Chapter 1

What Is Organizational Behavior?

Learning Objectives

After studying this chapter, students should be able to:

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.

**Learning Catalytics Questions: Instructor Directions and Follow-Up**

|  |  |  |
| --- | --- | --- |
| **Organizational Behavior Concept** | **LC Question** | **Instructor Directions and Follow-Up** |
| Management skills and managerial activities | Refer to the allocation of activities by time for average, successful, and effective managers. Prioritize how you spend your time as a college student. | This is a good discussion starter on managerial activities and what is important. First, make the connection for students between activities that managers spend their time on and similar activities that college students spend their time on. Next, display results from the class and compare with the Luthans results. For example:   * Traditional management = making decisions, planning, and controlling school work and job * Communication = exchange of information * HRM = motivating self and others, conflict management on project teams and with roommate, etc. * Networking = interacting at career fairs, meeting other students at events, etc. |
| OB disciplines | Indicate the three topics in OB that you are most interested in learning about. You may place all three votes on one topic that you are really excited about or distribute your votes across three separate topics. | Prompt students to select three topics that they are excited about learning more about in OB class. Display results and comment on any patterns that you notice. Connect the contributions that are displayed with your syllabus and point out when students will learn different topics. |

**Text Exercises**

* Myth or Science?: “Management by Walking Around Is the Most Effective Management”
* An Ethical Choice: Vacation Deficit Disorder
* glOBalization!: Suicide by Economic Crisis
* Point/Counterpoint: Lost in Translation
* Questions for Review
* Experiential Exercise:Intoxicated Workplaces
* Ethical Dilemma: Jekyll and Hyde

**Text Cases**

* Case Incident 1: Apple Goes Global
* Case Incident 2: Era of the Disposable Worker?

**Instructor’s Choice**

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 on 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 any time throughout the class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.

**Web Exercises**

At the end of each chapter of this Instructor’s Manual, you will find suggested exercises and ideas for researching OB topics on the Internet. 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>Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous.
     2. Use metrics and situational variables rather than “hunches” to explain cause-and-effect relationships.
     3. Work on your interpersonal skills to increase your leadership potential.
     4. Improve your technical skills and conceptual skills through training and staying current with organizational behavior trends like big data.
     5. Organizational behavior can improve your employees’ work quality and productivity by showing you how to empower your employees, design and implement change programs, improve customer service, and help your employees balance work–life conflicts.

*This chaper begins with a vignette entitled, “Got Your Degree? Great, Go Flip Burgers.” 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
   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 a person progresses in a career
   4. Lower turnover of quality employees
   5. Higher quality applications for recruitment
   6. Better financial performance
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: planning, organizing, commanding, coordinating, and controlling. Modern management scholars have condensed these functions to four: **planning, organizing, leading, and controlling**.
   3. Management Roles
      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 and represent the organization to outsiders
         3. Decisional Roles: Entrepreneur, Disturbance handlers, Resource allocator, Negotiator role
   4. Management Skills
      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.
         1. **Traditional management**
         2. **Communication**
         3. **Human resource management**
         4. **Networking**
      2. Successful managers are defined as those who were promoted the fastest.

(Exhibit 1–2)

* 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. OB studies three determinants of behavior in organizations: individuals, groups, and structure.
2. Complementing Intuition with Systematic Study
   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
   6. Big Data
      1. The use of big data for managerial practices is a relatively new area, but one that holds convincing promise.
      2. 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
      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, and anthropology.
      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.
   3. Social Psychology
      1. **Social psychology** blends the concepts of psychology and sociology.
   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.
   5. Anthropology
      1. **Anthropology** is the study of societies to learn about human beings and their activities.
4. There Are Few Absolutes in OB
   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.
5. Challenges and Opportunities for OB
   1. Introduction
      1. There are many challenges and opportunities today for managers to use OB concepts.
      2. Employment options today have adapted to include new opportunities for workers. (Exhibit 1-4)
   2. Responding to Economic Pressure
      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 forefront.
   3. Responding to Globalization
      1. Increased Foreign Assignments
      2. Working with People from Different Cultures
      3. Overseeing Movement of Jobs to Countries with Low-Cost Labor
      4. Adapting to Differing Cultural and Regulatory Norms
   4. Managing Workforce Diversity
      1. **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.
   5. Improving Customer Service
      1. Service employees include technical support representatives, fast-food counter workers, sales clerks, nurses, automobile repair technicians, consultants, 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.
   7. 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.
   8. Enhancing Employee Well-Being at Work
      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.
   9. 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** is an area of OB research that concerns how organizations develop human strength, foster vitality and resilience, and unlock potential.
   10. Improving Ethical Behavior
       1. **Ethical dilemmas** are situations in which an individual is required to define right and wrong conduct.
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 1–5)
      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
      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
      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. 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**
         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**
         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** 
         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** 
         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** 
         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** 
         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**
          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. This 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**
          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 see in Exhibit 1-6, 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 1-6)
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. Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous.
      2. Use metrics and situational variables rather than “hunches” to explain cause-and-effect relationships.
      3. Work on your interpersonal skills to increase your leadership potential.
      4. Improve your technical skills and conceptual skills through training and staying current with organizational behavior trends like big data.
      5. Organizational behavior can improve your employees’ work quality and productivity by showing you how to empower your employees, design and implement change programs, improve customer service, and help your employees balance work–life conflicts.

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. Social relationships among co-workers and supervisors were strongly related to job satisfaction.
      2. 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.
      3. Employees who know how to relate to their managers well, with supportive dialogue and proactivity, will find their ideas are endorsed more often, further improving workplace satisfaction.
   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: planning, organizing, commanding, coordinating, and controlling. Modern management scholars have condensed 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 employees.
         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. Researchers have identified a number of skills that differentiate effective from ineffective managers.
      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 and negotiation, and work design.
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. It is good news for the future of business that researchers, the media, and company leaders have identified the potential of data-driven management and decision making.
      6. We’re not advising that you throw your intuition, or all the business press, out the window.
      7. 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, social psychology, sociology, and anthropology.
      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 behaviors 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 (Exhibit 1-4)
      1. There are many challenges and opportunities today for managers to use OB concepts.
      2. Exhibit 1-4 details some of the types of options individuals may find offered to them by organizations or for which they would like to negotiate.
   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 and 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 forefront.
   3. Responding to Globalization
      1. Increased Foreign Assignments
         1. You are increasingly likely to find yourself in a foreign assignment.
         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.
      2. 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.
         2. Management practices need to be modified to reflect the values of the different countries in which an organization operates.
      3. 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. Adapting to Differing Cultural and Regulatory Norms
         1. “Going global” for a business is not as simple as typing in an overseas e-mail address, shipping goods off to a foreign port, or building facilities in other countries.
         2. To be successful, managers need to know the cultural practices of the workforce in each country where they do business.
   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. Service employees 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.
      3. Managers and employees must learn to cope with temporariness.
      4. Learning to live with flexibility, spontaneity, and unpredictability.
      5. 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.
   7. 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.
   8. Enhancing Employee Well-Being at Work
      1. Employees are increasingly complaining that the line between work and non-work has become blurred, creating conflict and stress.
      2. Communication technology has provided a vehicle for working at any time or any place.
      3. Employees are working longer hours per week.
      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.
   9. 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.
   10. 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 1–5)
      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 are 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.
   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 offered 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. This 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. 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 see in Exhibit 1-6, 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 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 1-6)
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:
8. Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous.
9. Use metrics and situational variables rather than “hunches” to explain cause-and-effect relationships.
10. Work on your interpersonal skills to increase your leadership potential.
11. Improve your technical skills and conceptual skills through training and staying current with organizational behavior trends like big data.
12. Organizational behavior can improve your employees’ work quality and productivity by showing you how to empower your employees, design and implement change programs, improve customer service, and help your employees balance work–life conflicts.

Myth or Science?

“Management by Walking Around Is the Most Effective Management”

*This exercise contributes to:*

***Learning Objective****: Show the value to OB of systematic study*

***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****: Ethical understanding and reasoning; Reflective thinking*

This is mostly false, but with a caveat. Management by walking around (MBWA) is an organizational principle made famous with the 1982 publication of *In Search of Excellence* and based on a 1970s initiative by Hewlett-Packard—in other words, it’s a dinosaur. But the idea of requiring managers at all levels of the organization to wander around their departments to observe, converse, and hear from employees continues as a common business practice. Many companies expecting managers and executives to do regular “floor time” have claimed benefits from employee engagement to deeper management understanding of company issues. While MBWA sounds helpful, though, it is not a panacea or cure-all. The limitations of MBWA are threefold: available hours, focus, and application.

1. Available hours. Managers are tasked with planning, organizing, coordinating, and controlling, yet even CEOs—the managers who should be the most in control of their time—report 53 percent of their average 55-hour workweek is spent in meetings. We’ve yet to see a meeting conducted while touring the plant!
2. Focus. MBWA turns management’s focus toward the concerns of employees. This is good, but only to a degree. As noted by Jeff Weiner, CEO of LinkedIn, this is a problem. “Part of the key to time management is carving out time to think, as opposed to constantly reacting. And during that thinking time, you’re not only thinking strategically, thinking proactively, thinking longer-term, but you’re literally thinking about what is urgent versus important.” Weiner and other CEOs argue that meetings distract them from their purpose, especially internal company interactions.
3. Application. The principle behind MBWA is that the more managers know their employees, the more effective those managers will be. This is not always (or even often) true. As we’ll learn in Chapter 6, knowing something (or thinking you know) should not always lead us to acting on only that information. For example, a 30-minute test to determine personality traits and reactions to scenarios recently resulted in a 20 percent reduction in attrition for a Xerox call center, even though managers had previously been diligent in seeking information on candidates through interviews. There is no substitute for good, objective data.

Based on the need for managers to dedicate their efforts to administering and growing businesses, and given the proven effectiveness of objective performance measures, it seems the time for MBWA is gone. Yet there is one caveat. We certainly don’t argue that managers should refrain from knowing their employees, or that a stroll through the work floor is a bad idea. Rather, we find the regular, intentional interactions of MBWA do not, in themselves, make an effective management tool.

Sources: H. Mintzberg, “The Manager’s Job,” *Harvard Business Review* (March–April 1990), pp. 1–13; R. E. Silverman, “Where’s the Boss? Trapped in a Meeting,” *The Wall Street Journal* (February 14, 2012), p. B1, B9; and J. Walker, “Meet the New Boss: Big Data,” *The Wall Street Journal* (September 20, 2012), p. B1.

**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 discuss the type of manager they would like to be. Students should identify specific characteristics such as “open and in touch” or “knowledgeable, but distant.”
3. Ask students to develop a list of ways that MBWA could help them be more effective managers such as help to build trust, improve accountability and morale, or increase productivity.
4. Finally, ask students to assume that MBWA is commonly used in their organization. How can they use the practice most effectively?

**Teaching Notes**

This exercise is applicable to face-to-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

Vacation Deficit Disorder

*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; Discuss the factors influencing individual decision making in organizations; Discuss the influence of culture on organizational behavior*

***AASCB****: Ethical understanding and reasoning.*

Do you work to live, or live to work? Those of us who think it’s a choice might be wrong. No matter what employee vacation accrual balance sheets indicate, in many cases, workers will end this year with a week of unused time. Or more. Consider Ken Waltz, a director for Alexian Brothers Health System. He has 500 hours (approximately 3 months) in banked time off and no plans to spend it, choosing work over time with his two sons. “You’re on call 24/7 and these days, you’d better step up or step out,” he says, referring to today’s leaner workforce, “It’s not just me—it’s upper management… . It’s everybody.”

Jane Himmel, a senior manager for Palmer House Hilton, agrees. She took 5 of her allotted 22 days off in 2012, but didn’t consider even those days a break because she chose to monitor her e-mail constantly. “If I don’t keep up with it, it’s just insane when I get back,” she says. Almost a full one-third of 1,000 respondents in a study by Kelton Research agreed, citing workload as a reason for not using allotted vacation days. In 2011, 65 percent of U.S. workers had unused vacation days, and experts believe the percentage is increasing. Much of the reason is attributable to the economy; one person is often doing the work of three, and many fear they may lose their jobs if they take vacation. But the cost of nonstop working can be high. There are ethical choices here, for the employer and for the employee.

It would be easy to assume employers prefer employees to work without breaks, but that’s not always the case. Many states require employers to compensate departing employees financially for accrued vacation time, and most companies say they recognize the benefits of a refreshed workforce. As a result, they often encourage their employees to take their vacations through periodic “use it or lose it” e-mail reminders. Yet, employers are also expecting workers to do more with less, in the form of fewer co-workers to help get the job done, putting implicit or explicit pressure on them to use all available resources—chiefly their time—to meet manager expectations.

Research indicates employees are more likely to respond to the direct pressure of management than to the indirect benevolence of corporate policy. Thus, policy or not, many employees do not take their allotted vacation time due to direct or indirect pressure from their manager. While it is easy to dismiss these pressures, in today’s economy there is always a ready line of replacements, and many employees will do everything possible to keep in their manager’s good graces, including foregoing vacation time.

The downside, of course, is the risk of burnout. Foregoing vacation time can wear you down emotionally, leading to exhaustion, negative feelings about your work, and a reduced feeling of accomplishment. You may find you are absent more often, contemplate leaving your job, and grow less likely to want to help anyone (including your managers). Here are some choices you can make to prevent a downward spiral:

1. Recognize your feelings. According to a recent report by ComPsych Corp. on 2,000 employees, two in three identified high levels of stress, out-of-control feelings, and extreme fatigue. We solve few problems without first recognizing them.
2. Identify your tendency for burnout. Research on 2,089 employees found that burnout is especially acute for newcomers and job changers. If you have recently made a career change, it can help you to know any increase in symptoms should level off after 2 years. But keep in mind that each individual experiences stress differently.
3. Talk about your stressors. Thomas Donohoe, a researcher on work–life balance, recommends talking with trusted friends or family. On the job, appropriately discussing your stress factors can help you reduce job overload.
4. Build in high physical activity. Recent research found an increase in job burnout (and depression) was strongest for employees who did not engage in regular physical activity, while it was almost negligible for employees who did engage in regular high physical activity. Physical activity distracts the mind from stressors, enhances feelings of mastery and self-efficacy, and builds physiological resilience to stress.
5. Take brief breaks throughout your day. For office employees, the current expert suggestion is to spend at least 1 to 2 minutes standing up every hour to combat the effects of all-day sitting. Donohoe also suggests snack breaks, walks, or small naps to recharge.
6. Take your vacation! Studies suggest that recovery from stress can happen only if employees are (a) physically away from work and (b) not occupied by work-related duties. That means log off your e-mail accounts, shut off your phone, and put down your pen for the duration of the vacation. As much as possible, remove yourself from the work environment physically and mentally.

With work only a thumb swipe away and performance demands high, it is not always easy to look beyond the next deadline. But to maximize your long-term productivity and avoid stress, burnout, and illness—all of which are ultimately harmful to employer aims and employee careers alike—you should not succumb to vacation deficit disorder. Educate your managers. Your employer should thank you for it.

Sources: B. B. Dunford, A. J. Shipp, R. W. Boss, I. Angermeier, and A. D. Boss, “Is Burnout Static or Dynamic? A Career Transition Perspective of Employee Burnout Trajectories,” *Journal of Applied Psychology* 97, no. 3 (2012), pp. 637–650; E. J. Hirst, “Burnout on the Rise,” *Chicago* *Tribune* (October 29, 2012), pp. 3-1, 3-4; B. M. Rubin, “Rough Economy Means No Vacation,” *Chicago Tribune* (September 3, 2012), p. 4; and S. Toker and M. Biron, “Job Burnout and Depression: Unraveling Their Temporal Relationship and Considering the Role of Physical Activity,” *Journal of Applied Psychology* 97, no. 3 (2012), pp. 699–710.

**Class Exercise**

1. Form groups of 5 from the class membership.
2. Have each group do an Internet search for stress levels and vacation time.
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 based on the group’s findings.

**Teaching Notes**

This exercise is applicable to face-to-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.

glOBalization!

Suicide by Economic Crisis

*This exercise contributes to:*

***Learning Objective****: Compare the three levels of analysis in this book’s OB model.*

***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****: Diverse and multicultural work environments.*

The tragedy of Dimitris Christoulas is all too familiar in recent European history, and indeed in all industrialized nations affected by the ongoing global economic crisis. As the retired pharmacist wrote before he fatally shot himself in 2012, “[the] government has annihilated all traces for my survival, which was based on a very dignified pension that I alone paid for 35 years with no help from the state… I see no other solution than this dignified end to my life, so I don't find myself fishing through garbage cans for my sustenance.” Christoulas took his life in public outside the Greek Parliament, but many others have silently slipped away, sharing his sentiment. European newspapers have dubbed these cases “death by economic crisis,” and they are on the rise.

The World Health Organization, which records trends in mortality rates for Europe, has reported that the long-term decline in suicides reversed in 2007 and is now increasing dramatically. Though up-to-date data are not available due to the lag time in reporting, the hardest-hit groups appear to be men and small-business entrepreneurs, and the hardest-hit countries appear to be Greece, Ireland, and Italy. Greek government statistics indicate a 24 percent increase in suicides among men from 2007 to 2009, while Ireland reported a 16 percent increase among men in the same time period. Suicides attributed to economic hardship motives in Italy increased 52 percent from 2005 to 2010.

The link between economic crises and suicide is well established in research built upon the work of several early prominent social scientists. While a link between economic conditions and suicide was hypothesized as early as 1822, Durkheim’s 1897 study was a foundational work proving strong social forces behind suicide motivation. Later, in 1954, Henry and Short predicted that suicide rates will rise during periods of economic crisis as a result of frustration/aggression from status hierarchy changes. Soon after, in 1966, Ginsberg found that, whenever rewards fall short of aspirations as perceived by an individual in a society, suicides increase. Although the three schools of thought did not agree on all points, they definitively proved a strong link between economic turmoil and suicide rates.

Contemporary research in sociology and psychology has focused on the reasons that hard economic times appear to correlate with suicide. Early results suggest that countries that responded to economic downturns with austerity measures experienced the highest suicide rate increases, while countries that relied on stimulus initiatives did not experience an increase. This raises concerns about the United Kingdom, Spain, Portugal, and Cyprus, which are under austerity measures due to the economic downturn but have not yet reported increases in suicide rates.

For those countries with reported increases in suicide rates, efforts to heighten societal support have been found helpful. In some regions, communities and charities have provided assistance by setting up suicide prevention numbers and raising money for free mental health services, for instance. These may seem to be small measures, but the emerging research indicates that an individual’s feeling of societal support has an even stronger affect upon suicidal intention than his or her hardship circumstances.

Troubling as it is, this body of research shows how important work is to individuals’ identities— when work is lost, many individuals’ self-worth appears to be lost with it.

Sources: A. E. Cha, “‘Economic Suicides’ Shake Europe as Financial Crisis Takes Toll on Mental Health,” *The Washington Post* (August 14, 2012), http://articles.washingtonpost.com/2012-08-14/business/35491624\_1\_double-suicide-mental-health-financial-crisis; B. Y. Lester, “Learning from Durkheim and Beyond: The Economy and Suicide,” *Suicide and Life-Threatening Behavior* (Spring 2001), pp. 15–-31; M. McKee, M. Karanikolos, P. Belcher, and D. Stuckler, “Austerity: A Failed Experiment on the People of Europe,” *Clinical Medicine*, 12, no. 4 (2012), pp. 346–350; C. von Hoffman, “Suicide Rate Jumps amid European Financial Crisis,” *MoneyWatch* (April 5, 2012), http://www.cbsnews.com/8301-505123\_162-57409506/suicide-rate-jumps-amid-european-financial-crisis/; and A. Yur’yev, A. Vaernik, P. Vaernik, et al., “Employment Status Influences Suicide Mortality in Europe,” *International Journal of Social Psychiatry* (January , 2012), pp. 62–-68.

**Class Exercise**

1. Have students form groups of five.
2. Have students go to the Academic Google search site (<http://scholar.google.com/>) and explore work as a source of personal identity and the effect of unemployment on an individual’s identity.
3. Have each group read three of the references (full articles, not just abstracts).
4. Have them discuss their findings and arrive at a consensus about the effects of employment and personal identity.
5. Have a member from each group present to the class the results of the discussion.

**Teaching Notes**

This exercise is applicable to face-to-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; Identify the challenges and opportunities managers have in applying OB concepts*

***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study; Explain the relationship between personality traits and individual behavior.****AACSB****: Analytical thinking; Diverse and multicultural work environments.*

**Point**

Walk into your nearest major bookstore. You’ll undoubtedly find a large selection of books devoted to management and managing. Consider the following recent titles:

* Hardcore Leadership: 11 Master Lessons from My Airborne Ranger Uncle’s "Final Jump" (CreateSpace, 2013)
* Half-Naked Interview (Amazon Digital, 2013)
* Fu\*k Jobs!: How to Create a Passive Income Stream and Never Work Again (CreateSpace, 2013)
* The Chimp Paradox: The Mind Management Program to Help You Achieve Success, Confidence, and Happiness (Tarcher, 2013)
* Four Dead Kings at Work (SlimBooks, 2013)
* Monopoly, Money, and You: How to Profit from the Game’s Secrets of Success (McGraw-Hill, 2013)
* The Tao of Rice and Tigers: Taoist Leadership in the 21st Century (Publius Press, 2013)
* Nothing to Lose, Everything to Gain: How I Went from Gang Member to Multimillionaire Entrepreneur (Portfolio Trade, 2013)
* Ninja Innovation: The Ten Killer Strategies of the World's Most Successful Businesses (William Morrow, 2013)
* Giraffes of Technology: The Making of the Twenty-First-Century Leader (CreateSpace, 2013)

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 2013 with the following titles:

* Market Segmentation, Service Quality, and Overall Satisfaction: Self-Organizing Map and Structural Equation Modeling Methods
* The Effects of Performance Rating, Leader–Member Exchange, Perceived Utility, and Organizational Justice on Performance Appraisal Satisfaction: Applying a Moral Judgment Perspective
* Nonlinear Moderating Effect of Tenure on Organizational Identification (OID) and the Subsequent Role of OID in Fostering Readiness for Change
* Examining the Influence of Modularity and Knowledge Management (KM) on Dynamic Capabilities

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 no 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 worst 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-to-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 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 a person progresses in a career; Apply the study of perception and attribution to the workplace*

***AACSB****:**Written and oral communication*

* + 1. 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, and 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 Objective****: Describe the manager’s functions, roles, and skills*

***Learning Outcomes****: Define organizational behavior and identify the variables associated with its study****. AACSB****: Analytical thinking; Reflective thinking*

* + 1. What is *organizational behavior (OB)?*

**Answer:** 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. 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*

***AACSB****: Analytical thinking; Reflective thinking*

* + 1. 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 feeling.” 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 Outcome****: Define organizational behavior and identify the variables associated with its study* ***AACSB****: Analytical thinking; Reflective thinking*

* + 1. 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****: Analytical thinking; Reflective thinking*

* + 1. 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 all alike and therefore it is difficult to make many generalizations. Variables such as peoples’ 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****: Analytical thinking; Reflective thinking*

* + 1. 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 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****: Analytical thinking; Reflective thinking; Diverse and multicultural work environments*

* + 1. 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****: Analytical thinking*

Experiential Exercise

Intoxicated Workplaces

*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; Describe the components of human resource practices*

***AACSB****: Written and oral communication; Ethical understanding and reasoning; Analytical thinking; Diverse and multicultural work environments; Reflective thinking*

**Purpose**

Devising a substance abuse policy is one thing, but developing a plan to enforce it is another. This exercise will help students determine whether a policy is even needed and, if so, develop a statement and a system of implementation.

**Time required**

Approximately 40 minutes.

**Participants and roles**

Divide the class into groups of approximately four members each. These separate groups should each come up with (a) a one-two paragraph corporate statement and (b) a comprehensive plan for ensuring adherence to the policy.

**Background**

Substance abuse is pervasive and costs businesses more than $110 billion annually in workers’ compensation and medical costs, absenteeism, lost productivity, and employee turnover. According to a study of more than 2,800 people between the ages of 18 and 65, 30.6 percent of workers reported they were drunk on the job at least once per year, 20.9 percent less than one day a month, 6.4 percent one to three times per month, and 3.4 percent once a week or more. For illicit drug use, 11.2 percent of workers reported they were high while working at least once per year, 3.6 percent less than one day a month, 1.9 percent one to three times per month, and 3.6 percent once a week or more. Many companies have written substance abuse policies, but some may not be effective or may even pose a liability risk for the firm.

Research indicates the problem with adherence to substance abuse policies is not a lack of understanding the violations, but one of enforcement. Supervisors can play a key role, but research indicates that many times supervisors are ill equipped at identifying abuse, are afraid of invading employees’ privacy, and would rather do nothing than do the wrong thing.

Each group will decide whether substance abuse policies are needed and, if so, create a policy statement and action plan.

**The Task, Part A: The Plan**

1-9. Identify the scope of the problem. Take a poll: Does everyone see this as a problem? To what extent? Are some types of impairment worse than others? Break down your answers in terms of each of the reported incident rates (e.g., drunk once per year, high once per year, etc.). Does the type of employment (e.g., manufacturing, lab work, office work) change the tolerance level?

1-10. Identify the risks. For each type of work listed, write down the risks to the worker and to the company of having impaired workers on the job in terms of (a) physical safety risks to the company and employees, (b) liability risks, and (c) damage to the company culture.

1-11. Consider the implications. Note the potential consequences of not developing a substance abuse policy for (a) the workers, (b) the managers, and (c) the company. What are the pros and cons of not formalizing a policy? Conversely, what are the pros and cons of creating a policy?

1-12. Decide. Will you develop a policy? If so, draft a one- to two-paragraph company statement. If not, list the reasons having a policy may be detrimental to the company.

**The Task, Part B: The Implementation Plan**

* 1. Develop tolerance thresholds for non-compliance with the policy.
  2. Decide whether data will be needed to measure compliance. Will you require regular drug and alcohol screenings, periodic screenings, on-request screenings for suspected violations, or no screenings for employees (which means supervisors act upon observations instead)? Identify the type of data that will satisfy your policy (on-site or off-site testing).
  3. On what level of the organization should responsibility for enforcement be assigned? Does management need to observe and voice suspicions, and if so, can a manager accuse any employee, or just those who work for him or her? If employees can initiate inquiries about co-workers or managers, will they do so anonymously or in person?
  4. How will you equip those assigned as enforcement agents to detect substance abuse? Record what your training methods will be, and include frequency and type of training for each level of the organization.
  5. What proactive steps will you take to raise awareness of the substance abuse issue, your new policy, and your implementation plan?

Source: M. Heller, “Supervisors Should Step In, Study Shows,” *Workforce Management* (August 2012) p. 16.

**Questions**

1. What corporate plan was identified?
2. How well did it help to resolve the situation?
3. How well can the policy be enforced?

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

**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. Depending on how students approach the issue, there could be many “correct” answers. Instead of simply looking for a clear winner, students should consider the potential success of each approach.

This exercise is applicable to face-to-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.

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; Describe the components of human resource practices*

***AACSB****: Written and oral communication; Ethical understanding and reasoning; Analytical thinking*

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?

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

**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 ethics. The why or why not will depend on the student’s assessment of the ethos/ethics 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 ethics. The stronger the student’s ethic toward social responsibility, the 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 ethics 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 ethics and the company ethos grows large enough that the person will no longer believe the benefit is sufficient and the relationship will break. This concept is referred to as “cognitive dissonance” in psychology.

Case Incident 1

Apple Goes Global

*This exercise contributes to:*

***Learning Objectives****: Define organizational behavior (OB); Identify the major behavioral science disciplines that contribute to OB; Describe the manager’s function, roles, and skills; Identify the challenges and opportunities managers have in applying IB 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; Describe the components of human resource practices*

***AACSB****: Written and oral communication; Analytical thinking; Reflective thinking; Diverse and multicultural work environments.*

</title>

It wasn’t long ago that products from Apple, perhaps the most recognizable name in electronics manufacturing around the world, were made entirely in America. This is not so anymore. Now, almost all of the approximately 70 million iPhones, 30 million iPads, and 59 million other Apple products sold yearly are manufactured overseas. This change represents more than 20,000 jobs directly lost by U.S. workers, not to mention more than 700,000 other jobs and business given to foreign companies in Asia, Europe, and elsewhere. The loss is not temporary. As the late Steven P. Jobs, Apple’s iconic co-founder, told President Obama, “Those jobs aren’t coming back.”

At first glance, the transfer of jobs from one workforce to another would seem to hinge on a difference in wages, but Apple shows this is an oversimplification. In fact, paying U.S. wages would add only $65 to each iPhone’s expense, while Apple’s profits average hundreds of dollars per phone. Rather, and of more concern, Apple’s leaders believe the intrinsic characteristics of the labor force available to them in China – which they identify as flexibility, diligence, and industrial skills – are superior to those of the U.S. labor force. Apple executives tell stories of shorter lead times and faster manufacturing processes in China that are becoming the stuff of company legend. “The speed and flexibility is breathtaking,” one executive said. “There’s no American plant that can match that.” Another said, “We shouldn’t be criticized for using Chinese workers. The U.S. has stopped producing people with the skills we need.”

Because Apple is one of the most imitated companies in the world, this perception of an overseas advantage might suggest that the U.S. workforce needs to be better led, better trained, more effectively managed, and more motivated to be proactive and flexible. If U.S. (and Western European) workers are less motivated and less adaptable, it’s hard to imagine that does not spell trouble for the future of the American workforce. Perhaps, though, Apple’s switch from “100% Made in the U.S.A.” to “10% Made in the U.S.A.” represents the natural growth pattern of a company going global. At this point, the iPhone is largely designed in the United States (where Apple has 43,000 employees), parts are made in South Korea, Taiwan, Singapore, Malaysia, Japan, Europe and elsewhere, and products are assembled in China. The future of at least 247 suppliers worldwide depends on Apple’s approximately $30.1 billion in orders per quarter.

As makers of some of the most cutting-edge, revered products in the electronics marketplace, perhaps Apple serves not as a failure of one country to hold onto a company completely, but as one of the best examples of global ingenuity.

<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>.

**Questions**

1. What are the pros and cons for local and overseas labor forces of Apple’s going global? What are the potential political implications for country relationships?

**Answer:** Apple’s decision to manufacture its products in China using inputs sourced from multiple countries is beneficial for the overseas labor force where new jobs are created and spillover effects can generate other benefits for the local economy. Local low skilled labor forces will suffer from a loss of jobs, however higher skilled labor involved with product development could benefit if Apple’s products continue to be in high demand. While the ‘export of jobs’ can create tension between China and the United States, U.S. companies could stand to benefit if China’s now wealthier labor force increases its demand for U.S.-made or designed products.

1. Do you think Apple is justified in drawing the observations and conclusions expressed in the case? Why or why not? Do you think it is good or harmful to the company that its executives have voiced these opinions?

**Answer:** Students responses to this question will vary depending on each person’s ethics and attitudes. Many students will agree with Apple executives, noting that they are simply facing the truth that the United States is no longer competitive in certain types of manufacturing. Other students might suggest that the Apple executives were overly harsh, and some may contend that the company should support the U.S. workforce and keep its manufacturing at home.Still other students might note that it is important to recognize that the higher value activities are still taking place in the United States using the U.S. workforce. Therefore, it may be more important to focus on increasing skill levels to allow more workersto find these better jobs, than to worry about lost low skilled positions.

1. How could managers use increased worker flexibility and diligence to increase the competitiveness of their manufacturing sites? What would you recommend?

**Answer:** Again, this answer depends greatly on the individual student’s perspective. Some things that might be mentioned could include additional training, better communication, greater leadership, and rewards for new ideas. Some students may suggest modeling processes and policies in less efficient sites after those used in successful plants.

Case Incident 2

Era of the Disposable Worker?

*This exercise contributes to:*

***Learning Objectives****: Define organizational behavior (OB); Show the value to OB of systematic study; Demonstrate the importance of interpersonal skills in the workplace; Describe the manager’s functions, roles, and skills; Identify the challenges and opportunities managers have in applying IB concepts; Demonstrate why few absolutes apply to OB*

***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; Describe the components of human resource practices*

***AACSB****: Analytic thinking; Reflective thinking*

</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 well-being 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.

<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>

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

</supertitle>

1. <general-problem label="1" maxpoints="1"><inst> </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 U.S. 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.

1. <general-problem label="2" maxpoints="1"><inst> 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 economist Adam Smith, 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>

1. <general-problem label="3" maxpoints="1"><inst> </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> </inst><question><para>W

Instructor’s Choice

Companies Dealing with OB Issues

*This exercise contributes to:*

***Learning Objectives****: Define organizational behavior (OB); Identify the major behavioral science disciplines that contribute to OB; 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; Describe the components of human resource practices*

***AACSB****: Written and oral communication; Ethical understanding and reasoning; Analytical thinking; Information technology; Diverse and multicultural work environments; Reflective thinking*

</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 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.

Exploring OB Topics on the 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; Describe the components of human resource practices*

***AACSB****: Written and oral communication; Ethical understanding and reasoning; Analytical thinking; Information technology; Diverse and multicultural work environments; Reflective thinking*

*</title>*

Using the Internet 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 website 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 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 shows the diversity of 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 website of the Organizational Behavior Division of the Academy of Management: http://www.obweb.org/

If time allows, 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](http://www.shrm.org)) and 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 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 that 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 websites, 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 website. 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, meet in small groups to discuss the strategies organizations are using. Once you have found an organization, check with your instructor to make certain there are not too many students 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 websites to get you started, but do not hesitate to perform your own search:
   1. www.shrm.org
   2. [http://www.jointventure.org](http://www.jointventure.org/initiatives/health/96direct/effect.html)
   3. <http://eafinc.org>