

# CHAPTER 1

## What Is Organizational Behavior?

### LEARNING OBJECTIVES

After studying this chapter, students should be able to:

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

### INSTRUCTOR RESOURCES

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

### Text Exercises

- Myth or Science?: "Management by Walking Around Is the Most Effective Management"
- Personal Inventory Assessments: Multicultural Awareness Scale
- An Ethical Choice: Vacation Deficit Disorder
- Career Objectives: What do I say about my termination?
- Point/Counterpoint: The Battle of The Texts
- Questions for Review
- Experiential Exercise: Managing the OB Way
- Ethical Dilemma: There's a Drone in Your Soup

### Text Cases

- Case Incident 1: Apple Goes Global
- Case Incident 2: Big Data for Dummies

## **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 anytime throughout the class—some may be more effective as icebreakers, while some may be used to pull together various concepts covered in the chapter.

## **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**

- A. Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
- B. 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.
- C. 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.

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*This chapter begins with a vignette entitled, "Wall Street Warriors." The details of this story are at once disheartening and inspiring, reflecting the complexity of organizational life. They also highlight several issues of interest to those of us seeking to understand organizational behavior, including motivation, ethics, emotions, personality, and culture. Throughout this text, you'll learn how we can systematically study all these elements.*

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## BRIEF CHAPTER OUTLINE

- I. The Importance of Interpersonal Skills
  - A. Better financial performance.
  - B. Lower turnover of quality employees.
  - C. Higher quality workplace relationships and employee job satisfaction, stress, and turnover.
  - D. Greater social responsibility awareness.
- II. Management and Organizational Behavior
  - A. 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.
  - B. Management Functions
    1. All managers perform five primary management functions: planning, organizing, commanding, coordinating, and controlling. Modern management scholars have condensed these functions to four: **planning, organizing, leading, and controlling.**
  - C. Management Roles
    1. Introduction
      - a. 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)
      - a. Interpersonal Roles: Figurehead, Leader, Liaison
      - b. Informational Roles: Monitor, Disseminator, Spokesperson—a conduit to transmit information to organizational members and represent the organization to outsiders.
      - c. Decisional Roles: Entrepreneur, Disturbance handlers, Resource allocator, Negotiator role
  - D. 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.
    3. **Conceptual Skills:** The mental ability to analyze and diagnose complex situations.
  - E. 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:
      - a. **Traditional management**
      - b. **Communication**
      - c. **Human resource management**
      - d. **Networking**

2. Successful managers are defined as those who were promoted the fastest. (Exhibit 1-2)
3. **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.
4. OB studies three determinants of behavior in organizations: individuals, groups, and structure.

### III. Complementing Intuition with Systematic Study

#### A. Introduction

1. Each of us is a student of behavior.

#### B. 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

- a. Behavior, generally, is predictable if we know how the person perceived the situation and what is important to him or her.

#### C. **Evidence-Based Management (EBM)**

1. Complements systematic study.
2. Argues for managers to make decisions on evidence.

#### D. **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.

#### E. Use a combination

#### F. Big Data

1. Background: The use of big data for managerial practices is a relatively new area, but one that holds convincing promise.
2. Current Usage: The reasons for data analytics include predicting any event, detecting how much risk is incurred at any time, and preventing catastrophes.
3. New Trends: The use of Big Data for understanding, helping, and managing people is relatively new but holds promise.
4. Limitations: Use evidence as much as possible to inform your intuition and experience.

### IV. Disciplines That Contribute to the OB Field

#### A. 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.

#### B. Psychology

1. **Psychology** is the science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.

#### C. Social Psychology

1. **Social psychology** blends the concepts of psychology and sociology.

#### D. 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.

#### E. Anthropology

1. **Anthropology** is the study of societies to learn about human beings and their activities.

### V. There Are Few Absolutes in OB

#### A. 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.

### VI. Challenges and Opportunities for OB

#### A. 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)

#### B. 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.

#### C. 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

#### D. Workforce Demographics

1. As students of OB, we can investigate what factors lead employees to make various choices and how their experiences affect their perceptions of their workplaces. In turn, this can help us predict organizational outcomes.

#### E. 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.

#### F. 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.

#### G. Improving People Skills

1. People skills are essential to managerial effectiveness.

#### H. 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.

- I. Using Social Media
    - 1. Ethical questions regarding HR use of social media.
    - 2. Employee use of social media at work.
  - J. 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.
  - K. Creating a Positive Work Environment
    - 1. **Positive organizational scholarship** is an area of OB research that concerns how organizations develop human strength, foster vitality and resilience, and unlock potential.
  - L. Improving Ethical Behavior
    - 1. **Ethical dilemmas and ethical choices** are situations in which an individual is required to define right and wrong conduct.
- VII. Coming Attractions: Developing an OB Model
- A. 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.
  - B. 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.
  - C. 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.
  - D. 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**

- a. Employee attitudes are the evaluations employees make, ranging from positive to negative, about objects, people, or events.
  - b. Stress is an unpleasant psychological process that occurs in response to environmental pressures.
  - c. 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**
- a. The combination of effectiveness and efficiency at doing your core job tasks is a reflection of your level of task performance.
  - b. 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. **Organizational Citizenship Behavior (OCB)**
- a. 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.
  - b. Successful organizations need employees who will do more than their usual job duties—who will provide performance beyond expectations.
  - c. Evidence indicates organizations that have such employees outperform those that don't.
  - d. As a result, OB is concerned with citizenship behavior as an outcome variable.
7. **Withdrawal behavior**
- a. Withdrawal behavior is the set of actions that employees take to separate themselves from the organization.
  - b. There are many forms of withdrawal, ranging from showing up late or failing to attend meetings to absenteeism and turnover.
  - c. Employee withdrawal can have a very negative effect on an organization.
  - d. Absenteeism also costs organizations significant amounts of money and time every year.
  - e. All organizations, of course, have some turnover.
  - f. While high turnover often impairs an organization's ability to achieve its goals, quitting is not all bad. People quit because they are optimistic about their outside prospects.
  - g. So why do employees withdraw from work?
    - i. Reasons include negative job attitudes, emotions and moods, and negative interactions with co-workers and supervisors.
8. **Group cohesion**
- a. Group cohesion is the extent to which members of a group support and validate one another at work.
  - b. 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.

- c. 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**

- a. 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.
- b. Group functioning refers to the quantity and quality of a group's work output.
- c. In some organizations, an effective group is one that stays focused on a core task and achieves its ends as specified.
- d. Other organizations look for teams that are able to work together collaboratively to provide excellent customer service.
- e. 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**

- a. The highest level of analysis in organizational behavior is the organization as a whole.
- b. An organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost. This requires both **effectiveness** and **efficiency**.
- c. Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor.
- d. Service organizations must include customer needs and requirements in assessing their effectiveness.

#### 11. **Survival**

- a. 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.
- E. 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)

### IX. Summary and Implications for Managers

- A. Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
- B. 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.
- C. Specific implications for managers are:
  - 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

- I. The Importance of Interpersonal Skills
  - A. Until the late 1980s, business school curricula emphasized the technical aspects of management, focusing on economics, accounting, finance, and quantitative techniques.
  - B. Coursework in human behavior and people skills received relatively less attention.
  - C. Since then however, business schools have realized the significant role interpersonal skills play in determining a manager’s effectiveness.
  - D. Incorporating OB principles into the workplace can yield many important organizational outcomes.
  - E. Better financial performance.
  - F. Lower turnover of quality employees.
  - G. Higher quality workplace relationships and employee job satisfaction, lower stress and turnover.
  - H. Greater social responsibility awareness.
  - I. Companies with reputations as good places to work—such as Genentech, the Boston Consulting Group, Qualcomm, McKinsey & Company, Proctor & Gamble, Facebook, and Southwest Airlines—have a big advantage when attracting high performing employees.
  - J. A recent national study of the U.S. workforce found that:
    1. Social relationships among coworkers and supervisors were strongly related to job satisfaction.
    2. 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.
    3. Increasing the OB element in organizations can foster social responsibility awareness.
  - K. Managers cannot succeed on technical skills alone, they must have people skills.
- II. Management and OB
  - A. 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.

## B. Management Functions

1. 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:
  - a. Define goals (organizational, departmental, worker levels).
  - b. Establish an overall strategy for achieving those goals.
  - c. Develop a comprehensive hierarchy of plans to integrate and coordinate activities.
3. Organizing requires a manager to:
  - a. Determine what tasks are to be done.
  - b. Who is to be assigned the tasks.
  - c. How the tasks are to be grouped.
  - d. Determine who reports to whom.
  - e. Determine where decisions are to be made (centralized/decentralized).
4. Leading requires a manager to:
  - a. Motivate employees.
  - b. Direct the activities of others.
  - c. Select the most effective communication channels.
  - d. Resolve conflicts among members.
5. Controlling requires a manager to:
  - a. Monitor the organization's performance.
  - b. Compare actual performance with the previously set goals.
  - c. Correct significant deviations.

## C. Management Roles (Exhibit 1-1)

1. Introduction
  - a. 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.
  - b. 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
  - a. Figurehead—duties that are ceremonial and symbolic in nature.
  - b. Leader—hire, train, motivate, and discipline employees.
  - c. Liaison—contact outsiders who provide the manager with information. These may be individuals or groups inside or outside the organization.
3. Informational Roles
  - a. Monitor—collect information from organizations and institutions outside their own.
  - b. Disseminator—a conduit to transmit information to organizational members.
  - c. Spokesperson—represent the organization to outsiders.
4. Decisional Roles
  - a. Entrepreneur—managers initiate and oversee new projects that will improve their organization's performance.
  - b. Disturbance handlers—take corrective action in response to unforeseen problems.
  - c. Resource allocators—responsible for allocating human, physical, and monetary resources.

- d. Negotiator role—discuss issues and bargains with other units to gain advantages for their own unit.
- D. Management Skills
- 1. Introduction
    - a. Researchers have identified a number of skills that differentiate effective from ineffective managers.
  - 2. **Technical Skills**
    - a. 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**
    - a. Ability to work with, understand, and motivate other people, both individually and in groups.
    - b. Many people are technically proficient but interpersonally incompetent.
  - 4. **Conceptual Skills**
    - a. The mental ability to analyze and diagnose complex situations.
    - b. Decision making, for example, requires managers to spot problems, identify alternatives that can correct them, evaluate those alternatives, and select the best one.
- E. 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.
    - a. Luthans and his associates studied more than 450 managers. They found that all managers engage in four managerial activities.
      - 1) **Traditional management**
        - a.) Decision making, planning, and controlling.
        - b.) The average manager spent 32 percent of his or her time performing this activity.
      - 2) **Communication**
        - a.) Exchanging routine information and processing paperwork.
        - b.) The average manager spent 29 percent of his or her time performing this activity.
      - 3) **Human resource management**
        - a.) Motivating, disciplining, managing conflict, staffing, and training.
        - b.) The average manager spent 20 percent of his or her time performing this activity.
      - 4) **Networking**
        - a.) Socializing, politicking, and interacting with outsiders.
        - b.) The average manager spent 19 percent of his or her time performing this activity.
  - 2. Successful managers are defined as those who were promoted the fastest. (Exhibit 1-2)
    - a. Networking made the largest relative contribution to success.
    - b. Human resource management activities made the least relative contribution.

- c. Effective managers—defined as quality and quantity of their 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.
- 3. **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.
- F. 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.

### III. Complementing Intuition with Systematic Study

- A. 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.
- B. You can improve your predictive ability by replacing your intuitive opinions with a more systematic approach.
- C. 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.
- D. **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.
- E. **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.”

## F. 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.

## G. Big Data

1. Big data—the extensive use of statistical compilation and analysis—didn’t become possible until computers were sophisticated enough both to store and manipulate large amounts of information.
2. Background: It’s difficult to believe now, but not long ago companies treated online shopping as a virtual point-of-sale experience: shoppers browsed websites anonymously, and sellers tracked sales data only on what customers bought.
3. Gradually, though, online retailers began to track and act upon information about customer preferences that was uniquely available through the Internet shopping experience, information was far superior to data gathered in simple store transactions.
4. This enabled them to create more targeted marketing strategies than ever before.
5. Current usage: The reasons for data analytics include: predicting any event; detecting how much risk is incurred at any time; and preventing catastrophes large and small.
6. New trends: While accessibility to data increases organizations’ ability to predict human behavioral trends, the use of big data for understanding, helping, and managing people is relatively new but holds promise.
7. 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.
8. Limitations: As technological capabilities for handling big data have increased, so have issues of privacy. This is particularly true when data collection includes surveillance instruments.
9. What do people think about big data when they are the source of the data? Organizations using big data run the risk of offending the very people they are trying to influence: employees and customers.
10. We must keep in mind that big data will always be limited in predicting behavior, curtailing risk, and preventing catastrophes.
11. In contrast to the replicable results we can obtain in the sciences through big data analytics, human behavior is often capricious and predicated on innumerable variables. Otherwise, our decision making would have been taken over by artificial intelligence by now!
12. We’re not advising that you throw your intuition, or all the business press, out the window.
13. What we are advising is to use evidence as much as possible to inform your intuition and experience.

#### IV. Disciplines That Contribute to the OB Field

##### A. 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.

##### B. 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.

##### C. 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.

##### D. 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.

##### E. 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.

#### V. There Are Few Absolutes in OB

##### A. 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.

##### B. **Contingency variables**—situational factors are variables that moderate the relationship between the independent and dependent variables.

##### C. Using general concepts and then altering their application to the particular situation developed the science of OB.

D. Organizational behavior theories mirror the subject matter with which they deal.

## VI. Challenges and Opportunities for OB

### A. 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.

### B. 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.

### C. Responding to Globalization

1. Increased Foreign Assignments
  - a. You are increasingly likely to find yourself in a foreign assignment.
  - b. 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
  - a. Even in your own country, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures.
  - b. 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
  - a. Managers are under pressure to keep costs down to maintain competitiveness.
  - b. 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
  - a. "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.
  - b. To be successful, managers need to know the cultural practices of the workforce in each country where they do business.

### D. Workforce Demographics

1. People adapt to survive, and OB studies the way those adaptations affect individuals' behavior.
2. As students of OB, we can investigate what factors lead employees to make various choices and how their experiences affect their perceptions of their workplaces.
3. In turn, this can help us predict organizational outcomes.
4. Socioeconomic shifts have a profound effect on workforce demographics. The days when women stayed home because it was expected are just a memory in some cultures, while in others, women face significant barriers to entry into the workforce.

#### E. Managing Workforce Diversity

1. **Workforce diversity** is one of the most important and broad-based challenges currently facing organizations.
2. 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.
3. Managing this diversity is a global concern.

#### F. 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.

#### G. 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.

#### H. 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.

#### I. Social Media

1. Social media is a difficult issue for today's manager, presenting both a challenge and an opportunity for OB. For instance, how much should HR look into a candidate's social media presence?
2. Once employees are on the job, many organizations have policies about accessing social media at work – when, where, and for what purposes. But what about the impact of social media on employee well-being?

#### J. 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.

#### K. Creating a Positive Work Environment

1. **Positive organizational scholarship** or behavior studies what is 'good' about organizations.
2. This field of study focuses on employees' strengths versus their limitations as employees share situations in which they performed at their personal best.

#### L. Improving Ethical Behavior

1. **Ethical dilemmas and ethical choices** 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.

## VII. Coming Attractions: Developing an OB Model

### A. 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.

### B. 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.

### C. 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 group level, they include communication, leadership, power and politics, and conflict and negotiation.
4. Finally, at the organizational level, processes include human resource management and change practices.

### D. 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.

### E. 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.

#### F. **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.

#### G. **Organizational Citizenship Behavior (OCB)**

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 **organizational 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.

#### H. **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.
  - a. 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.
  - a. For instance, a recent survey found the average direct cost to U.S. employers of unscheduled absences is 8.7 percent of payroll.
  - b. 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.
  - a. 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.
  - b. Levels of absenteeism beyond the normal range have a direct impact on any organization's effectiveness and efficiency.
  - c. 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.
  - a. The U.S. national turnover rate in 2014 averaged about 40 percent, often the average is around 3 percent per month.
  - b. If the "right" people are leaving the organization—the marginal and submarginal employees—turnover can actually be positive.
  - c. 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.
  - d. 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?
  - a. As we will show later in the book, reasons include negative job attitudes, emotions and moods, and negative interactions with coworkers and supervisors.

#### **I. 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.
  - a. 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.
  - a. These results are found both for groups that are studied in highly controlled laboratory settings and also for work teams observed in field settings.
  - b. 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.

#### J. **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. What does it mean to say that a group is functioning effectively?
  - a. In some organizations, an effective group is one that stays focused on a core task and achieves its ends as specified.
  - b. Other organizations look for teams that are able to work together collaboratively to provide excellent customer service.
  - c. 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.

#### K. **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.
  - a. It is efficient when it can do so at a low cost.
  - b. 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.
  - a. A clear chain of cause and effect runs from employee attitudes and behavior to customer attitudes and behavior to a service organization's productivity.

#### L. **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 are important.

M. 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)

#### VIII. Summary and Implications for Managers

- A. Managers need to develop their interpersonal, or people, skills to be effective in their jobs.
- B. 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.
- C. 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.

# 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, 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.

# Personal Inventory Assessments

## Multicultural Awareness Scale

Any study of organizational behavior (OB) starts with knowledge of yourself. As one step, take this PIA to determine your multicultural awareness.

# An Ethical Choice

## Vacation Deficit Disorder

*This exercise contributes to:*

**Learning Objective:** Identify managers' challenges and opportunities 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. Forgoing 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 will 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 students.
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.

# Career Objectives

## What do I say about my termination?

*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

I got fired! When prospective employers find out, they'll never hire me. Is there anything I can say to turn this around? – Matt

Dear Matt: Under this dark cloud, there are some silver linings: 1) firing, or involuntary termination, happens to just about everyone at least once in a career; and 2) there is a worldwide job shortage of skilled workers. You might be amazed to know that historically, individuals have changed jobs an average of 11 times over their early careers (from age 18-44). In fact, you can probably expect to stay in a job for less than three years, which means you'll have a lot of jobs in your lifetime.

Therefore, you shouldn't feel hopeless; you are likely to find your next job soon.

ManpowerGroup's recent survey of over 37,000 employers in 42 countries found that 36 percent of organizations have talent shortages, the highest percentage in 7 years.

Still we know you are worried about how to present the facts of your involuntary termination to prospective employers. If you give a truthful, brief account of the reason for your termination, you can position yourself well. Here are some additional suggestions:

- Remember your soft skills count; in fact they top the lists of employer requirements for all industries. According to Chuck Knebi, a communications manager for the job placement company WorkOne, use your resume and cover letter, interviews, and thank you notes to showcase your communication skills. Employers report they are also looking for a teamwork attitude, positivity, personal responsibility, and punctuality, so use every opportunity to demonstrate these traits.
- Although your soft skills count, don't forget your technical skills; employers agree they are equally important. Knebl advises you to use your resume to list your technical abilities and be prepared to elaborate upon request. Need some more skills? Job training has been shown to be helpful and can sometimes be free through colleges and unemployment offices.
- Emphasize your ongoing training and education, especially as they relate to new technology; top performers are known to be continuous learners. Also, if you've kept up with recent trends in social media, show it, but don't go on about your friend's tweet to Rhianna.

Best wishes for your success!

Sources: Bureau of Labor Statistics, United States Department of Labor, Employment Projections, [http://www.bls.gov/emp/ep\\_chart\\_001.htm](http://www.bls.gov/emp/ep_chart_001.htm); G. Jones, "How the Best Get Better and Better," Harvard Business Review (June 2008); 123-27; ManpowerGroup, "The Talent Shortage Continues/2014," [http://www.manpowergroup.com/wps/wcm/connect/0b882c15-38bf-41f3-8882-44c33d0e2952/2014\\_Talent\\_Shortage\\_WP\\_US2.pdf?MOD=AUPERES](http://www.manpowergroup.com/wps/wcm/connect/0b882c15-38bf-41f3-8882-44c33d0e2952/2014_Talent_Shortage_WP_US2.pdf?MOD=AUPERES); J. Meister, "Job Hopping is the 'New Normal' for Millennials: Three Ways to Prevent a Human Resource Nightmare," Forbes (August 14, 2012), <http://www.forbes.com/sites/jeannemeister/2012/08/14/job-hopping-is-the-new-normal-for-millennials-three-ways-to-prevent-a-human-reource-nightmare/>; and N. Schultz, "Hard Unemployment Truths about 'Soft Skills,'" The Wall Street Journal, September 19, 2012, A15.

## 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

## The Battle of the Texts

*This exercise contributes to:*

**Learning Objective:** Identify managers' challenges and opportunities 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:

- The Secret (Berrett-Koehler, 2014)
- Turn the Ship Around! (Portfolio, 2013)
- The Way You Do Anything Is the Way You Do Everything (Wiley, 2014)
- Leadership Safari (Best Seller, 2014)
- Business Is a Baby (Amazon Digital Services, 2014)
- Think Like a Freak (William Morrow, 2014)
- Spiraling Upward (Amazon Digital Services, 2015)

- Refire! Don't Retire (Berrett-Koehler, 2015)
- Top Dog (Amazon Digital Services, 2015)

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 Star Wars or Breaking Bad 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.

"Fluffy" management guides sometimes do get published, and once in a while they become popular. But do they outnumber the esoteric research studies published in scholarly journal articles every year? Far from it; sometimes it seems that for every popular business text, there are thousands of scholarly journals. Many of these articles can hardly be read by individuals in the workplace – they are buried in academic libraries, riddled with strange acronyms and "insider" terms, and light on practical application. Often they apply to specific management scenarios, so they are less generalizable. For example, a couple of recent management and organizational behavior studies were published in 2015 with the following titles:

- Transferring Management Practices to China: A Bourdieusian Critique of Ethnocentricity
- Cross-Cultural Perceptions of Clan Control in Korean Multinational Companies: A Contractual Investigation of Employees' Fairness Monitoring Based on Cultural Values
- The Resistible Rise of Bayesian Thinking in Management: Historical Lessons from Decision Analysis
- A Model of Rhetorical Legitimization: The Structure of Communication and Cognition Underlying Institutional Maintenance and Change

We don't mean to poke fun at these studies, but, our point is that all ways of creating knowledge can be criticized. If business books can sometimes be "fluffy," academic articles can be esoteric and even less relevant. Popular books can add to our understanding of how people work and how to best manage them; we shouldn't assume they are not of value. And while there is no one right way to learn the science and art of managing people in organizations, the most enlightened

managers gather insights from multiple sources, their own experience, research findings, observations of others, and yes, the popular business press. Authors and academics have an important role to play, and it isn't fair to condemn business books with catchy titles.

### **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

1-1. What is the importance of interpersonal skills in the workplace?

**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*

1-2. What is the definition of 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*

1-3. How does systematic study contribute to our understanding of OB?

**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*

1-4. 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*

1-5. Why are there so 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 people's want, needs, values, and goals can differ tremendously.

**Learning Objective:** Demonstrate why few absolutes apply to OB

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

1-6. 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 managers' challenges and opportunities 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

1-7. What are the three levels of analysis in our 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 text's OB model

**Learning Outcomes:** Define organizational behavior and identify the variables associated with its study

**AACSB:** Analytical thinking

## Experiential Exercise

### Managing the OB Way

*This exercise contributes to:*

**Learning Objectives:** Demonstrate the importance of interpersonal skills in the workplace; Define organizational behavior (OB); Show the value to OB of systematic study; Demonstrate why few absolutes apply to OB; Identify managers' challenges and opportunities 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

Divide the class into groups of approximately four members each. Each group should consider the following scenario:

You will assume the role of a special committee of district managers at a large pharmaceutical company. Your committee will be meeting to discuss some problems. The process set up by the committee is as follows:

1. Each committee member should first review the problem privately and formulate independent ideas for what might be done.
2. At the start of the meeting, each member should spend one minute addressing the group.

During the meeting, the committee must reach a consensus on both the best solution and supporting rationale to each problem. How this is done is entirely up to the committee members, but you must come up with a consensus decision and not a majority opinion achieved by voting.

Here is the problem for your committee to consider:

The company has no specific policy regarding facial hair. Tom, a pharmaceutical sales rep with a little more than a year's experience and an average (but declining) sales record, has grown a very long and ragged beard that detracts significantly from his appearance. His hobby is playing bass in an amateur bluegrass band, and he feels that a ragged beard is an important part of the act. Tom says his beard is a personal fashion statement that has to do with his individual freedom.

There have been numerous complaints about Tom's appearance from both doctors and pharmacists. The manager has talked to him on many occasions about the impact his appearance could have on his sales. Nevertheless, Tom still has the beard.

The manager is concerned about Tom's decreasing sales as well as the professional image of the sales force in the medical community. Tom says his sales decrease has nothing to do with his beard. However, sales in the other territories in the district are significantly better than they were last year.

When the groups have reached their consensus decisions, the following questions will serve for class discussion:

- 1-8. What do you think are the concerns for the company regarding Tom's facial hair? Should they care about his appearance?
- 1-9. What was your group's consensus decision regarding the issue with Tom's facial hair?
- 1-10. Let's say Tom told you he thinks the beard is part of his personal religion that he is forming. Do you think that announcement would change how you talk to Tom about the issue?

### **Teaching Notes**

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

## There's a Drone in Your Soup

*This exercise contributes to:*

**Learning Objectives:** *Demonstrate the importance of interpersonal skills in the workplace; Define organizational behavior (OB); Show the value to OB of systematic study; Demonstrate why few absolutes apply to OB; Identify managers' challenges and opportunities 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 best practices for creating and sustaining organizational cultures; Describe the components of human resource practices*

**AACSB:** *Ethical understanding and reasoning; Analytical thinking*

It is the year 2020, and drones are everywhere. Alibaba quadcopters have been delivering special ginger tea to customers in Beijing, Shanghai, and Guangzhou for years; Amazon's octocopters finally deliver packages in most major cities within 30 minutes without knocking down pedestrians; and college students everywhere welcome late-night nachos from Taco Bell Tacocopters. Indoor drones are still in the pioneering phase – backyard enthusiasts are building tiny versions, but no large-scale commercial efforts have been put toward indoor utility drones. That's all about to change.

You work for a multinational technology corporation on a sprawling, 25-acre headquarters campus, with offices in 2 million square feet of interior space in one large building and four additional smaller (but still large) buildings. The official Head of Interior Spaces is your boss; you're the leader of the Consideration of New Things team. In a meeting with your team, your boss says, "I've just heard from my friend at Right To Drones Too (R2D2) that his group has perfected their inside drone. It's small and light but can carry up to 10 pounds. It includes a camera, a speaker, and a recorder."

Your team expresses surprise; no one even knew an inside utility drone was under development, and governments worldwide are still haggling over regulations for drones. Your boss goes on enthusiastically, "I've seen the little drones, and I think you'll be impressed – not only can they scoot across the quad, but they can fetch things off tables, grab me a latte, attend meetings for me, check over your shoulders to see what you're working on....anything! They're really accurate, agile, and super quiet, so you'll barely know they're around. My friend wants us to have the first 100 drones here for free, and he's willing to send them over tomorrow! I figure we can hand them out randomly, although of course we'll each have one."

Your boss sits back, smiling and expecting applause. You glance at your team members and are relieved to see doubt and hesitation on their faces.

"Sounds, uh, great," you reply. "But how about the team takes the afternoon to set the ground rules?"

## Questions

- 1-11. How might the R2D2 drones influence employee behavior? Do you think they will cause people to act more or less ethically? Why?

**Answer:** Responses to this question will vary by student. Some will suggest that because the drones imply that “someone’s always watching you,” employees may be less tempted to misbehave. However, many students will be concerned that the drones could facilitate unethical behavior on the part of management. Students may also worry that the drones could introduce a negative element to the organization and foster distrust and suspicion.

- 1-12. Who should get the drones initially? How can you justify your decision ethically? What restrictions for use should these people be given, and how do you think employees, both those who get drones and those who don’t, will react to this change?

**Answer:** The answer to this question will depend heavily on the student’s ethics and perspective. Students should recognize that a key issue in the situation is the inability to completely predict just how the drones could be abused and how that unknown scenario could be written into corporate policy on the use of drones.

- 1-13. How will your organization deal with sabotage or misuse of drones? The value of an R2D2 drone is \$2,500.

**Answer:** Again, the answer to this question depends on each student’s perspective. Most students will suggest developing corporate policy governing the use of drones as a start, but developing a policy that addresses all possible misuses of the technology is of course impossible.

- 1-14. Many organizations already use electronic monitoring of employees, including sifting through website usage and e-mail correspondence, often without the employee’s direct knowledge. In what ways might drone monitoring be better or worse for employees than covert electronic monitoring of Web or e-mail activity?

**Answer:** This question will probably generate considerable class discussion. Some students will believe that as bad as covert scrutiny of e-mail and Internet usage is, the use of drones would be more invasive and ethically wrong. Students taking this perspective are likely to also point out that the “someone’s always watching you” element of drones could introduce a negative atmosphere to the workplace, bringing down employee morale. Other students may argue that the use of drones is more open than covert monitoring, and while drones can be used to monitor employees, employees at least know that it is happening. Students taking this point of view may also suggest that drones could help identify problems that had been overlooked, problems that if resolved, could create a better, more efficient workplace.

# 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; Identify managers' challenges and opportunities 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; Analytical thinking; Reflective thinking; Diverse and multicultural work environments*

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. And we can't forget that Apple posted \$16.1 billion in revenue from the first quarter of 2014, perhaps in part because its manufacturing in China builds support for the brand there.

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.

Sources: B. X. Chen, "iPhone Sales in China Bolster Apple Earnings," *The New York Times* (January 27, 2015), [http://www.nytimes.com/2015/01/28/technology/apple-quarterly-earnings.html?\\_r=0](http://www.nytimes.com/2015/01/28/technology/apple-quarterly-earnings.html?_r=0); C. Duhigg and K. Bradsher, "How U.S. Lost Out on iPhone Work," *The New York Times*, January 22, 2013, A1, A22–A23; H. Gao, "How the Apple Confrontation Divides China," *The Atlantic* (April 8, 2013), [www.theatlantic.com/china/archive/2013/04/how-the-apple-confrontation-divides-china/274764/](http://www.theatlantic.com/china/archive/2013/04/how-the-apple-confrontation-divides-china/274764/); and A. Satariano, "Apple Slowdown Threatens \$30 Billion Global Supplier Web," *Bloomberg*, [www.bloomberg.com/news/2013-04-18/apple-slowdown-threatens-30-billion-global-supplier-web-tech.html](http://www.bloomberg.com/news/2013-04-18/apple-slowdown-threatens-30-billion-global-supplier-web-tech.html).

## Questions

1-15. 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.

1-16. As a U.S. corporation, does Apple and its management have a moral obligation to provide jobs for U.S. employees first? If this is the case, then does this put international employees at a distinct disadvantage?

**Answer:** The answer to this question will vary depending on the personal ethics and attitude of individual students. Many students will agree with Apple executives; others will suggest that the Apple executives were too quick to move production overseas. Others still will state that Apple should support the U.S. workforce and keep its manufacturing at home. The truth lies somewhere in between. If the U.S. workforce can be deployed to produce higher-value skills such as idea generation and development, then lower-level assembly skills should be moved abroad. It is certainly true that many global organizations will reduce employee numbers abroad first rather than reduce home-based employee numbers.

1-17. Is it possible for U.S. managers to organize, motivate, and ensure quality in their Chinese manufacturing facilities?

**Answer:** Again, this answer will depend greatly on the individual student's perspective. It is important for Apple executives to ensure that the Chinese factories embrace its corporate values and approach. This means that training, communication, and leadership are all important developmental factors.

# Case Incident 2

## Big Data for Dummies

*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; Identify managers' challenges and opportunities in applying OB 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; Describe the components of human resource practices

**AACSB:** Analytic thinking; Reflective thinking

Do you need big data? Maybe the question is better phrased as: Can you afford not to use big data? The age of big data is here, and to ignore its benefits is to run the risk of missed opportunities.

Organizations using big data are quickly reaping rewards, as a survey of 2,022 managers worldwide indicated recently. In fact, 71 percent of respondents agreed that organizations using big data will gain a "huge competitive advantage." These managers also saw the need for big data: 58 percent responded that they never, rarely, or only sometimes have enough data to make key business decisions. Furthermore, they've witnessed the benefits: 67 percent agreed that big data has helped their organization to innovate. So why did only 28 percent find that their access to useful data significantly increased in a year?

According to Amy Braverman, a principal statistician who analyzes NASA's spacecraft data, the problem is in interpreting the new kinds and volumes of data we are able to collect. "This opportunistic data collection is leading to entirely new kinds of data that aren't well suited to the existing statistical and data-mining methodologies," she said. IT and business leaders agree: in a recent survey, "determining how to get value" was identified as the number 1 challenge of big data.

With strong need combating the high hurdle for usability, how should a company get started using big data? The quick answer seems to be to hire talent. But not just anyone will do. Here are some points to ponder when hiring data professionals:

1. Look for candidates with a strong educational background in analytics/statistics. You want someone who knows more than you do about handling copious amounts of data.
2. The ideal candidates will have specific experience in your industry or a related industry. "When you have all those Ph.D.s in a room, magic doesn't necessarily happen because they may not have the business capability," said Andy Rusnak, a senior executive at Ernst & Young.

3. Search for potential candidates from industry leader organizations that are more advanced in big data.
4. Communication skills are a must. Look for a candidate “who can translate Ph.D. to English,” says SAP Chief Data Scientist David Ginsberg. He adds, “Those are the hardest people to find.”
5. Find candidates with a proven record of finding useful information from a mess of data, including data from questionable sources. You want someone who is analytical *and* discerning.
6. Look for people who can think in 8- to 10-week periods, not just long term. Most data projects have a short-term focus.
7. Test candidates’ expertise on real problems. Netflix’s Director of Algorithms asks candidates, “You have this data that comes from our users. How can you use it to solve this particular problem?”

Sources: M. Taes, “If I Could Have More Data...,” The Wall Street Journal, March 24, 2014, R5; S. Thurm, “It’s a Whole New Data Game,” The Wall Street Journal, February 10, 2015, R6; and J. Willhite, “Getting Started in ‘Big Data’,” The Wall Street Journal, February 4, 2014, B7.

## Questions

- 1-18. Let’s say you work in a metropolitan city for a large department store chain and your manager puts you in charge of a team to find out whether keeping the store open an hour longer each day would increase profits. What data might be available to your decision-making process? What data would be important to your decision?  
**Answer:** Relevant internally-generated variables would include number of customers in the store prior to closing, sales levels prior to closing, and so on. Data along these lines is probably readily available to companies that track sales. Managers would also probably consider external variables such as the opening hours of competitors or access to public transportation if the store is in an urban area.
- 1-19. What kinds of data might we want in OB applications?  
**Answer:** This item can be assigned as a Discussion Question in MyManagementLab. Student responses will vary.
- 1-20. As Braverman notes, one problem with big data is making sense of the information. How might a better understanding of psychology help you sift through all this data?  
**Answer:** Numbers only tell part of the story. In order to understand data fully, it is necessary to understand the mindset of the customer or employee. A better understanding of psychology could provide insight into the hows and whys of the data set and potentially some vision as to whether similar numbers could be expected in the future or whether they might take a different path.

# My Management Lab

Go to **mymanagementlab.com** for Auto-graded writing questions as well as the following Assisted-graded writing questions:

- 1-21. Now that you've read the chapter and Case Incident 1, if you were an Apple manager whose employees were losing their jobs to overseas workers, what would you advise your teams to do in order to find re-employment in their professions? What types of training—basic, technical, interpersonal, problem-solving—would you recommend?
- 1-22. In relation to Case Incident 2, why do you think it is important to have educated, experienced statisticians on any team that is using big data for decision making? What might be the consequences of hiring someone with less experience?
- 1-23. **MyManagementLab** only—comprehensive writing assignment for this chapter.

## 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; Show the value to OB of systematic study; Demonstrate why few absolutes apply to OB; Identify managers' challenges and opportunities 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

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 website ([www.nike.com](http://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; Show the value to OB of systematic study; Demonstrate why few absolutes apply to OB; Identify managers' challenges and opportunities 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*

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:
  - a. Harvard: <http://www.hbs.edu/units/ob/index.html>
  - b. 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.

2. One of the challenges facing managers is the fact that organizations are no longer constrained by national borders.



- a. 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.
  - b. 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.
3. 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:
- a. Who are the companies? (Be sure to list their websites, too.)
  - b. What are their policies?
  - c. How do these policies attract and keep people?
  - d. Do these policies interest you? Why?
  - e. How might they make their policies more attractive to workers?
  - f. 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.)
4. 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:
- a. [www.shrm.org](http://www.shrm.org)
  - b. <http://www.jointventure.org>
  - c. <http://eafinc.org>