. *First Tuck School Conference on Scientific Management*, October 12–14, 1911 (Hanover, NH: The Amos Tuck School of Administration and Finance, Dartmouth College, 1912), p. 339.

3. For an excellent discussion of administrative theory principles, see L. Urwick, *The Elements of Administration* (New York: Harper Brothers, 1943).

Bureaucracy Advocates

Bureaucracy is based on rules, standards, and impersonality.

Finally, some people tried to blend the thinking of scientific management and administrative theory by recommending organization structures based on strict, logical laws of order. The result was a **bureaucracy** in which the personnel all held specialized jobs, operated in accordance with specific rules and standards, and carried out their duties in a spirit of formalistic impersonality.⁴

PHILOSOPHY AND BEHAVIORAL IMPLICATIONS. The philosophies of the administrative theorists and bureaucracy advocates were similar in that both wanted to formulate ideas related to the management of people. The major differences between the two were that (a) the administrative theorists were concerned with all phases of management activity, whereas the bureaucracy advocates were primarily interested in organization structure; and (b) the administrative theorists had more flexible views related to their primary interest areas. From a behavioral point of view, however, both groups are important.

Administrative theory guidelines were often too general or overly rigid.

The administrative theorists tried to develop principles to help individuals manage more effectively. The biggest problem with these guidelines, however, was that some were so general that they provided no solid recommendations, whereas others were so rigid that they could not be satisfactorily implemented. For example, although their rules required that authority and responsibility be equal, the administrative theorists never explained *how* to ensure this equality. Conversely, while pointing out that everyone should have one and only one boss, they failed to consider the value of multiple bosses (as used in some modern organization structures). In retrospect, it is clear that the administrative theorists recognized the importance of managing people effectively but failed to incorporate any behavioral awarenesses into their philosophy.

The bureaucracy advocates were still farther off the mark. Although modified bureaucracies can be appropriate in certain situations, these advocates believed that personnel should be forced to conform to organizational requirements. Of course, they realized that people would occasionally be unpredictable or irrational, or both. However, they believed that such problems could be minimized through the use of structured job environments, job tools and instructions, and job content. Perhaps the basic problem with this thinking was its view of the worker as a totally rational individual who would gladly conform to organizational objectives in the name of efficiency. However, as Blau has observed, "To administer a social organization according to purely technical criteria of rationality is irrational, because it ignores the nonrational aspects of social conduct."⁵ Addition-

4. Robert M. Blau, *Bureaucracy in Modern Society* (New York: Random House, 1956), pp. 28–33.

5. Robert M. Blau, *Bureaucracy in Modern Society* (New York: Random House, 1956), p. 58.

ally, as Bennis⁶ has noted, the bureaucratic model suffers from a number of shortcomings:

1. Bureaucracy does not adequately allow for personal growth and the development of mature personalities.
2. It fosters conformity and groupthink.
3. It does not take into account the "informal" organization and emergent and unanticipated problems.
4. Its systems of control and authority are outdated.
5. It has no juridical process.
6. It does not provide adequate means for resolving differences and conflicts between ranks and, most particularly, between functional groups.
7. Communication (and innovative ideas) is thwarted or distorted as a result of hierarchical dimensions.
8. The full human resources of bureaucracy are not utilized because of mistrust, fear of reprisals, and the like.
9. Bureaucracy cannot assimilate the influx into the organization of new technology or scientists.
10. It influences employees' personalities so that each individual becomes and reflects the total, conditioned "organization person."

Bureaucracy has its shortcomings.

The administrative theorists and bureaucracy advocates were aware of the human element in the organization, but they were not able to deal with it effectively.

HUMAN RELATIONS THEORY

Classical management theory was eventually supplemented by **human relations theory**. We say "supplemented" rather than "replaced" because, to a great degree, the human relations model actually *incorporated* and *extended* classical theory.

By the early 1920s businessmen had begun to note some of the **dysfunctional effects** associated with trying to standardize workers and jobs. It was becoming clear that the individual could no longer be thought of as a mere appendage to the machine. Practicing managers began to realize that management

might seek standard skills and standard methods, but it could not, they argued, expect perfectly standard, emotionless behavior

6. Warren Bennis, "Beyond Bureaucracy," *Trans-Action*, July–August, 1965, p. 32.

from employees. Management must deal with the “whole man” rather than just his skills and aptitudes, for people want to be treated as human beings, with at least some recognition given to their individual needs, wants, and desires. Further, they felt that management must help people to satisfy their natural desires to belong, to feel an important part of the unit and organization of which they were members.⁷

Human relationists sought to add a human dimension to classical theory.

On the other hand, the human relationists did *not* challenge the basic tenets of task specialization, orderliness, stability, and control that were central to classical management theory. They merely sought to add a slightly human dimension to management’s orientation. In this regard some of them argued that although money was an important motivator, most people were willing to take part of their reward in the form of humane treatment, personal attention, and the chance to feel important. This line of thinking was supported by the fact that many of the incentive plans developed by the scientific managers soon came under intense fire from workers and unions alike. Most of these problems can be traced to the fact that the plans were poorly designed, or the amount of required work was raised to the point where the employee was being exploited. In either event, many firms abandoned incentive plans and paid their people on a daily or an hourly basis.

Major support for many of the human relations ideas were provided by social science studies in industry. The most famous of these was the Hawthorne studies, which illustrate the type of research inquiries with which the human relationists were concerned.

No relationship between illumination and output was found.

The **Hawthorne studies** began in 1924 at the Hawthorne Works of the Western Electric Company near Cicero, Illinois. The initial objective of the study, which was conducted under the auspices of the National Research Council, was to examine the effect of illumination on output. However, after 2½ years and numerous experiments, the researchers were unable to determine the effects that lighting had on productivity. Despite repeated experiments, output in both the test and control groups increased. Even though the researchers were confused, further studies were proposed. At this point, Elton Mayo and his Harvard colleagues were invited to study the situation.

Small-group research was then undertaken.

In order to make a systematic analysis of the factors affecting work performance, the researchers decided to isolate a small group of female workers from the regular work force and put them under close observation. Although an observer was placed in the room with the women to record everything that happened and to maintain a friendly atmosphere, the women were told that the experiment was not designed to boost production. They were to work at their regular pace and not be distracted by

7. Raymond E. Miles, *Theories of Management: Implications for Organizational Behavior and Development* (New York: McGraw-Hill, 1975), p. 39.