Chapter 1

[What Is](http://www.baclass.panam.edu/imob/ch01.html" \o "Teaching notes for chapter 01)

[Organizational Behavior?(](http://www.baclass.panam.edu/imob/ch01.html" \o "Teaching notes for chapter 01)ppt 1-1)

Click on the title when connected to the Internet to access teaching notes.

Learning Objectives

After studying this chapter, students should be able to (ppt 1-2):

1. Demonstrate the importance of interpersonal skills in the workplace.
2. Describe the manager’s functions, roles and skills.
3. Define *organizational behavior (OB).*
4. Show the value to OB of systematic study.
5. Identify the major behavioral science disciplines that contribute to OB.
6. Demonstrate why few absolutes apply to OB.
7. Identify the challenges and opportunities managers have in applying OB concepts.
8. Compare the three levels of analysis in this book’s OB model.

Instructor Resources

Instructors may wish to use the following resources when presenting this chapter:

**Text Exercises**

Myth or Science – “Most Acts of Workplace Bullying Are Men Attacking Women” (p. 12, IM p. 24)

An Ethical Choice – Can You Learn from Failure? (p. 24, IM p. 25)

Gl*OB*alization – Does National Culture Affect Organizational Performance (p. 30, IM p. 27)

Point/CounterPoint – Lost in Translation (p. 31, IM p. 28)

Questions for Review (p. 32, IM p. 30)

Experiential Exercise –Workforce Diversity (p. 32, IM p. 33)

Ethical Dilemma – Jekyll and Hyde(p. 33, IM p. 35)

**Text Cases**

Case Incident 1 ”Lesson for ‘Undercover‘ Bosses” (p. 34, IM 37)

Case Incident 2 Era of the Disposable Worker (p. 35, IM p. 39)

**Instructor’s Choice - Companies Dealing with OB Issues** (IM p. 41)

This section presents an exercise that is NOT found in the student's textbook. Instructor's Choice reinforces the text's emphasis through various activities. Some Instructor's Choice activities are centered around debates, group exercises, Internet research, and student experiences. Some can be used in-class in their entirety, while others require some additional work on the student's part. The course instructor may choose to use these at anytime throughout the class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.

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|  | WEB EXERCISES (IM p. 42) |
|  | At the end of each chapter of this instructor’s manual, you will find suggested exercises and ideas for researching the WWW on OB topics. The exercises “Exploring OB Topics on the Web” are set up so that you can simply photocopy the pages, distribute them to your class, and make assignments accordingly. You may want to assign the exercises as an out-of-class activity or as lab activities with your class. |

Summary and Implications for Managers

* 1. <para>Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
  2. Organizational behavior (OB) investigates the impact that individuals, groups, and structure have on behavior within an organization, and it applies that knowledge to make organizations work more effectively.
  3. Specifically, OB focuses on how to improve productivity; reduce absenteeism, turnover, and deviant workplace behavior; and increase organizational citizenship behavior and job satisfaction. Specific implications for managers are below:</para>
     1. <para>Some generalizations provide valid insights into human behavior, but many are erroneous. Organizational behavior uses systematic study to improve predictions of behavior over intuition alone.
     2. Because people are different, we need to look at OB in a contingency framework, using situational variables to explain cause-and-effect relationships.</para>
     3. <para>Organizational behavior offers specific insights to improve a manager’s people skills.
     4. It helps managers to see the value of workforce diversity and practices that may need to be changed in different countries.
     5. It can improve quality and employee productivity by showing managers how to empower their people, design and implement change programs, improve customer service, and help employees balance work–life conflicts.
     6. It can help managers cope in a world of temporariness and learn how to stimulate innovation.
     7. Finally, OB can guide managers in creating an ethically healthy work climate.</para></section></section>

*This chaper begins with a vinette entitled, “The New Normal.” The details of this story might be disheartening to read, but they accurately reflect some of the problems faced by the contemporary workforce. The story also highlights several issues of interest to organizational behavior researchers, including motivation, emotions, personality, and communication. Through the course of this book, you’ll learn how all these elements can be studied systematically.</para> You’ve probably made many observations about people’s behavior in your life. In a way, you are already proficient at seeing some of the major themes in organizational behavior. At the same time, you probably have not had the tools to make these observations systematically. <para>This is where organizational behavior comes into play. And, as we’ll learn, it is much more than common sense, intuition, and soothsaying.*

Brief Chapter Outline

1. The Importance of Interpersonal Skills (ppt 1-3)
   1. Understanding OB helps determine manager effectiveness
   2. Technical and quantitative skills are important early in careers
   3. Leadership and communication skills are critical as person progresses in career
   4. Lower turnover of quality employees
   5. Higher quality applications for recruitment
   6. Better financial performance
2. What Managers Do (ppt 1-4)
   1. Definitions
      1. Manager: Someone who gets things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals.
      2. Organization: A consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.
   2. Management Functions (ppt 1-4)
      1. French industrialist Henri Fayol wrote that all managers perform five management functions: plan, organize, command, coordinate, and control. Modern management scholars have condensed these functions to four: planning, organizing, leading, and controlling.
   3. Management Roles (ppt 1-5)
      1. Introduction
         1. In the late 1960s, Henry Mintzberg studied five executives to determine what managers did on their jobs. He concluded that managers perform ten different, highly interrelated roles or sets of behaviors attributable to their jobs.
      2. The ten roles can be grouped as being primarily concerned with interpersonal relationships, the transfer of information, and decision making. (Exhibit 1-1)
         1. Interpersonal Roles: Figurehead, Leader, Liaison
         2. Informational Roles: Monitor, Disseminator—a conduit to transmit information to organizational members, represent the organization to outsiders
         3. Decisional Roles: Entrepreneur, Disturbance handlers, Resource allocator, Negotiator role
   4. Management Skills (ppt1-6)
      1. Technical Skills--The ability to apply specialized knowledge or expertise. All jobs require some specialized expertise, and many people develop their technical skills on the job.
      2. Human Skills--Ability to work with, understand, and motivate other people, both individually and in groups, describes human skills.
      3. Conceptual Skills--The mental ability to analyze and diagnose complex situations
   5. Effective Versus Successful Managerial Activities
      1. Luthans and his associates studied more than 450 managers. They found that all managers engage in four managerial activities. (ppt 1-7 )
         1. Traditional management.
         2. Communication.
         3. Human resource management.
         4. Networking.
         5. Successful managers are defined as those who were promoted the fastest (Exhibit 1–2) (ppt 1-8)
   6. A Review of the Manager’s Job
      1. One common thread runs through the functions, roles, skills, and activities approaches to management: managers need to develop their people skills if they are going to be effective and successful.
3. Enter Organizational Behavior (ppt 1-9)
   1. Introduction
      1. Organizational Behavior: OB is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge toward improving an organization’s effectiveness.
      2. OB studies three determinants of behavior in organizations: individuals, groups, and structure.
4. Complementing Intuition with Systematic Study (ppt 1-10)
   1. Introduction
      1. Each of us is a student of behavior
   2. The systematic approach used in this book will uncover important facts and relationships and will provide a base from which more accurate predictions of behavior can be made.
      1. Systematic Study of Behavior
         1. Behavior generally is predictable if we know how the person perceived the situation and what is important to him or her.
   3. Evidence-Based Management (EBM)
      1. Complements systematic study
      2. Argues for managers to make decisions on evidence
   4. Intuition
      1. Systematic study and EBM add to intuition, or those “gut feelings” about “why I do what I do” and “what makes others tick.”
      2. If we make *all* decisions with intuition or gut instinct, we’re likely working with incomplete information.
   5. Use a combination
5. Disciplines That Contribute to the OB Field (ppt 1-11)
   1. Introduction
      1. Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
      2. The predominant areas are psychology, sociology, social psychology, anthropology, and political science.
      3. Exhibit 1–3 overviews the major contributions to the study of organizational behavior. (ppt 1-12)
   2. Psychology (ppt 1-13)
      1. Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
   3. Social Psychology (ppt 1-13)
      1. Social psychology blends the concepts of psychology and sociology.
   4. Sociology (ppt 1-14)
      1. Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.
   5. Anthropology (ppt 1-14)
      1. Anthropology is the study of societies to learn about human beings and their activities.
6. There Are Few Absolutes in OB (ppt 1-15)
   1. Introduction
      1. There are few, if any, simple and universal principles that explain organizational behavior.
      2. Contingency variables—situational factors are variables that moderate the relationship between the independent and dependent variables. (ppt 1-16)
7. Challenges and Opportunities for OB (ppt 1-17)
   1. Introduction
      1. There are many challenges and opportunities today for managers to use OB concepts.
   2. Responding to Economic Pressure (ppt 1-17)
      1. In economic tough times, effective management is an asset.
      2. In good times, understanding how to reward, satisfy, and retain employees is at a premium. In bad times, issues like stress, decision making, and coping come to the fore.
   3. Responding to Globalization (ppt 1-18)
      1. Increased Foreign Assignments
      2. Working with People from Different Cultures
      3. Overseeing Movement of Jobs to Countries with Low-cost Labor
   4. Managing Workforce Diversity (ppt 1-19)
      1. Workforce diversityacknowledges a workforce of women and men; many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation.
   5. Improving Customer Service (ppt 1-20)
      1. Today the majority of employees in developed countries work in service jobs.
      2. Employee attitudes and behavior are associated with customer satisfaction.
   6. Improving People Skills (ppt 1-21)
      1. People skills are essential to managerial effectiveness.
   7. Stimulating Innovation and Change (ppt 1-22)
      1. Successful organizations must foster innovation and master the art of change.
      2. Managers must stimulate employees’ creativity and tolerance for change.
   8. Coping with “Temporariness” (ppt 1-23)
      1. OB provides help in understanding a work world of continual change, how to overcome resistance to change, and how to create an organizational culture that thrives on change.
   9. Working in Networked Organizations (ppt 1-24)
      1. Networked organizations are becoming more pronounced.
      2. Manager’s job is fundamentally different in networked organizations. Challenges of motivating and leading “online” require different techniques.
   10. Helping Employees Balance Work-Life Conflicts (ppt 1-25)
       1. The creation of the global workforce means work no longer sleeps. Workers are on-call 24-hours a day or working nontraditional shifts.
       2. Balancing work and life demands now surpasses job security as an employee priority.
   11. Creating a Positive Work Environment (ppt 1-26)
       1. Organizations like General Electric have realized creating a positive work environment can be a competitive advantage.
   12. Improving Ethical Behavior (ppt 1-27)
       1. Ethical dilemmas are situations in which an individual is required to define right and wrong conduct.
8. Coming Attractions: Developing an OB Model (ppt 1-28)
   1. An Overview
      1. A model is an abstraction of reality, a simplified representation of some real-world phenomenon. (Exhibit 1–4 The OB Model)
      2. It proposes three types of variables (inputs, processes, and outcomes) at three levels of analysis (individual, group, and organizational).
      3. The model proceeds from left to right, with inputs leading to processes, and processes leading to outcomes.
   2. Inputs (ppt 1-29)
      1. Inputs are the variables like personality, group structure, and organizational culture that lead to processes.
      2. Group structure, roles, and team responsibilities are typically assigned immediately before or after a group is formed.
      3. Finally, organizational structure and culture are usually the result of years of development and change as the organization adapts to its environment and builds up customs and norms.
   3. Processes (ppt 1-30)
      1. If inputs are like the nouns in organizational behavior, processes are like verbs.
      2. Processes are actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes.
      3. At the individual level, processes include emotions and moods, motivation, perception, and decision-making.
      4. At the group level, they include communication, leadership, power and politics, and conflict and negotiation.
      5. Finally, at the organizational level, processes include human resource management and change practices.
   4. Outcomes (ppt 1-31)
      1. Outcomes are the key variables that you want to explain or predict, and that are affected by some other variables.
      2. At the group level, cohesion and functioning are the dependent variables.
      3. Finally, at the organizational level we look at overall profitability and survival.
      4. **Attitudes** and **stress** (ppt 1-32)
         1. Employee attitudes are the evaluations employees make, ranging from positive to negative, about objects, people, or events.
         2. Stress is an unpleasant psychological process that occurs in response to environmental pressures.
         3. The belief that satisfied employees are more productive than dissatisfied employees has been a basic tenet among managers for years, though only now has research begun to support it.
      5. **Task performance** (ppt 1-32)
         1. The combination of effectiveness and efficiency at doing your core job tasks is a reflection of your level of task performance.
         2. Obviously task performance is the most important human output contributing to organizational effectiveness, so in every chapter we devote considerable time to detailing how task performance is affected by the topic in question.
      6. **Citizenship behavior** (ppt 1-33)
         1. The discretionary behavior that is not part of an employee’s formal job requirements, and that contributes to the psychological and social environment of the workplace, is called citizenship behavior.
         2. Successful organizations need employees who will do more than their usual job duties—who will provide performance beyond expectations.
         3. Evidence indicates organizations that have such employees outperform those that don’t.
         4. As a result, OB is concerned with citizenship behavior as an outcome variable.
      7. **Withdrawal behavior** (ppt 1-33)
         1. Withdrawal behavior is the set of actions that employees take to separate themselves from the organization.
         2. There are many forms of withdrawal, ranging from showing up late or failing to attend meetings to absenteeism and turnover.
         3. Employee withdrawal can have a very negative effect on an organization.
         4. Absenteeism also costs organizations significant amounts of money and time every year.
         5. All organizations, of course, have some turnover.
         6. So why do employees withdraw from work?
            1. As we will show later in the book, reasons include negative job attitudes, emotions and moods, and negative interactions with co-workers and supervisors.
      8. **Group cohesion** (ppt 1-34)
         1. Group cohesion is the extent to which members of a group support and validate one another at work.
         2. When employees trust one another, seek common goals, and work together to achieve these common ends, the group is cohesive; when employees are divided among themselves in terms of what they want to achieve and have little loyalty to one another, the group is not cohesive.
         3. Companies attempt to increase cohesion in a variety of ways ranging from brief icebreaker sessions to social events like picnics, parties, and outdoor adventure-team retreats.
      9. **Group functioning** (ppt 1-34)
         1. In the same way that positive job attitudes can be associated with higher levels of task performance, group cohesion should lead to positive group functioning.
         2. Group functioning refers to the quantity and quality of a group’s work output.
         3. In some organizations, an effective group is one that stays focused on a core task and achieves its ends as specified.
         4. Other organizations look for teams that are able to work together collaboratively to provide excellent customer service.
         5. Still others put more of a premium on group creativity and the flexibility to adapt to changing situations. In each case, different types of activities will be required to get the most from the team.
      10. **Productivity** (ppt 1-35)
          1. The highest level of analysis in organizational behavior is the organization as a whole.
          2. An organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost. Thus requires both effectiveness and efficiency.
          3. Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor.
          4. Service organizations must include customer needs and requirements in assessing their effectiveness.
      11. **Survival** (ppt 1-35)
          1. The final outcome we will consider is organizational survival, which is simply evidence that the organization is able to exist and grow over the long term.
   5. Having reviewed the input, process, and outcome model, we’re going to change the figure up a little bit by grouping topics together based on whether we study them at the individual, group, or organizational level.
      1. As you can seen in Exhibit 1-5, we will deal with inputs, processes, and outcomes at all three levels of analysis, but we group the chapters as shown here to correspond with the typical ways that research has been done in these areas. (ppt 1-36)
      2. It is easier to understand one unified presentation about how personality leads to motivation, which leads to performance, than to jump around levels of analysis.
      3. Because each level builds on the one that precedes it, after going through them in sequence you will have a good idea of how the human side of organizations functions. (Exhibit 1-5)
9. Summary and Implications for Managers
   1. Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
   2. Organizational behavior (OB) investigates the impact that individuals, groups, and structure have on behavior within an organization, and it applies that knowledge to make organizations work more effectively.
   3. Specifically, OB focuses on how to improve productivity; reduce absenteeism, turnover, and deviant workplace behavior; and increase organizational citizenship behavior and job satisfaction. Specific implications for managers are below: (ppt 1-37)
      1. Some generalizations provide valid insights into human behavior, but many are erroneous. Organizational behavior uses systematic study to improve predictions of behavior over intuition alone.
      2. Because people are different, we need to look at OB in a contingency framework, using situational variables to explain cause-and-effect relationships.
      3. Organizational behavior offers specific insights to improve a manager’s people skills.
      4. It helps managers to see the value of workforce diversity and practices that may need to be changed in different countries. (ppt 1-38)
      5. It can improve quality and employee productivity by showing managers how to empower their people, design and implement change programs, improve customer service, and help employees balance work–life conflicts.
      6. It can help managers cope in a world of temporariness and learn how to stimulate innovation.
      7. Finally, OB can guide managers in creating an ethically healthy work climate.

Expanded Chapter Outline

1. The Importance of Interpersonal Skills
   1. Understanding OB helps determine manager effectiveness
   2. Technical and quantitative skills are important early in careers
   3. Leadership and communication skills are critical as person progresses in career
   4. Lower turnover of quality employees
   5. Higher quality applications for recruitment
   6. Better financial performance
   7. Companies with reputations as a good place to work—such as Starbucks, Adobe Systems, Cisco, Whole Foods, Google, American Express, Amgen, Pfizer, and Marriott—have a big advantage when attracting high performing employees.
   8. A recent national study of the U.S. workforce found that:
      1. Wages and fringe benefits are not the reason people like their jobs or stay with an employer.
      2. More important to workers is the job quality and the supportiveness of the work environments.
      3. Managers’ good interpersonal skills are likely to make the workplace more pleasant, which in turn makes it easier to hire and retain high performing employees. In fact, creating a more pleasant work environment makes good economic sense.
   9. Managers cannot succeed on technical skills alone, they must have people skills.
2. What Managers Do
   1. Definitions
      1. Manager: Someone who gets things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals.
      2. Organization: A consciously coordinated social unit composed of two or more people that functions on a relatively continuous basis to achieve a common goal or set of goals.
   2. Management Functions
      1. French industrialist Henri Fayol wrote that all managers perform five management functions: plan, organize, command, coordinate, and control. Modern management scholars have condensed to these functions to four: planning, organizing, leading, and controlling.
      2. Planning requires a manager to:
         1. Define Goals (Organizational, Departmental, Worker Levels).
         2. Establish an Overall Strategy for Achieving Those Goals.
         3. Develop a Comprehensive Hierarchy of Plans to Integrate and Coordinate Activities.
      3. Organizing requires a manager to:
         1. Determine what tasks are to be done.
         2. Who is to be assigned the tasks.
         3. How the tasks are to be grouped.
         4. Determine who reports to whom.
         5. Determine where decisions are to be made (centralized/ decentralized).
      4. Leading requires a manager to:
         1. Motivate employee.
         2. Direct the activities of others.
         3. Select the most effective communication channels.
         4. Resolve conflicts among members.
      5. Controlling requires a manager to:
         1. Monitor the organization’s performance.
         2. Compare actual performance with the previously set goals.
         3. Correct significant deviations.
   3. Management Roles (Exhibit 1-1)
      1. Introduction
         1. In the late 1960s, Henry Mintzberg studied five executives to determine what managers did on their jobs. He concluded that managers perform ten different, highly interrelated roles or sets of behaviors attributable to their jobs.
         2. The ten roles can be grouped as being primarily concerned with interpersonal relationships, the transfer of information, and decision making. (Exhibit 1-1)
      2. Interpersonal Roles
         1. Figurehead—duties that are ceremonial and symbolic in nature
         2. Leader—hire, train, motivate, and discipline employees
         3. Liaison—contact outsiders who provide the manager with information These may be individuals or groups inside or outside the organization.
      3. Informational Roles
         1. Monitor—collect information from organizations and institutions outside their own
         2. Disseminator—a conduit to transmit information to organizational members
         3. Spokesperson—represent the organization to outsiders
      4. Decisional Roles
         1. Entrepreneur—managers initiate and oversee new projects that will improve their organization’s performance.
         2. Disturbance handlers—take corrective action in response to unforeseen problems
         3. Resource allocators—responsible for allocating human, physical, and monetary resources
         4. Negotiator role—discuss issues and bargain with other units to gain advantages for their own unit
   4. Management Skills
      1. Introduction
         1. Robert Katz has identified three essential management skills: technical, human, and conceptual.
      2. Technical Skills
         1. The ability to apply specialized knowledge or expertise. All jobs require some specialized expertise, and many people develop their technical skills on the job.
      3. Human Skills
         1. Ability to work with, understand, and motivate other people, both individually and in groups, describes human skills.
         2. Many people are technically proficient but interpersonally incompetent.
      4. Conceptual Skills
         1. The mental ability to analyze and diagnose complex situations.
         2. Decision making, for example, requires managers to spot problems, identify alternatives that can correct them, evaluate those alternatives, and select the best one.
   5. Effective Versus Successful Managerial Activities (Exhibit 1-2)
      1. Fred Luthans and his associates asked: Do managers who move up most quickly in an organization do the same activities and with the same emphasis as managers who do the best job? Surprisingly, those managers who were the most effective were not necessarily promoted the fastest.
         1. Luthans and his associates studied more than 450 managers. They found that all managers engage in four managerial activities.
            1. Traditional management.

Decision making, planning, and controlling.

The average manager spent 32 percent of his or her time performing this activity.

* + - * 1. Communication.

Exchanging routine information and processing paperwork.

The average manager spent 29 percent of his or her time performing this activity.

* + - * 1. Human resource management.

Motivating, disciplining, managing conflict, staffing, and training.

The average manager spent 20 percent of his or her time performing this activity.

* + - * 1. Networking.

Socializing, politicking, and interacting with outsiders.

The average manager spent 19 percent of his or her time performing this activity.

* + 1. Successful managers are defined as those who were promoted the fastest: (Exhibit 1–2)
       1. Networking made the largest relative contribution to success.
       2. Human resource management activities made the least relative contribution.
       3. Effective managers—defined as quality and quantity of performance, as well as commitment to employees:
          1. Communication made the largest relative contribution.
          2. Networking made the least relative contribution.
          3. Successful managers do not give the same emphasis to each of those activities as do effective managers—it is almost the opposite of effective managers.
          4. This finding challenges the historical assumption that promotions are based on performance, vividly illustrating the importance that social and political skills play in getting ahead in organizations.
  1. A Review of the Manager’s Job
     1. One common thread runs through the functions, roles, skills, and activities approaches to management: managers need to develop their people skills if they are going to be effective and successful.

1. Enter Organizational Behavior
   1. Introduction
      1. Organizational Behavior: OB is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge toward improving an organization’s effectiveness.
   2. Organizational behavior is a field of study.
      1. OB studies three determinants of behavior in organizations: individuals, groups, and structure.
      2. OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.
      3. OB is concerned with the study of what people do in an organization and how that behavior affects the performance of the organization.
      4. There is increasing agreement as to the components of OB, but there is still considerable debate as to the relative importance of each: motivation, leader behavior and power, interpersonal communication, group structure and processes, learning, attitude development and perception, change processes, conflict, work design, and work stress.
2. Complementing Intuition with Systematic Study
   1. Introduction
      1. Each of us is a student of behavior:
      2. A casual or commonsense approach to reading others can often lead to erroneous predictions.
   2. You can improve your predictive ability by replacing your intuitive opinions with a more systematic approach.
   3. The systematic approach used in this book will uncover important facts and relationships and will provide a base from which more accurate predictions of behavior can be made.
   4. Systematic Study of Behavior
      1. Behavior generally is predictable if we know how the person perceived the situation and what is important to him or her.
      2. Looks at relationships.
      3. Attempts to attribute causes
      4. Bases our conclusions on scientific evidence.
   5. Evidence-Based Management (EBM)
      1. Complements systematic study.
      2. Argues for managers to make decisions on evidence.
      3. But a vast majority of management decisions are made “on the fly.”
   6. Intuition
      1. Systematic study and EBM add to intuition, or those “gut feelings” about “why I do what I do” and “what makes others tick.”
      2. If we make all decisions with intuition or gut instinct, we’re likely working with incomplete information.
      3. Relying on intuition is made worse because we tend to overestimate the accuracy of what we think we know.
      4. We find a similar problem in chasing the business and popular media for management wisdom. Information—like making an investment decision with only half the data.
      5. We’re not advising that you throw your intuition, or all the business press, out the window.
      6. What we are advising is to use evidence as much as possible to inform your intuition and experience.
3. Disciplines That Contribute to the OB Field
   1. Introduction (Exhibit 1-3)
      1. Organizational behavior is an applied behavioral science that is built upon contributions from a number of behavioral disciplines.
      2. The predominant areas are psychology, sociology, social psychology, anthropology, and political science.
      3. Exhibit 1–3 overviews the major contributions to the study of organizational behavior.
   2. Psychology
      1. Psychology is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.
      2. Early industrial/organizational psychologists concerned themselves with problems of fatigue, boredom, and other factors relevant to working conditions that could impede efficient work performance.
      3. More recently, their contributions have been expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision- making processes, performance appraisals, attitude measurement, employee selection techniques, work design, and job stress.
   3. Social Psychology
      1. Social psychology blends the concepts of psychology and sociology.
      2. It focuses on the influence of people on one another.
      3. Major area—how to implement it and how to reduce barriers to its acceptance.
   4. Sociology
      1. Sociologists study the social system in which individuals fill their roles; that is, sociology studies people in relation to their fellow human beings.
      2. Their greatest contribution to OB is through their study of groups in organizations, particularly formal and complex organizations.
   5. Anthropology
      1. Anthropology is the study of societies to learn about human beings and their activities.
      2. Anthropologists work on cultures and environments; for instance, they have helped us understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations.
4. There Are Few Absolutes in OB
   1. Introduction
      1. There are few, if any, simple and universal principles that explain organizational behavior.
      2. Human beings are complex. Because they are not alike, our ability to make simple, accurate, and sweeping generalizations is limited.
      3. That does not mean, of course, that we cannot offer reasonably accurate explanations of human behavior or make valid predictions. It does mean, however, that OB concepts must reflect situational, or contingency, conditions.
   2. Contingency variables—situational factors are variables that moderate the relationship between the independent and dependent variables.
   3. Using general concepts and then altering their application to the particular situation developed the science of OB.
   4. Organizational behavior theories mirror the subject matter with which they deal.
5. Challenges and Opportunities for OB
   1. Introduction
      1. There are many challenges and opportunities today for managers to use OB concepts.
   2. Responding to Economic Pressure
      1. Deep and prolonged recession in 2008 that spread world-wide.
      2. In economic tough times, effective management is an asset.
      3. During these times, the difference between good and bad management can be the difference between profit or loss.
      4. In good times, understanding how to reward, satisfy, and retain employees is at a premium. In bad times, issues like stress, decision-making, and coping come to the fore.
   3. Responding to Globalization
      1. Increased Foreign Assignments
         1. Organizations are no longer constrained by national borders.
         2. Once there, you’ll have to manage a workforce very different in needs, aspirations, and attitudes from those you are used to back home.
         3. Working with people from different cultures.
            1. Even in your own country, you’ll find yourself working with bosses, peers, and other employees born and raised in different cultures.
         4. Management practices need to be modified to reflect the values of the different countries in which an organization operates.
      2. Overseeing Movement of Jobs to Countries with Low-cost Labor
         1. Managers are under pressure to keep costs down to maintain competitiveness.
         2. Moving jobs to low-labor cost places requires managers to deal with difficulties in balancing the interests of their organization with responsibilities to the communities in which they operate.
   4. Managing Workforce Diversity
      1. Workforce diversity is one of the most important and broad-based challenges currently facing organizations.
      2. While globalization focuses on differences between people from different countries, workforce diversity addresses differences among people within given countries.
      3. Workforce diversity acknowledges a workforce of women and men; many racial and ethnic groups; individuals with a variety of physical or psychological abilities; and people who differ in age and sexual orientation.
      4. Managing this diversity is a global concern.
      5. The most significant change in the U.S. labor force during the last half of the twentieth century was the rapid increase in the number of female workers.
   5. Improving Customer Service
      1. Today the majority of employees in developed countries work in service jobs.
         1. Eighty percent of the U.S. labor force is in the service industry.
         2. Examples include technical support reps, fast food counter workers, waiters, nurses, financial planners, and flight attendants.
      2. Employee attitudes and behavior are associated with customer satisfaction.
   6. Improving People Skills
      1. People skills are essential to managerial effectiveness.
      2. OB provides the concepts and theories that allow managers to predict employee behavior in given situations.
   7. Stimulating Innovation and Change
      1. Successful organizations must foster innovation and master the art of change.
      2. Employees can be the impetus for innovation and change or a major stumbling block.
      3. Managers must stimulate employees’ creativity and tolerance for change.
   8. Coping with “Temporariness”
      1. Organizations must be flexible and fast in order to survive. Evidence of temporariness includes:
         1. Jobs must be continually redesigned.
         2. Tasks being done by flexible work teams rather than individuals.
         3. Company reliance on temporary workers.
         4. Workers need to update knowledge and skills. Work groups are also in a continuing state of flux.
         5. Organizations are in a constant state of flux.
      2. Managers and employees must learn to cope with temporariness.
      3. Learning to live with flexibility, spontaneity, and unpredictability.
      4. OB provides help in understanding a work world of continual change, how to overcome resistance to change, and how to create an organizational culture that thrives on change.
   9. Working in Networked Organizations
      1. Networked organizations are becoming more pronounced.
      2. Manager’s job is fundamentally different in networked organizations. Challenges of motivating and leading “online” require different techniques.
   10. Helping Employees Balance Work-Life Conflicts
       1. The creation of the global workforce means work no longer sleeps. Workers are on-call 24-hours a day or working nontraditional shifts.
       2. Communication technology has provided a vehicle for working at any time or any place.
       3. Employees are working longer hours per week—from 43 to 47 hours per week since 1977.
       4. The lifestyles of families have changed—creating conflict: more dual career couples and single parents find it hard to fulfill commitments to home, children, spouse, parents, and friends.
       5. Balancing work and life demands now surpasses job security as an employee priority.
   11. Creating a Positive Work Environment
       1. Organizations like General Electric have realized creating a positive work environment can be a competitive advantage.
       2. Positive organizational scholarship or behavior studies what is ‘good’ about organizations.
       3. This field of study focuses on employees’ strengths versus their limitations as employees share situations in which they performed at their personal best.
   12. Improving Ethical Behavior
       1. Ethical dilemmas are situations in which an individual is required to define right and wrong conduct.
       2. Good ethical behavior is not so easily defined.
       3. Organizations are distributing codes of ethics to guide employees through ethical dilemmas.
       4. Managers need to create an ethically healthy climate.
6. Coming Attractions: Developing an OB Model
   1. An Overview
      1. A model is an abstraction of reality, a simplified representation of some real-world phenomenon. (Exhibit 1–4 The OB Model)
      2. It proposes three types of variables (inputs, processes, and outcomes) at three levels of analysis (individual, group, and organizational).
      3. The model proceeds from left to right, with inputs leading to processes, and processes leading to outcomes.
      4. Notice that the model also shows that outcomes can influence inputs in the future.
   2. Inputs
      1. Inputs are the variables like personality, group structure, and organizational culture that lead to processes.
      2. These variables set the stage for what will occur in an organization later.
      3. Many are determined in advance of the employment relationship.
      4. For example, individual diversity characteristics, personality, and values are shaped by a combination of an individual’s genetic inheritance and childhood environment.
      5. Group structure, roles, and team responsibilities are typically assigned immediately before or after a group is formed.
      6. Finally, organizational structure and culture are usually the result of years of development and change as the organization adapts to its environment and builds up customs and norms.
   3. Processes
      1. If inputs are like the nouns in organizational behavior, processes are like verbs.
      2. Processes are actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes.
      3. At the individual level, processes include emotions and moods, motivation, perception, and decision-making.
      4. At the group level, they include communication, leadership, power and politics, and conflict and negotiation.
      5. Finally, at the organizational level, processes include human resource management and change practices.
   4. Outcomes
      1. Outcomes are the key variables that you want to explain or predict, and that are affected by some other variables.
      2. Scholars have emphasized individual-level outcomes like attitudes and satisfaction, task performance, citizenship behavior, and withdrawal behavior.
      3. At the group level, cohesion and functioning are the dependent variables.
      4. Finally, at the organizational level we look at overall profitability and survival. Because these outcomes will be covered in all the chapters, we’ll briefly discuss each here so you can understand what the “goal” of OB will be.
   5. **Attitudes** and **stress**
      1. Employee attitudes are the evaluations employees make, ranging from positive to negative, about objects, people, or events.
      2. For example, the statement, “I really think my job is great,” is a positive job attitude, and “My job is boring and tedious” is a negative job attitude.
      3. Stress is an unpleasant psychological process that occurs in response to environmental pressures.
      4. Some people might think that influencing employee attitudes and stress is purely soft stuff, and not the business of serious managers, but as we will show, attitudes often have behavioral consequences that directly relate to organizational effectiveness.
      5. The belief that satisfied employees are more productive than dissatisfied employees has been a basic tenet among managers for years, though only now has research begun to support it.
      6. Ample evidence shows that employees who are more satisfied and treated fairly are more willing to engage in the above-and-beyond citizenship behavior so vital in the contemporary business environment.
      7. A study of more than 2,500 business units also found that those scoring in the top 25 percent on the employee opinion survey were, on average, 4.6 percent above their sales budget for the year, while those scoring in the bottom 25 percent were 0.8% below budget.
      8. In real numbers, this was a difference of $104 million in sales per year between the two groups.
   6. **Task performance**
      1. The combination of effectiveness and efficiency at doing your core job tasks is a reflection of your level of task performance.
      2. If we think about the job of a factory worker, task performance could be measured by the number and quality of products produced in an hour.
      3. The task performance of a teacher would be the level of education that students obtain.
      4. The task performance of a consultant might be measured by the timeliness and quality of the presentations they offer to the client firm.
      5. All these types of performance relate to the core duties and responsibilities of a job and are often directly related to the functions listed on a formal job description.
      6. Obviously task performance is the most important human output contributing to organizational effectiveness, so in every chapter we devote considerable time to detailing how task performance is affected by the topic in question.
   7. **Citizenship behavior** 
      1. The discretionary behavior that is not part of an employee’s formal job requirements, and that contributes to the psychological and social environment of the workplace, is called citizenship behavior.
      2. Successful organizations need employees who will do more than their usual job duties—who will provide performance beyond expectations.
      3. In today’s dynamic workplace, where tasks are increasingly performed by teams and flexibility is critical, employees who engage in “good citizenship” behaviors help others on their team, volunteer for extra work, avoid unnecessary conflicts, respect the spirit as well as the letter of rules and regulations, and gracefully tolerate occasional work-related impositions and nuisances.
      4. Organizations want and need employees who will do things that aren’t in any job description.
      5. Evidence indicates organizations that have such employees outperform those that don’t.
      6. As a result, OB is concerned with citizenship behavior as an outcome variable.
   8. **Withdrawal behavior** 
      1. We’ve already mentioned behavior that goes above and beyond task requirements, but what about behavior that in some way is below task requirements?
      2. Withdrawal behavior is the set of actions that employees take to separate themselves from the organization.
      3. There are many forms of withdrawal, ranging from showing up late or failing to attend meetings to absenteeism and turnover.
      4. Employee withdrawal can have a very negative effect on an organization.
         1. The cost of employee turnover alone has been estimated to run into the thousands of dollars, even for entry-level positions.
      5. Absenteeism also costs organizations significant amounts of money and time every year.
         1. For instance, a recent survey found the average direct cost to U.S. employers of unscheduled absences is 8.7 percent of payroll.
         2. In Sweden, an average of 10 percent of the country’s workforce is on sick leave at any given time.
      6. It’s obviously difficult for an organization to operate smoothly and attain its objectives if employees fail to report to their jobs.
         1. The work flow is disrupted, and important decisions may be delayed. In organizations that rely heavily on assembly-line production, absenteeism can be considerably more than a disruption; it can drastically reduce the quality of output or even shut down the facility.
         2. Levels of absenteeism beyond the normal range have a direct impact on any organization’s effectiveness and efficiency.
         3. A high rate of turnover can also disrupt the efficient running of an organization when knowledgeable and experienced personnel leave and replacements must be found to assume positions of responsibility.
      7. All organizations, of course, have some turnover.
         1. The U.S. national turnover rate averages about 3 percent per month, about a 36 percent turnover per year.
         2. This average varies a lot by occupation, of course; the monthly turnover rate for government jobs is less than 1 percent, versus 5 to 7 percent in the construction industry.
         3. If the “right” people are leaving the organization—the marginal and submarginal employees—turnover can actually be positive.
         4. It can create an opportunity to replace an underperforming individual with someone who has higher skills or motivation, open up increased opportunities for promotions, and bring new and fresh ideas to the organization.
         5. In today’s changing world of work, reasonable levels of employee-initiated turnover improve organizational flexibility and employee independence, and they can lessen the need for management-initiated layoffs.
      8. So why do employees withdraw from work?
         1. As we will show later in the book, reasons include negative job attitudes, emotions and moods, and negative interactions with co-workers and supervisors.
   9. **Group cohesion** 
      1. Although many outcomes in our model can be conceptualized as individual level phenomena, some relate to how groups operate.
      2. Group cohesion is the extent to which members of a group support and validate one another at work.
         1. In other words, a cohesive group is one that sticks together.
      3. When employees trust one another, seek common goals, and work together to achieve these common ends, the group is cohesive; when employees are divided among themselves in terms of what they want to achieve and have little loyalty to one another, the group is not cohesive.
      4. There is ample evidence showing that cohesive groups are more effective.
         1. These results are found both for groups that are studied in highly controlled laboratory settings and also for work teams observed in field settings.
         2. This fits with our intuitive sense that people tend to work harder in groups that have a common purpose.
      5. Companies attempt to increase cohesion in a variety of ways ranging from brief icebreaker sessions to social events like picnics, parties, and outdoor adventure-team retreats.
      6. Throughout the book we will try to assess whether these specific efforts are likely to result in increases in-group cohesiveness.
      7. We’ll also consider ways that picking the right people to be on the team in the first place might be an effective way to enhance cohesion.
   10. **Group functioning** 
       1. In the same way that positive job attitudes can be associated with higher levels of task performance, group cohesion should lead to positive group functioning.
       2. Group functioning refers to the quantity and quality of a group’s work output.
       3. In the same way that the performance of a sports team is more than the sum of individual players’ performance, group functioning in work organizations is more than the sum of individual task performances.
       4. What does it mean to say that a group is functioning effectively?
          1. In some organizations, an effective group is one that stays focused on a core task and achieves its ends as specified.
          2. Other organizations look for teams that are able to work together collaboratively to provide excellent customer service.
          3. Still others put more of a premium on group creativity and the flexibility to adapt to changing situations. In each case, different types of activities will be required to get the most from the team.
   11. **Productivity**
       1. The highest level of analysis in organizational behavior is the organization as a whole.
       2. An organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost. Thus requires both effectiveness and efficiency.
       3. A hospital is effective when it successfully meets the needs of its clientele.
          1. It is efficient when it can do so at a low cost.
          2. If a hospital manages to achieve higher output from its present staff by reducing the average number of days a patient is confined to bed or increasing the number of staff–patient contacts per day, we say the hospital has gained productive efficiency.
       4. A business firm is effective when it attains its sales or market share goals, but its productivity also depends on achieving those goals efficiently.
       5. Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor.
       6. Service organizations must include customer needs and requirements in assessing their effectiveness.
          1. Because a clear chain of cause and effect runs from employee attitudes and behavior to customer attitudes and behavior to a service organization’s productivity.
             1. Sears has carefully documented this chain
             2. The company’s management found that a 5 percent improvement in employee attitudes leads to a 1.3 percent increase in customer satisfaction, which in turn translates into a 0.5 percent improvement in revenue growth.
             3. By training employees to improve the employee–customer interaction, Sears was able to improve customer satisfaction by 4 percent over a 12-month period, generating an estimated $200 million in additional revenues.
   12. **Survival**
       1. The final outcome we will consider is organizational survival, which is simply evidence that the organization is able to exist and grow over the long term.
       2. The survival of an organization depends not just on how productive the organization is, but also on how well it fits with its environment.
       3. A company that is very productively making goods and services of little value to the market is unlikely to survive for long, so survival factors in things like perceiving the market successfully, making good decisions about how and when to pursue opportunities, and engaging in successful change management to adapt to new business conditions.
   13. Having reviewed the input, process, and outcome model, we’re going to change the figure up a little bit by grouping topics together based on whether we study them at the individual, group, or organizational level.
       1. As you can seen in Exhibit 1-5, we will deal with inputs, processes, and outcomes at all three levels of analysis, but we group the chapters as shown here to correspond with the typical ways that research has been done in these areas.
       2. It is easier to understand one unified presentation about how personality leads to motivation, which leads to performance, than to jump around levels of analysis.
       3. Because each level builds on the one that precedes it, after going through them in sequence you will have a good idea of how the human side of organizations functions. (Exhibit 1-5)
7. Summary and Implications for Managers
   1. Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
   2. Organizational behavior (OB) investigates the impact that individuals, groups, and structure have on behavior within an organization, and it applies that knowledge to make organizations work more effectively.
   3. Specifically, OB focuses on how to improve productivity; reduce absenteeism, turnover, and deviant workplace behavior; and increase organizational citizenship behavior and job satisfaction. Specific implications for managers are below:
      1. Some generalizations provide valid insights into human behavior, but many are erroneous. Organizational behavior uses systematic study to improve predictions of behavior over intuition alone.
      2. Because people are different, we need to look at OB in a contingency framework, using situational variables to explain cause-and-effect relationships.<
      3. Organizational behavior offers specific insights to improve a manager’s people skills.
      4. It helps managers to see the value of workforce diversity and practices that may need to be changed in different countries.
      5. It can improve quality and employee productivity by showing managers how to empower their people, design and implement change programs, improve customer service, and help employees balance work–life conflicts.
      6. It can help managers cope in a world of temporariness and learn how to stimulate innovation.
      7. Finally, OB can guide managers in creating an ethically healthy work climate.

Myth or Science?

“Most Acts of Workplace Bullying Are Men Attacking

Women”

*This exercise contributes to* ***Learning Objective****: Identify challenges and opportunities for managers in application of OB;* ***Learning Outcomes****: Apply the study of perception and attribution to the workplace, Discuss the influence of culture on organizational behavior, Explain the effects of power and political behavior on organizations;* ***AASCB Learning Goal:*** *Ethical understanding and reasoning abilities, Reflective thinking skills*

This statement is true in the broad sense that most research indicates men are more likely to engage in workplace bullying, and women are more likely to be targets of bullying behavior.

However, the full picture of gender and workplace bullying is more complicated than that.

First, the gender differences are narrowing. A recent study of workplace bullying by the Workplace Bullying Institute (WBI) suggested that 60% of workplace bullies are men and 40% are women. That is still a significant gender difference. But it is not as large as was once the case. Some of the narrowing in the gender of bullies is due to the ascension of women up their organizations’ ladders. Evidence indicates that the vast majority of incidents of workplace bullying are “top-down”; the supervisor is intimidating the subordinate. As more women are becoming supervisors, this is changing, to some degree, the gender balance of workplace bullies.

A second complication is that when women bully others at work, other women are overwhelmingly their targets. The same WBI study of workplace bullying revealed that 58% of victims of bullying are women. However, almost all of this gender difference in victims is due to *whom women bullies target*; in 80% of the cases, it was other women. Male bullies are actually more likely to target their own sex, though to a less dramatic degree than female bullies do.

Finally, it does appear that women are more adversely affected by bullying. A recent study of 183 victims of bullying found that the prevalence of trauma was higher for women (49%) than men (35%). The complexity of these relationships shows us that gaining a true understanding of organizational behavior phenomena often means understanding that the causes and consequences of work behavior are complex.

Back to bullying, experts suggest some ways to cope with workplace bullies regardless of your sex.

1. Talk to your bully. “Perhaps your boss is one of those people who aren’t aware of how they come across,” says Stanford’s Robert Sutton, author of several books on bullying in the workplace.
2. Get help. Keep a diary of the behavior. Be specific and focus more on actions than feelings. At some point, it might be necessary to involve others, such as human resources.
3. Ignore it. This is often easier said than done, but sometimes the only thing you can do is to try to ignore the bully. “Try not to let it touch your soul,” says Sutton.
4. Polish your résumé. Bullies sometimes go away, and sometimes they listen. But if they aren’t going to change and aren’t going away, you may want to plan your exit strategy. Take your time and don’t panic. But not every workplace is filled with bullies, and you’ll likely be happier if you’re in one of those.

L. Petrecca, “Bullying in Workplace Is Common, Hard to Fix,” *USA Today* (December 28, 2010), pp. 1B-2B; R. I. Sutton, *Good Boss, Bad Boss: How to Be the Best...and Learn from the Worst* (New York: Business Plus, 2010); A. Rodríguez-Muñoz, B. Moreno-Jiménez, A. Vergel, and E. G. Hernández, “Post-Traumatic Symptoms Among Victims of Workplace Bullying: Exploring Gender Differences and Shattered Assumptions,” *Journal of Applied Social Psychology* 40, no. 10 (2010), pp. 2616-2635.

**Class Exercise**

1. Divide the class into groups of 5 to 6 students each. Try to ensure a mixture of male and females in each group.
2. Have students in each group describe experiences with bullying (try to ensure at least one female and one male per group offers an incident. If no one has an incident, then open the opportunity for anyone in the class to offer their experiences.
3. Discuss each of the four suggested response to bullies to determine the students beliefs about the possible success or potential failure of each suggestion.
4. Ask each group to prepare a Plan of Action in response to bullying.

**Teaching Notes**

This exercise is applicable to face-2-face classes or synchronous online classes such as BlackBoard 9.1, WIMBA, and Second Life Virtual Classrooms. See <http://www.baclass.panam.edu/imob/SecondLife> for more information.

An Ethical Choice

Can You Learn from Failure?

*This exercise contributes to* ***Learning Objective****: Describe the manager’s functions, roles and skills;* ***Learning Outcomes:*** *Describe the factors that influence the formation of individual attitudes and values, Discuss the factors influencing individual decision making in organizations, Discuss the influence of culture on organizational behavior; and,* ***AASCB Learning Goal****: Ethical understanding and reasoning abilities.*

Mistakes happen in business all the time, but most people have a powerful motivation to try to cover up their errors as much as possible. However, not recognizing and learning from failures might be the most dangerous failure of all because it means the problem is likely to occur again. This means that, even though it might be hard to admit it, doing the right thing often means admitting when you’ve done the wrong thing. Most people would say that we have an ethical obligation to learn from mistakes, but how can we do that? In a recent special issue in *Harvard Business Review* on failures, experts argued that learning from mistakes relies on several strategies, which include:

1. Heed pressure. High pressure often provokes faulty thinking. BP faced enormous pressure from cost overruns—roughly $1 million a day—in its deepwater oil explorations. This led its managers to miss warning signs that led to the catastrophic explosion in the Gulf of Mexico in 2010. Similar time and cost pressures precipitated the ill-fated Challenger and Columbia space shuttle launches. In high-pressure situations, ask yourself, “If I had more time and resources, would I make the same decision?”
2. Recognize that failure is not always bad. Most of us would agree that we have learned more in life from our mistakes than from our successes. So, we need to realize that while we don’t want to fail, it does have a hidden gift if we’re willing to receive—a chance to learn something important. Eli Lilly holds “failure parties” to honor drug trials and experiments that fail to achieve the desired results. The rational for these parties is to recognize that when little is ventured, little is lost, but little is gained too. Procter & Gamble CEO A.G. Lafley argues that very high success rates show incremental innovation—but what he wants are game changers. He has celebrated P&G’s 11 most expensive product failures, focusing on what the company learned from each. So don’t be afraid to admit mistakes—and ask “What can I learn” from each.
3. Understand and address the root cause. When Apple introduced the iPhone 4 in 2010, many customers complained about dropped calls. Apple first responded by suggesting the problem lay in the way customers held the phones, suggested they “avoid gripping [the phone] in the lower left corner.” Steve Jobs called the problem a “non-issue.” Only later did Apple address the root cause of the problem—and fix it. When you make an error, try to understand what caused it.
4. Reward owning up. If you make a mistake, be willing to speak up and admit it. Too often we dig ourselves deeper into a hole by being defensive about mistakes. That also keeps us from learning from our failures. If we all make mistakes, what are we being so defensive about?

Given the complexity of human behavior, we’ll never avoid making mistakes entirely. Indeed, a healthy appreciation for how mistake-prone we are is one of the points of this chapter (and of Chapter 6: Perception and Decision-Making). But we *can* do a better job of admitting our mistakes and learning from them when they occur.

*A. C. Edmondson, “Strategies For Learning From Failure,” Harvard Business Review 89, No. 4 (2011), pp. 48-55; R. G. McGrath, “Failing By Design,” Harvard Business Review 89, No. 4 (2011), pp. 76-83; C. H. Tinsley, R. L. Dillon, and P. M. Madsen, “How to Avoid Catastrophe,” Harvard Business Review 89, no. 4 (2011), pp. 90-97.*

**Class Exercise**

1. Form groups of 5 from the class membership.
2. Have each group do an Internet search for “Mistakes and learning”
3. Each group should access at least five resources
4. Ask students to discuss the similarities and differences among the resources they accessed
5. Ask one representative from each group to present to the class the consensus of the discussion’ outcomes

**Teaching Notes**

This exercise is applicable to face-2-face classes or synchronous online classes such as BlackBoard 9.1, WIMBA, and Second Life Virtual Classrooms. See <http://www.baclass.panam.edu/imob/SecondLife> for more information.

Gl*OB*alization

Does National Culture Affect Organizational Performance?

*This exercise contributes to* ***Learning Objective****: Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Discuss the influence of culture on organizational behavior, Describe best practices for creating and sustaining organizational cultures;* ***AASCB Learning Goal****: Dynamics of the global economy and Multicultural and diversity understanding.*

Companies that operate in more than one country face a challenging dilemma: how much should they tailor organizational practices like leadership style, rewards, and communication to each country’s culture? To some extent, it is necessary to change the way a company does business because of differences in regulations, institutions, and labor force characteristics. For example, a U.S. company that operates in Germany will have to contend with laws requiring greater worker participation in decision making, and an Australian company operating in China will have to match the knowledge and skills found in the Chinese workforce. Despite certain limitations imposed by law and situational factors, managers still need to make many decisions about adjusting their organizational culture to match the culture of the countries in which they operate.

There are no simple responses to this dilemma. Some researchers propose that managers need to make a concerted effort to adapt their organizational culture to match the culture of the countries in which they operate. These authors note that within any country, there is a great deal of similarity in management practices that is likely the result of culture or values. If a country’s basic outlook is highly individualistic, then organizational culture should also emphasize individual contributions and efforts. Conversely, if national culture values collectivism, then organizational culture should emphasize group contributions and cohesiveness. From this perspective, successful international management is all about tailoring management practices and values to fit with the cultural values of each country in which the company operates.

On the other hand, some propose that national culture should not, and does not, make much difference in shaping organizational culture. These researchers note that even within a single country, there can be a great deal of variation in values and norms. The development of practices to match a culture is fraught with problems of stereotyping and over-generalizing about the degree to which everyone in a given country shares the same values. These authors also note that in tailoring practices to each country, a firm loses the potential value of having a unifying organizational culture. From this perspective, companies should try as much as possible to create a strong culture that operates across borders to create a unified global workforce.

*<source>Source: Based on B. Gerhart, “How Much Does National Culture Constrain Organizational Culture,” <emphasis>Management and Organization Review 5,</emphasis no. 2 (2009), pp. 241–259; A. S. Tsui, S. S. Nifadkar, & A. Y. Ou, “Cross-national, Cross-cultural Organizational Behavior Research: Advances, Gaps, and Recommendations,” Journal of Management 33, no. 3 (2007), pp. 426-478; and G. Johns, “The Essential Impact of Context on Organizational Behavior,” Academy of Management Review 31, no. 2 (2006), pp. 386-408.</source></sidebar>*

**Class Exercise:**

* Have students form groups of five.
* Have students go to the Academic Google search site for Culture and Organizational Performance at <http://scholar.google.com/scholar?q=culture+and+organizational+performance&hl=en&as_sdt=0&as_vis=1&oi=scholart>
* Have each group read three of the references (full articles, not just abstracts).
* Have them discuss the finding and arrive at a consensus about the effects of culture on organizational performance.
* Have a member from each group present to the class the results of the discussion.

**Teaching Notes**

This exercise is applicable to face-2-face classes or synchronous online classes such as BlackBoard 9.1, WIMBA, and Second Life Virtual Classrooms. See <http://www.baclass.panam.edu/imob/SecondLife> for more information.

Point CounterPoint

Lost in Translation?

*This exercise contributes to* ***Learning******Objective****: Describe the manager’s functions, roles and skills and Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study and Explain the relationship between personality traits and individual behavior;* ***AACSB Learning Goals****: Analytic skills and Analytic skills.*

**Point**

Walk into your nearest major bookstore. You’ll undoubtedly find a large section of books devoted to management and managing human behavior. A close look at the titles will reveal that there is certainly no shortage of popular books on topics related to organizational behavior. Consider the following popular book titles that are currently available on the topic of leadership:

* *Tough Cookies: What 100 Years of the Girl Scouts Can Teach You* (Wiley, 2011)
* *From Wags to Riches: How Dogs Teach Us to Succeed in Business & Life* (BenBella Books, 2011)
* *All I Know About Management I Learned from My Dog: The Real Story of Angel, a Rescued Golden Retriever, Who Inspired the New Four Golden Rules of Management* (Skyhorse Publishing, 2011)
* *Mother Teresa, CEO: Unexpected Principles for Practical Leadership* (Berrett-Koehler Publishers, 2011)
* *Polar Bear Pirates and Their Quest to Engage the Sleepwalkers: Motivate Everyday People to Deliver Extraordinary Results* (Capstone, 2011)
* *Winnie-the-Pooh on Management: In Which a Very Important Bear and His Friends Are Introduced to a Very Important Subject* (Penguin, 2011)
* *Chicken Lips, Wheeler-Dealer, and the Beady-Eyed M.B.A: An Entrepreneurs Wild Adventures on the New Silk Road* (Wiley, 2011)
* *Bodybuilders in Tutus: and 35 Other Obscure Business-Boosting Observations* (Robinwood Press, 2011)
* *I'll Make You an Offer You Can't Refuse: Insider Business Tips from a Former Mob Boss* (Thomas Nelson, 2011)
* *The Art of War from SmarterComics: How to Be Successful in Any Competition* (Writers Of The Round Table Press, 2011)

Popular books on organizational behavior often have cute titles and are fun to read, but they make the job of managing people seem much simpler than it is. Most are based on the author’s opinions rather than substantive research, and it is doubtful that one person’s experience translates into effective management practice for everyone. Why do we waste our time on “fluff” when, with a little effort, we can access knowledge produced from thousands of scientific studies on human behavior in organizations?

Organizational behavior is a complex subject. Few, if any, simple statements about human behavior are generalizable to all people in all situations. Should you really try to apply leadership insights you got from a book about Geronimo or Tony Soprano to managing software engineers in the twenty-first century?

**CounterPoint**

Organizations are always looking for leaders, and managers and manager-wannabes are continually looking for ways to hone their leadership skills. Publishers respond to this demand by offering hundreds of titles that promise insights into managing people. Books like these can provide people with the secrets to management that others know about. Moreover, isn’t it better to learn about management from people in the trenches, as opposed to the latest esoteric musings from the “Ivory Tower”? Many of the most important insights we gain from life aren’t necessarily the product of careful empirical research studies.

It is true there are some bad books out there. But do they outnumber the esoteric research studies published every year? For example, a couple of recent management and organizational behavior studies were published in 2011 with the following titles:

* *Training for Fostering Knowledge Co-Construction from Collaborative Inference-Drawing*
* *The Factor Structure and Cross-Test Convergence of the Mayer–Salovey–Caruso Model of Emotional Intelligence*
* *Refining Value-Based Differentiation in Business Relationships: A Study of the Higher Order Relationship Building Blocks That Influence Behavioural Intentions*
* *A Dialogical Approach to the Creation of New Knowledge in Organizations*

We don’t mean to poke fun at these studies. Rather, our point is that you can’t judge a book by its cover any more than you can a research study by its title.

There is not one right way to learn the science and art of managing people in organizations. The most enlightened managers are those who gather insights from multiple sources: their own experience, research findings, observations of others, and, yes, business press books too. If great management were produced by carefully gleaning results from research studies, academicians would make the best managers. How often do we see that?

Research and academics have an important role to play in understanding effective management. But it isn’t fair to condemn all business books by citing the worst (or, at least, the worse-sounding ones).

**Class Exercise:**

Choose two teams of three to five students, the remainder of the class can act as the jury. Select one or two of the titles listed in the exercise. Have one team defend the “lessons” taken from the selected reading; the other team will prepare an argument as to why the lessons from the readings may not be appropriate from an OB perspective. Give each team adequate time to present their case to the remainder of the class. After each team has presented their arguments, the remainder of the class should ask probing questions based on their understanding of the OB concepts covered in this first chapter. The class acting as jury can then vote on which team provided the most compelling arguments.

**Teaching Notes**

This exercise is applicable to face-2-face classes or synchronous online classes such as BlackBoard 9.1, WIMBA, and Second Life Virtual Classrooms. See <http://www.baclass.panam.edu/imob/SecondLife> for more information.

Questions For Review

1. What is the importance of interpersonal skills?

**Answer**: Understanding human behavior is critical for managerial effectiveness today. To attract and retain high-performing employees, managers must possess interpersonal skills in order to relate to the employees and create a positive and supportive work environment where people want to work. People skills in addition to technical skills are imperative for managers to succeed in the modern demanding workplace. *(****Learning Objective:*** *Demonstrate the importance of interpersonal skills in the workplace;* ***Learning Outcomes****: Understanding OB Helps Determine Manager Effectiveness, Technical and quantitative skills are important early in careers, Leadership and communication skills are critical as person progresses in career and Apply the study of perception and attribution to the workplace;* ***AACSB: Learning Goal*** *Communication abilities)*

2. What do managers do in terms of functions, roles, and skills?

**Answer**: One common thread runs through the functions, roles, and skills of managers: the need to develop people skills if they are going to be effective and successful. Managers get things done through other people. Managers do their work in an organization.



Management functions involve managing the organization, planning and controlling and managing people within the organization, organizing and leading.

Management roles (see Exhibit 1–1) are the “parts” managers play within an organization and involve their interaction with people. Management skills, as identified by Robert Katz, boil down to three essential management skills: technical, human, and conceptual. These use OB to manage processes and people and to problem solve. *(****Learning Objectives****: Describe the manager’s functions, roles and skill;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study;* ***AACSB: Learning Goal****: Analytic skills and Reflective thinking skills)*

3. What is *organizational behavior (OB)?*

**Answer:** Organizational behavior (abbreviated OB) is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations for the purpose of applying such knowledge toward improving an organization’s effectiveness. As managers accomplish their work through others, OB provides the tools for guiding the productivity of others, predicting human behavior at work, and the perspectives needed to manage individuals from diverse backgrounds. *(****Learning Objectives:*** *Define organizational behavior (OB****); Learning Outcome****: Define organizational behavior and identify the variables associated with its study;* ***AACSB: Learning Goal****: Analytic skills and Reflective thinking skills)*

4. Why is it important to complement intuition with systematic study?

**Answer**: Behavior according to systematic study is not random. There are fundamental consistencies underlying the behavior of all individuals that can be identified as well as individual differences. The consistencies allow predictability and reasonably accurate predictions regarding behavior and relationships. Systematic study basing conclusions on scientific evidence is complemented by the Evidence-based management (EBM) approach that involves basing managerial decisions on the best available scientific evidence. Intuition, in contrast is based on one’s “gut feel”. Although unscientific and unsystematic, it is not necessarily incorrect. The use of all three often results in better decisions, but according to Jack Welch, “the trick is to know when to go with your gut.” *(****Learning Objective****: Show the value to OB of systematic study;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study;* ***AACSB Learning Goals****: Analytic skills and Reflective thinking skills)*

5. What are the major behavioral science disciplines that contribute to OB?

**Answer:** OB is a field of study that investigates the impact that individuals, groups, and structure have on behavior within organizations. Both psychology and sociology are concerned with behavior. Psychology is the science of behavior that studies individual behavior whereas sociology studies people in relation to their fellow human beings. Psychological study in the field of OB has contributed knowledge on a number of topics including learning, perception, personality, emotions, training, leadership, motivation, job satisfaction, decision-making, etc. Social Psychology blends concepts from both psychology and sociology and focuses on people’s influence on one another. Sociological study has contributed knowledge on topics such as group dynamics, teams, organizational culture, organizational theory and structure, communications, and power and conflict. Anthropology is the study of societies in order to learn about human beings and their activities within different cultures and environments*. (****Learning Objective****: Identify the major behavioral science disciplines that contribute to OB;* ***Learning Outcome****: Define organizational behavior and identify the variables associated with its study;* ***AACSB Learning Goal****: Analytic skills and Reflective thinking skills)*

6. Why are there few absolutes in OB?

**Answer:** Human beings are complex and there are few universal principles that explain organizational behavior. There are many theories about how people behave in organizations but most are not pure cause and effect relationships. People are not alike and therefore it is difficult to make many generalizations. Variables such as people’s want, needs, values, and goals can differ tremendously. *(****Learning Objective****: Demonstrate why few absolutes apply to OB;* ***Learning Outcome****: Define organizational behavior and identify the variables associated with its study;* ***AACSB Learning Goal****: Analytic skills and Reflective thinking skills)*

7. What are the challenges and opportunities for managers in using OB concepts?

**Answer:** This field of study offers managers specific insights and opportunities to improve managerial and people skills. Recognizing the value of and embracing diversity in a global marketplace can improve productivity. Learning to empower your people, designing and implementing change programs, focusing on customer service, supporting employees’ work-life balance, etc., can all lead to improved productivity, quality and profitability. Challenges can also be found in the critical labor shortages, the fast pace of change in a world of temporariness and the need for continuous innovation. Finally, providing a positive workplace with an ethical compass can create a healthy work climate. *(****Learning Objective****: Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study;* ***AACSB Learning Goals****: Analytic skills, Multicultural and diversity understanding and Reflective thinking skills)*

8. What are the three levels of analysis in this book’s OB model?

**Answer**: The three levels of analysis are: Individual, group, and organization. The three basic levels are analogous to building blocks—each level is constructed upon the previous level. Group concepts grow out of the foundation laid in the individual section; we overlay structural constraints on the individual and group in order to arrive at organizational behavior*. (****Learning Objectives:*** *Compare the three levels of analysis in this book’s OB model;* ***Learning Outcomes****, Define organizational behavior and identify the variables associated with its study;* ***AACSB Learning Goals****: Analytic skills.)*

Experiential Exercise

Workforce Diversity

*This exercise contributes to* ***Learning Objectives****: Demonstrate the importance of interpersonal skills in the workplace, Describe the manager’s functions, roles and skills, Define organizational behavior (OB.), Show the value to OB of systematic study, Demonstrate why few absolutes apply to OB, Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study, Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Define diversity and describe the effects of diversity in the workforce, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Communication abilities, Ethical understanding and reasoning abilities, Analytic skills, Multicultural and diversity understanding and Reflective thinking skills.*

**Purpose**

To learn about the different needs of a diverse workforce.

**Time required**

Approximately 40 minutes.

**Participants and roles**

Divide the class into six groups of approximately equal size. Each group member is assigned one of the following roles:

* *Nancy* is 28 years old. She is a divorced mother of three children, ages 3, 5, and 7. She is the department head. She earns $40,000 a year on her job and receives another $3,600 a year in child support from her ex-husband.
* *Ethel* is a 72-year-old widow. She works 25 hours a week to supplement her $8,000 annual pension. Including her hourly wage of $8.50, she earns $19,000 a year.
* *John* is a 34-year-old black male born in Trinidad who is now a U.S. resident. He is married and the father of two small children. John attends college at night and is within a year of earning his bachelor’s degree. His salary is $27,000 a year. His wife is an attorney and earns approximately $50,000 a year.
* *Lu* is a 26-year-old physically impaired male Asian American. He is single and has a master’s degree in education. Lu is paralyzed and confined to a wheelchair as a result of an auto accident. He earns $32,000 a year.
* *Maria* is a single, 22-year-old Hispanic woman. Born and raised in Mexico, she came to the United States only three months ago. Maria’s English needs considerable improvement. She earns $20,000 a year.
* *Mike* is a 16-year-old white male high school sophomore who works 15 hours a week after school and during vacations. He earns $7.20 an hour, or approximately $5,600 a year.

The members of each group are to assume the character consistent with their assigned role.

**Background**

Our six participants work for a company that has recently installed a flexible benefits program. Instead of the traditional “one benefit package fits all,” the company is allocating an additional 25 percent of each employee’s annual pay to be used for discretionary benefits. Those benefits and their annual cost are listed below.

* Supplementary health care for employee:
* Plan A (no deductible and pays 90%) = $3,000
* Plan B ($200 deductible and pays 80%) = $2,000
* Plan C ($1,000 deductible and pays 70%) = $500
* Supplementary health care for dependents (same deductibles and percentages as above):
* Plan A = $2,000
* Plan B = $1,500
* Plan C = $500
* Supplementary dental plan = $500
* Life insurance:
* Plan A ($25,000 coverage) = $500
* Plan B ($50,000 coverage) = $1,000
* Plan C ($100,000 coverage) = $2,000
* Plan D ($250,000 coverage) = $3,000
* Mental health plan = $500
* Prepaid legal assistance = $300
* Vacation = 2 percent of annual pay for each week, up to 6 weeks a year
* Pension at retirement equal to approximately 50 percent of final annual earnings = $1,500
* Four-day workweek during the three summer months (available only to full-time employees) = 4 percent of annual pay
* Day-care services (after company contribution) = $2,000 for all of an employee’s children, regardless of number
* Company-provided transportation to and from work = $750
* College tuition reimbursement = $1,000
* Language class tuition reimbursement = $500

**The Task**

1. Each group has 15 minutes (consider increasing this to 25 minutes) to develop a flexible benefits package that consumes 25 percent (and no more!) of their character’s pay.
2. After completing step 1, each group appoints a spokesperson who describes to the entire class the benefits package they have arrived at for their character.
3. The entire class then discusses the results. How did the needs, concerns, and problems of each participant influence the group’s decision? What do the results suggest for trying to motivate a diverse workforce?

Special thanks to Professor Penny Wright (San Diego State University) for her suggestions during the development of this exercise.

**Teaching Note:**

With these types of exercises, students will press for the “right answer.” Emphasize that how they reached their decisions and awareness of other’s perspectives is key here, much more so than the final decision. The allocation of resources may take several forms and be correct. Students should look at how well the needs were met by their decision.

This exercise is applicable to face-2-face classes or synchronous online classes such as BlackBoard 9.1, WIMBA, and Second Life Virtual Classrooms. See <http://www.baclass.panam.edu/imob/SecondLife> for more information.

**Questions**

1. What needs were identified?
2. How did each element of the benefit plan meet the identified need?
3. How diverse were the needs, and why were they so diverse?

Consider having students research this benefit web site (<http://www.benefitslink.com/>) in order to make more informed decisions.

Ethical Dilemma

Jekyll and Hyde

*This exercise contributes to* ***Learning Objectives****: Demonstrate the importance of interpersonal skills in the workplace, Describe the manager’s functions, roles and skills, Define organizational behavior (OB.), Show the value to OB of systematic study, Demonstrate why few absolutes apply to OB, Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Communication abilities, Ethical understanding and reasoning abilities, Analytic skills.*

Let’s assume you have been offered a job by Jekyll Corporation, a company in the consumer products industry. The job is in your chosen career path.

Jekyll Corporation has offered you a position that would begin two weeks after you graduate. The job responsibilities are appealing to you, make good use of your training, and are intrinsically interesting. The company seems well positioned financially, and you have met the individual who would be your supervisor, who assures you that the future prospects for your position and career are bright. Several other graduates of your program work at Jekyll Corporation, and they speak quite positively of the company and promise to socialize and network with you once you start.

As a company, Jekyll Corporation promotes itself as a fair-trade and sustainable organization. Fair trade is a trading partnership—based on dialogue, transparency, and respect— that seeks greater equity in international trade. It contributes to sustainable development by offering better trading conditions to, and securing the rights of, local producers and businesses. Fair trade organizations are actively engaged in supporting producers and sustainable environmental farming practices, and fair trade practices prohibit child or forced labor.

Yesterday, Gabriel Utterson—a human resources manager at Jekyll Corporation—called you to discuss initial terms of the offer, which seemed reasonable and standard for the industry. However, one aspect was not mentioned, your starting salary. Gabriel said Jekyll is an internally transparent organization—there are no secrets. While the firm very much much wants to hire you, there are limits to what it can afford to offer, and before it makes a formal offer, it was reasonable to ask what you would expect. Gabriel wanted you to think about this and call back tomorrow.

Before calling Gabriel, you thought long and hard about what it would take to accept Jekyll Corporation’s offer. You have a number in mind, which may or may not be the same number you give Gabriel. What starting salary would it take for you to accept Jekyll Corporation’s offer?

**Questions**

1. What starting salary will you give Gabriel? What salary represents the minimum offer you would accept? If these two numbers are different, why? Does giving Gabriel a different number than your “internal” number violate Jekyll Corporation’s transparent culture? Why or why not?

**Answer**: Ask students to access the web resource <http://www.careerbuilder.com/Article/CB-538-Interview-Tips-Six-Steps-to-a-Higher-Starting-Salary/> and use it as a guide to creating an appropriate salary request number and minimum acceptable number. The difference between the two should result from students’ beliefs about the importance of the ethos of the corporation and its match to the student’s ethic. The why or why not will depend on the student’s assessment of the ethos/ethic match.

1. Assume you’ve received another offer, this one from Hyde Associates. Like the Jekyll job, this position is on your chosen career path and in the consumer products industry. Assume, however, that you’ve read in the news that *“Hyde Associates has been criticized for unsustainable manufacturing practices that may be harmful to the environment. It has further been criticized for unfair trade practices and for employing underage children.”* Would that change whether you’d be willing to take the job? Why or why not?

**Answer**: The answer to this question will depend heavily on the student’s ethic. The stronger is the student’s ethic toward social responsibility, them more likely the answer will be for a salary premium to work for Hyde Corp.

1. These scenarios are based on studies of Corporate Social Responsibility (CSR) practices that show consumers generally charge a kind of rent to companies that do not practice CSR. In other words, they generally expect a substantial discount in order to buy a product from Hyde rather than from Jekyll. For example, if Jekyll and Hyde sold coffee, people would pay a premium of $1.40 to buy coffee from Jekyll and demand a discount of $2.40 to buy Hyde coffee. Do you think this preference translates into job choice decisions? Why or why not?

**Answer**: The relationship between the individual and a firm is affected by the person’s perception of the firm’s ethos and the ethic of the individual. A small psychological distance between these two sets of expected behaviors means that the individual can have a relationship with the company that is acceptable. So if the person believes he or she is deriving a benefit high enough to overcome the psychological discomfort created by the difference, then the relationship will continue. The lower the price point by the unethical company, the more likely the person will see a sufficient benefit. However, as reports of social irresponsibility rise, the difference between the person’s ethic and the company ethos grows large enough that the person will no long believe the benefit is sufficient and the relationship will break. This concept is deferred to as “cognitive dissonance” in psychology.

*R. Trudel and J. Cotte, “Does It Pay to Be Good?” Sloan Management Review 50, No. 2 (2009), pp. 61-68.*

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Case Incident 1

“Lessons for ‘Undercover’ bosses”

*This exercise contributes to* ***Learning Objectives****: Define organizational behavior and identify the variables associated with its study, Explain the relationship between personality traits and individual behavior, Describe the factors that influence the formation of individual attitudes and values, Discuss the importance of individual moods and emotions in the workplace, Apply the study of perception and attribution to the workplace;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study, Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Define diversity and describe the effects of diversity in the workforce, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Communication abilities, Analytic skills, and Reflective thinking skills.*

</title>

Executive offices in major corporations are often far removed from the day-to-day work that most employees perform. While top executives might enjoy the perquisites found in the executive suite, and separation from workday concerns can foster a broader perspective on the business, the distance between management and workers can come at a real cost: Top managers often fail to understand the ways most employees do their jobs every day. The dangers of this distant approach are clear. Executives sometimes make decisions without recognizing how difficult or impractical they are to implement. Executives can also lose sight of the primary challenges their employees face.

The practice of “management by walking around” (MBWA) works against the insularity of the executive suite<para> . To practice MBWA, managers reserve time to walk through departments regularly, form networks of acquaintances in the organization, and get away from their desks to talk to individual employees. The practice was exemplified by Bill Hewlett and Dave Packard, who used this management style at HP to learn more about the challenges and opportunities their employees were encountering. Many other organizations followed suit and found that this style of management had advantages over a typical desk-bound approach to management. A recent study of successful Swedish organizations revealed that MBWA was an approach common to several firms that received national awards for being great places to work.</para>

The popular television program “Undercover Boss” took MBWA to the next level by having top executives from companies like Chiquita Brands, DirectTV, Great Wolf Resorts, and NASCAR work incognito among line employees. Executives reported that this process taught them how difficult many of the jobs in their organizations were, and just how much skill was required to perform even the lowest-level tasks. They also said the experience taught them a lot about the core business in their organizations and sparked ideas for improvements.

Although MBWA has long had its advocates, it does present certain problems. First, the time managers spend directly observing the workforce is time they are not doing their core job tasks like analysis, coordination, and strategic planning. Second, management based on subjective impressions gathered by walking around runs counter to a research and data-based approach to making managerial decisions. Third, it is also possible that executives who wander about will be seen as intruders and overseers. Implementing the MBWA style requires a great deal of foresight to avoid these potential pitfalls.

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<problemset id="ch01prob03"><supertitle>**Questions**</supertitle>

<general-problem label="1" maxpoints="1"><inst> **1.** </inst><question><para>WhwhWhat are some of the things managers can learn by walking around and having daily contact with line employees that they might not be able to learn from looking at data and reports?

**Answer**: Most of what the manager can learn will be in the categories of knowledge that are found in Organizational Behavior. When reviewing the chapter on Managerial Skills, those listed as HUMAN SKILLS are the ones that most often result from the manager walking around. Here they learn about what motivates employees, why they may be happy or unhappy, and how they are reacting to supervision and the company’s activities. </para></question></general-problem>

<general-problem label="2" maxpoints="1"><inst> **2.** </inst><question><para>AAs an employee, would you appreciate knowing your supervisor regularly spent time with workers? How would knowing top executives routinely interact with line employees affect your attitudes toward the organization?

**Answer**: This response will depend greatly on the student’s personal ethic and setoff attitudes about work. The more an open set of attitudes or ethic exists the more likely the student will be positive toward this question. The more a student in introverted, the more likely he or she is to see this as an intrusion by management in letting them get their work done.</para></question></general-problem>

<general-problem label="3" maxpoints="1"><inst> **3.** </inst><question><para>WWhat ways can executives and other organizational leaders learn about day-to-day business operations besides going “undercover?”

**Answer**: Students can list many things here and the list is limited only by creativity or the lack of it. Some things that may be mentioned include relevant suggestion programs that show results, frequent meetings between upper management and employees where the upper management shows they care, increased internal communication that focuses on creating understanding in the employee not merely pounding information into them.</para></question></general-problem>

<general-problem label="4" maxpoints="1"><inst> **4.** </inst><question><para>AreAre there any dangers in the use of a management by walking around strategy?</para></question></general-problem></problemset> Could this strategy lead employees to feel they are being spied on? What actions on the part of managers might minimize these concerns?

**Answer**: Again, this answer depends greatly on what the individual student’s expectations for a manager are. If trust is not present between the management and employees then any Walking-Around tactic is likely to be seen as suspicious by employees. If managers are open AND show that the contact is respected and information used, then trust can be built with employees that will make the management-by-walking-around tactic successful in creating the relationships that will lead to happier, more satisfied, and productive employees.

*<source>Sources: Based on T. Peters and N. Austin, “Management by Walking About,” <emphasis>EconEEconomist,</emphasis> September 8, 2008, <ulink role="obsolete" url="www.shrm.org">www.economist.com</ulink>; F. Aguirre, M. White, K. Schaefer, and S. Phelps, “Secrets of an Undercover Boss,” Fortune, August 27, 2010, pp. 41-44; J. Larsson, I. Backstrom, and H. Wiklund, “Leadership and organizational behavior: Similarities Between Three Award-Winning Organizations,” International Journal of Management Practice 3, 2009, pp. 327-345</ulink>.*

Case Incident 2

THE **Era of the disposable worker?**

*This exercise contributes to* ***Learning Objectives****: Define organizational behavior and identify the variables associated with its study, Explain the relationship between personality traits and individual behavior, Describe the factors that influence the formation of individual attitudes and values, Discuss the importance of individual moods and emotions in the workplace, Apply the study of perception and attribution to the workplace;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study, Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Define diversity and describe the effects of diversity in the workforce, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Analytic skills, Dynamics of the global economy and Reflective thinking skills.*

</title>

<para>The great global recession has claimed many victims. In many countries, unemployment is at near-historic highs, and even those who have managed to keep their jobs have often been asked to accept reduced work hours or pay cuts. Another consequence of the current business and economic environment is an increase in the number of individuals employed on a temporary or contingent basis.

The statistics on U.S. temporary workers are grim. Many, like single mother Tammy Smith, have no health insurance, no retirement benefits, no vacation, no severance, and no access to unemployment insurance. Increases in layoffs mean that many jobs formerly considered safe have become “temporary” in the sense that they could disappear at any time with little warning. Forecasts suggest that the next five to ten years will be similar, with small pay increases, worse working conditions, and low levels of job security. As Peter Cappelli of the University of Pennsylvania’s Wharton School notes, “Employers are trying to get rid of all fixed costs. First they did it with employment benefits. Now they’re doing it with the jobs themselves. Everything is variable.”

We might suppose these corporate actions are largely taking place in an era of diminishing profitability. However, data from the financial sector is not consistent with this explanation. Among Fortune 500 companies, 2009 saw the second-largest jump</para> in corporate earnings in the list’s 56-year history. Moreover, many of these gains do not appear to be the result of increases in revenue. Rather, they reflect dramatic decreases in labor costs. One equity market researcher noted, “The largest part of the gain came from lower payrolls rather than the sluggish rise in sales…” Wages also rose only slightly during this period of rapidly increasing corporate profitability.

Some observers suggest the very nature of corporate profit monitoring is to blame for the discrepancy between corporate profitability and outcomes for workers. Some have noted that teachers whose evaluations are based on standardized test scores tend to “teach to the test,” to the detriment of other areas of learning. In the same way, when a company is judged primarily by the single metric of a stock price, executives naturally try their best to increase this number, possibly to the detriment of other concerns like employee wellbeing or corporate culture. On the other hand, others defend corporate actions that increase the degree to which they can treat labor flexibly, noting that in an increasingly competitive global marketplace, it might be necessary to sacrifice some jobs to save the organization as a whole.

The issues of how executives make decisions about workforce allocation, how job security and corporate loyalty influence employee behavior, and how emotional reactions come to surround these issues are all core components of organizational behavior research.

<problemset id="ch01prob04"><supertitle>**Questions**</supertitle>

<general-problem label="1" maxpoints="1"><inst> **1.** </inst><question><para>To what extent can individual business decisions (as opposed to economic forces) explain deterioration in working conditions for many workers?

**Answer**: First, as mentioned in the case, a concentration on cost reduction to maintain competitiveness has led to offshore job placement, automation, and other decisions to reduce cost to keep products in price competition with foreign imports. The average wage in the US created a tremendous cost addition to American products. Second, an increase in technology to perform repetitive and sometimes original work has reduced the number of jobs, or changed them to technical support, thereby reducing employment. Third, a focus on short-term performance for bonus pay for executives means that some decisions are made for profitability in the short run that may not be appropriate for the organization in the long run.

<general-problem label="2" maxpoints="1"><inst> **2.** Do business organizations have a responsibility to ensure that employees have secure jobs with good working conditions, or is their primary responsibility to shareholders?

**Answer**: This answer will depend on the student’s political viewpoint. If a student has an ethic similar to that proposed by Adam Smith, economist, then the responsibility is to the owner or shareholder. The responsibility to the worker is in relation to the profitability and success of the firm. If, on the other hand, the student is a proponent of labor unions, then the view will be in favor of permanent jobs and high wages for employees, no matter what.</inst><question><para></para></question></general-problem>

<general-problem label="3" maxpoints="1"><inst> **3.** </inst><question><para>What alternative measures of organizational performance, besides share prices, do you think might change the focus of business leaders?

**Answer**: If management changes its accounting measures from one-year or short-term to long-term performance, then a major shift would occur in decision outcomes.</para></question></general-problem>

<general-problem label="4" maxpoints="1"><inst> **4.** </inst><question><para>WWhat do you think the likely impact of the growth of temporary employment relationships will be for employee attitudes and behaviors? How would you develop a measurement system to evaluate the impact of corporate downsizing and temporary job assignments on employees?

**Answer**: In all likelihood, employer attitudes will change toward employees as they assume a relationship with the firm more like supply contractors than employees. The result will be increasing distance between the employer and temporary employees. This has been a trend in the oil industry for decades as temporary contract employees were used to meet increases in work needs and easily terminated when work was reduced. This filling immediate needs with temporary employees will result in more manageable costs with differences in employee relationships.</para></question></general-problem></problemset>

*<source>Sources: Based on P. Coy, M. Conlin, and M. Herbst, “The Disposable Worker,” Bloomberg Businessweek, January 7, 2010, www.businessweek.com; S. Tully, “Fortune 500: Profits Bounce Back,” Fortune, May 3, 2010, pp. 140-144; D. Ariely, “You Are What You Measure,” Harvard Business Review, June 2010, p. 38</ulink>.</source></case>*

**Instructor’s Choice**

**Companies Dealing with OB Issues**

*This exercise contributes to* ***Learning Objectives****: Demonstrate the importance of interpersonal skills in the workplace, Describe the manager’s functions, roles and skills, Show the value to OB of systematic study, Demonstrate why few absolutes apply to OB, Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study, Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Define diversity and describe the effects of diversity in the workforce, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Communication abilities. Ethical understanding and reasoning abilities, Analytic skills., Use of information technology., Dynamics of the global economy, Multicultural and diversity understanding and Reflective thinking skills.*

</title>

The assignment is to find an organization that is facing two or more of the four challenges discussed in the chapter. It is recommended that students use one of the recognized search engines to conduct research. Remind students that they may have to read between the lines to discover the effects and response to challenges. One example that can be used to start the discussion (make the connection) is to go to the Nike Web site (www.nike.com) and review the company’s statements about having their products manufactured offshore. For the past several years Nike has come under increasing criticism for its manufacturing practices in Vietnam. Have students see how the company explains its current practices and relationships with foreign contractors.

**IInstructor’s Choice**

**Companies Dealing with OB Issues**

|  |  |
| --- | --- |
|  | EXPLORING OB TOPICS ON THE  WORLD WIDE WEB |

*This exercise contributes to* ***Learning Objectives****: Demonstrate the importance of interpersonal skills in the workplace, Describe the manager’s functions, roles and skills, Show the value to OB of systematic study, Demonstrate why few absolutes apply to OB, Identify the challenges and opportunities managers have in applying OB concepts;* ***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study, Describe the factors that influence the formation of individual attitudes and values, Apply the study of perception and attribution to the workplace, Define diversity and describe the effects of diversity in the workforce, Describe the nature of conflict and the negotiation process, Describe best practices for creating and sustaining organizational cultures, and Describe the components of human resource practices;* ***AACSB Learning goals****: Communication abilities. Ethical understanding and reasoning abilities, Analytic skills., Use of information technology., Dynamics of the global economy, Multicultural and diversity understanding and Reflective thinking skills.*

*</title>*

Search Engines are our navigational tool to explore the WWW. Some commonly used search engines are:

[www.excite.com](http://www.excite.com) [www.yahoo.com](http://www.yahoo.com) [www.hotbot.com](http://www.hotbot.com)

[www.google.com](http://www.google.com) [www.lycos.com](http://www.lycos.com) www.bing.com

Using the World Wide Web (WWW) to locate information can be a useful tool to the student (or manager) interested in exploring topics in OB. For this first exercise, go to [www.searchenginewatch.com](http://www.searchenginewatch.com) to learn more about what Search Engines and Metacrawlers do and how they differ. Once you are on the Search Engine Watch home page, click on Search Engine Listings then on Major Search Engines. This page presents an overview of the major engines and how best to use them. Do not forget to look at other topics on this web site that are interesting to you.

Now perform a search on “Organizational Behavior” using three different search engines. Do the results differ or are they the same? If they differ, why do you think they are different? Write a paragraph or two answering these questions based on what you learned from researching Search Engines. Also, include another paragraph providing examples and/or reasons of when you would use choose one Search Engine over another.

1. The text tells us that OB replaces intuition with systematic study. Where do scholars prepare for a career researching OB topics? Additionally, what if you decide at some point to pursue graduate study in OB. Where would you go? Perform a search to identify two-to-three graduate programs in OB and print out the home page with the descriptions of these programs and bring them to class. Note that different schools have programs in different departments and disciplines which show the diversity thinking about OB in these programs. If you need ideas as to where to start, try:
   1. Harvard— http://www.hbs.edu/units/ob/index.html
   2. Official web site of the Organizational Behavior Division of the Academy of Management— http://www.obweb.org/

If time allows, we will discuss as a class the information you found on the general areas of study and the types of courses required in graduate work in OB.

1. One of the challenges facing managers is the fact that organizations are no longer constrained by national borders.
   1. Go to the SHRM homepage (www.shrm.org) identify OB topics that relate to globalization. Try to find as many as possible. Compare your list with a classmate and note the ones you missed.
   2. Choose one of the topics and on a separate paper write three questions you have on the topic. Click on the topics or Web links on the SHRM homepage and try to find the answers. If you find what you are looking for, write the answers next to your original questions. If you are unsuccessful in finding the answers, write a short paragraph describing what your strategy would be to find the answers you want.
2. Many organizations look for ways to promote diversity through family-friendly policies. Look for three companies who are incorporating family friendly policies into their HRM strategy. On a separate paper answer the following questions:
   1. Who are the companies? (Be sure to list their Web address, too.)
   2. What are their policies?
   3. How do these policies attract and keep people?
   4. Do these policies interest you? Why?
   5. How might they make their policies more attractive to workers?
   6. If they make the changes you suggest, what results would you expect? (Is there evidence to back up your opinion? If it is just your opinion, say so, but later we will look for studies that back up or refute your opinion today.)
3. Find an organization that directly addresses the cost of absenteeism or turnover on its Web site. What, if anything, is that organization doing to reduce those costs? What did your search tell you in terms of the importance or unimportance of these costs to organizations? In class we will meet in small groups to discuss the strategies organizations are using. Once you have found an organization, check with me to make certain that we do not have too many in the class researching the same company. Be prepared to talk about your organization’s strategy to the group and possibly the class. Below are some web sites to get you started, but do not hesitate to perform your own search:
   1. www.shrm.org
   2. <http://www.jointventure.org/initiatives/health/96direct/effect.html>
   3. <http://eafinc.org/jobsrvy.htm>