

Acknowledgments

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1

What Is Organizational Behavior?

LEARNING OBJECTIVES

After studying this chapter, you should be able to:

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|---|---|
| 1-1 Demonstrate the importance of interpersonal skills in the workplace. | 1-6 Identify managers' challenges and opportunities in applying OB concepts. |
| 1-2 Define <i>organizational behavior</i> (OB). | 1-7 Compare the three levels of analysis in this text's OB model. |
| 1-3 Show the value of OB to systematic study. | 1-8 Describe the key employability skills gained from studying OB that are applicable to other majors or future careers. |
| 1-4 Identify the major behavioral science disciplines that contribute to OB. | |
| 1-5 Demonstrate why few absolutes apply to OB. | |

ROAD WARRIORS

Logan Green was very frustrated with how difficult it was to get around Southern California. Deciding to leave his car at home while heading off to college, he relied on a mix of public transportation and ride-shares arranged through Craigslist and often found himself waiting long periods for rides and occasionally stranded. After years of being vexed by these problems, inspiration struck during a postgraduation trip to Zimbabwe: “There was this crowdsourced transportation network where anyone could be a driver and they could set their own routes.” It was perplexing to Logan how a country like Zimbabwe with very little resources could have a better transportation network than Southern California. Drawing from this experience, Logan created Zimride, a platform from which people can find and manage carpools.

Later, Zimride caught the attention of John Zimmer, a Cornell graduate who was living in New York City and working as an analyst at Lehman Brothers. After completing Lehman's two-year analyst program, John “did not feel a connection” to what he was doing, and decided to leave Lehman in order to pursue a partnership in Zimride, much to the dismay of his colleagues on Wall Street. Since his formative years at Cornell, John was captivated by the idea of sustainable transportation, a concept that he was introduced to during his coursework. The problem to John was that current transportation systems are not sustainable: “Seventy percent of car seats are unused. Seventy percent of our highway infrastructure is inefficient.”

Together, John and Logan envisioned a transportation revolution: They wanted to completely change the way people get from one place to another. Under the banner of their shared vision, the two started Lyft, an app-based ridesharing platform that operates in hundreds of U.S. cities and is valued today at \$5.5 billion, more than double its 2015 valuation. John and Logan are very different from one another—Logan,

an introvert, came from an alternative background, with his parents sending him to a high school in which students took class trips to sweat lodges for self-discovery. John, on the other hand, is very extroverted and assertive, and was raised in a middle-class suburb in Connecticut. Despite their personality differences, they worked extremely well together to foster the exponential growth of Zimride and Lyft.

In spite of the lightning fast growth rate of Lyft, John and Logan have not forgotten the drivers and employees that are the foundation of Lyft: They strive to foster a culture and climate of employee appreciation and recognition. As Logan notes, “The more employees a company has, the less likely anyone gets noticed. And when employees don’t feel individually responsible for the company’s success, things slow down.” To help employees feel appreciated, Lyft makes sure to celebrate both employee and work-group accomplishments, giving awards that are customized to each group. Lyft also makes sure that drivers feel welcome, too, recognizing them in newsletters and blogs, and flying them to headquarters to get their feedback and input.

John and Logan also wanted to emphasize that the Lyft experience is all about community, fun, and positivity. They decided that a pink mustache, or a so-called carstache, was the way to go. A customer looking up toward an approaching Lyft car may see an (often glowing) pink mustache attached to the front of the car, and the Lyft driver will also often fist-bump the passenger when he or she gets in, emphasizing how customers should feel relaxed and happy about their ride experience.

Although Lyft grew quickly, employees at Zimride were left uncertain about the future and wondering if they would get a chance to contribute to Lyft. Zimride had over 150 paying clients, and John and Logan had to approach the situation delicately. They made the decision to restructure, and they re-employed 90 percent of its employees to work at Lyft. Eventually, however, they sold Zimride to Enterprise’s vanpooling business. To this day, Lyft has been a strong player in the new ridesharing industry and has faced its share of challenges, setbacks, and successes.

Sources: Based on L. Buchanan, “Lyft’s CEO on Creating a Great Company Culture,” Inc., June 2015, <http://www.inc.com/magazine/201506/leigh-buchanan/logan-green-on-employee-recognition.html>; D. L. Cohen, “Former Lehman’s Banker Drives Startup Zimride,” Reuters, September 15, 2010, <http://www.reuters.com/article/us-column-cohen-zimride-idUSTRE68E3KN20100915>; K. Kokalitcheva, “Lyft Raises \$1 Billion, Adds GM as Investor and Partner for Driverless Cars,” Fortune, January 4, 2016, <http://fortune.com/2016/01/04/lyft-funding-gm/>; R. Lawler, “Lyft-Off: Zimride’s Long Road to Overnight Success,” TechCrunch, August 29, 2014, <https://techcrunch.com/2014/08/29/6000-words-about-a-pink-mustache/>.

The details of Logan and John’s experiences with Lyft reflect the increasing complexity, and speed, of organizational life. They also highlight several issues of interest to those of us seeking to understand organizational behavior, including motivation, justice, ethics, turnover, emotions, personality, and culture. Throughout this text, you’ll learn how organizational challenges often cut across areas like these, which is exactly why the systematic approach pursued in this text and in your course is important.

The Importance of Interpersonal Skills

1-1 Demonstrate the importance of interpersonal skills in the workplace.

Until the late 1980s, business school curricula emphasized the technical aspects of management, focusing on economics, accounting, finance, and quantitative techniques. Coursework in human behavior and people skills received relatively less attention. Since then, however, business schools have realized the significant role

that interpersonal skills play in determining a manager's effectiveness. In fact, a survey of over 2,100 CFOs across 20 industries indicated that a lack of interpersonal skills is the top reason why some employees fail to advance.¹

Incorporating OB principles into the workplace can yield many important organizational outcomes. For one, companies known as good places to work—such as Adobe, LinkedIn, Fast Enterprises, World Wide Technology, Bain & Company, Google, the Boston Consulting Group, and Facebook²—have been found to generate superior financial performance.³ Second, developing managers' interpersonal skills helps organizations attract and keep high-performing employees, which is important because outstanding employees are always in short supply and costly to replace. Third, strong associations exist between the quality of workplace relationships and employee job satisfaction, stress, and turnover. One very large study of hundreds of workplaces and more than 200,000 respondents showed that social relationships among coworkers and supervisors were strongly related to overall job satisfaction. Positive social relationships were also associated with lower stress at work and lower intentions to quit.⁴ Additional research suggests that positive work relationships help employees to flourish, leading to improvements in job and life satisfaction, positive emotions at work, and perceptions that one's work has meaning.⁵ Fourth, increasing the OB element in organizations can foster social responsibility awareness. Accordingly, universities have begun to incorporate social entrepreneurship education into their curriculum in order to train future leaders in addressing social issues within their organizations.⁶ This is especially important because there is a growing need for understanding the means and outcomes of corporate social responsibility (CSR).⁷

We understand that in today's competitive and demanding workplace, managers can't succeed on their technical skills alone. They also have to exhibit good people skills. This text has been written to help both managers and potential managers develop people skills and to acquire the knowledge that understanding human behavior provides.

Management and *Organizational Behavior*

1-2 Define *organizational behavior (OB)*.

manager An individual who achieves goals through other people.

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.

Let's begin by briefly defining the terms *manager* and *organization*. First, the most notable characteristic of **managers** is that they get things done through other people. They make decisions, allocate resources, and direct the activities of others to attain goals. Managers are sometimes called *administrators*, especially in nonprofit organizations. They do their work in an **organization**, which is 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. By this definition, manufacturing and service firms are organizations, and so are schools; hospitals; churches; military units; nonprofits; police departments; and local, state, and federal government agencies.

More than ever, new hires and other employees are placed into management positions without sufficient management training or informed experience. According to a large-scale survey, more than 58 percent of managers reported that they had not received any training, and 25 percent admitted that they were not ready to lead others when they were given the role.⁸ Added to that challenge, the demands of the job have increased: The average manager has seven direct reports (five was once the norm), and less time than before to spend directly supervising them.⁹ Considering that a Gallup poll found organizations chose the wrong candidate for management positions 82 percent of the time,¹⁰ we conclude that the more you can learn about people and how to manage them, the better prepared you will be to be the right management candidate. OB will help you get there. Let's start by identifying a manager's primary activities.

planning A process that includes defining goals, establishing strategy, and developing plans to coordinate activities.

organizing Determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

leading A function that includes motivating employees, directing others, selecting the most effective communication channels, and resolving conflicts.

controlling Monitoring activities to ensure that they are being accomplished as planned and correcting any significant deviations.

The work of managers can be categorized into four different activities: **planning, organizing, leading, and controlling**. The *planning* function encompasses defining an organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate activities. Evidence indicates the need for planning increases the most as managers move from lower-level to midlevel management.¹¹

When managers engage in designing their work unit's structure, they are *organizing*. The organizing function includes determining what tasks are to be done, who is to do them, how the tasks are to be grouped, who reports to whom, and where decisions are to be made.

Every organization contains people, and it is management's job to direct and coordinate those people, which is the *leading* function. When managers motivate employees, direct their activities, select the most effective communication channels, or resolve conflicts, they're engaging in leading.

To ensure that the activities are going as they should, management must monitor the organization's performance and compare it with previously set goals. If there are any significant deviations, it is management's job to get the organization back on track. This monitoring, comparing, and potential correcting is the *controlling* function.

Management Roles

Henry Mintzberg, now a prominent management scholar, undertook a careful study of executives early in his career to determine what they did on their jobs. On the basis of his observations, Mintzberg concluded that managers perform 10 different, highly interrelated roles or sets of behaviors, thus serving a critical function in organizations.¹² As shown in Exhibit 1-1, these 10 roles are primarily (1) interpersonal,

Exhibit 1-1

Mintzberg's Managerial Roles

Role	Description
Interpersonal	
Figurehead	Symbolic head; required to perform a number of routine duties of a legal or social nature
Leader	Responsible for the motivation and direction of employees
Liaison	Maintains a network of outside contacts who provide favors and information
Informational	
Monitor	Receives a wide variety of information; serves as nerve center of internal and external information of the organization
Disseminator	Transmits information received from outsiders or from other employees to members of the organization
Spokesperson	Transmits information to outsiders on organization's plans, policies, actions, and results; serves as expert on organization's industry
Decisional	
Entrepreneur	Searches organization and its environment for opportunities and initiates projects to bring about change
Disturbance handler	Responsible for corrective action when organization faces important, unexpected disturbances
Resource allocator	Makes or approves significant organizational decisions
Negotiator	Responsible for representing the organization at major negotiations

Source: H. Mintzberg, *The Nature of Managerial Work*, 1st ed., © 1973, pp. 92–93. Reprinted and electronically reproduced by permission of Pearson Education, Inc., New York, NY.

(2) informational, or (3) decisional. Although much has changed in the world of work since Mintzberg developed this model, research indicates the roles have changed very little.¹³

Interpersonal Roles All managers are required to perform duties that are ceremonial and symbolic in nature. For instance, when the president of a college hands out diplomas at commencement or a factory supervisor gives a group of high school students a tour of the plant, they are acting in a *figurehead* role. Another key interpersonal role all managers have is a *leadership* role. This role includes hiring, training, motivating, and disciplining employees. The third role within the interpersonal grouping is the *liaison* role, or contacting and fostering relationships with others who provide valuable information. The sales manager who obtains information from the quality-control manager in his own company has an internal liaison relationship. When that sales manager has contact with other sales executives through a marketing trade association, he has external liaison relationships.

Informational Roles To some degree, all managers collect information from outside organizations and institutions, typically by scanning the news media and talking with other people to learn of changes in the public's tastes and what competitors may be planning. Mintzberg called this the *monitor* role. Managers also act as a conduit to transmit information to organizational members. This is the *disseminator* role. In addition, managers perform a *spokesperson* role when they represent the organization to outsiders.

Decisional Roles Mintzberg identified four roles that require making choices. In the *entrepreneur* role, managers initiate and oversee new projects that will improve their organization's performance. As *disturbance handlers*, managers take corrective action in response to unforeseen problems. As *resource allocators*, managers are responsible for allocating human, physical, and monetary resources. Finally, managers perform a *negotiator* role, in which they discuss issues and bargain with other units (internal or external) to gain advantages for their own unit.

Management Skills

Another way to consider what managers do is to look at the skills or competencies they need to achieve their goals. Researchers have identified a number of skills that differentiate effective from ineffective managers.¹⁴ Each of these skills is important, and all are needed to become a well-rounded and effective manager.

technical skills The ability to apply specialized knowledge or expertise.

Technical Skills **Technical skills** encompass the ability to apply specialized knowledge or expertise. When you think of the skills of professionals such as civil engineers or oral surgeons, you typically focus on the technical skills they have learned through extensive formal education. Of course, professionals don't have a monopoly on technical skills, and not all technical skills have to be learned in schools or other formal training programs. All jobs require some specialized expertise, and many people develop their technical skills on the job.

human skills The ability to work with, understand, and motivate other people, both individually and in groups.

Human Skills The ability to understand, communicate with, motivate, and support other people, both individually and in groups, defines **human skills**. Many people may be technically proficient but poor listeners, unable to understand the needs of others, or weak at managing conflicts. Managers must have good human skills because they need to get things done through other people.

conceptual skills The mental ability to analyze and diagnose complex situations.

Conceptual Skills Managers must have the mental ability to analyze and diagnose complex situations. These tasks require **conceptual skills**. Decision making, for instance, requires managers to identify problems, develop alternative solutions to correct those problems, evaluate those alternative solutions, and select the best one. After they have selected a course of action, managers must be able to orga-

nize a plan of action and then execute it. The abilities to integrate new ideas with existing processes and to innovate on the job are also crucial conceptual skills for today's managers.

Effective versus Successful Managerial Activities

Fred Luthans and his associates looked at what managers do from a somewhat different perspective.¹⁵ They 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?” You might think the answer is yes, but that’s not always the case.

Luthans and his associates studied more than 450 managers, all engaged in four managerial activities:

1. **Traditional management.** Decision making, planning, and controlling.
2. **Communication.** Exchanging routine information and processing paperwork.
3. **Human resources management.** Motivating, disciplining, managing conflict, staffing, and training.
4. **Networking.** Socializing, politicking, and interacting with outsiders.

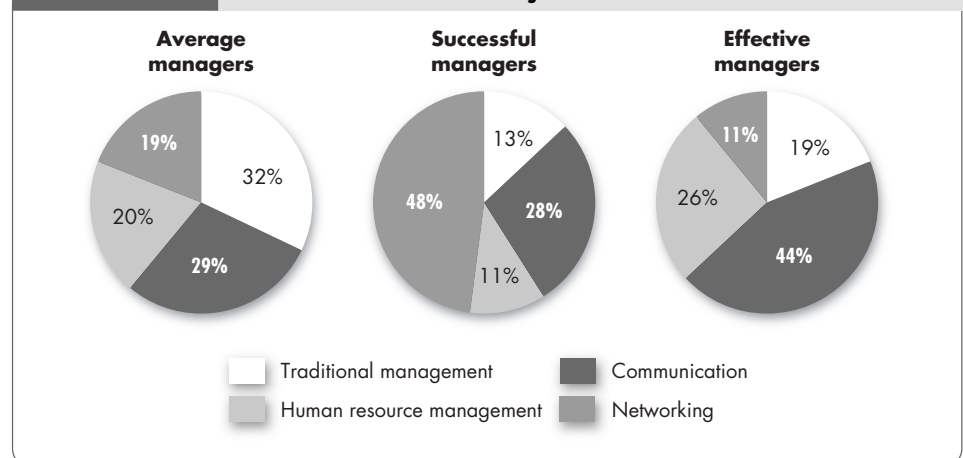
The “average” manager spent 32 percent of his or her time in traditional management activities, 29 percent communicating, 20 percent in human resources management activities, and 19 percent networking. However, the time and effort that different *individual* managers spent on those activities varied a great deal. As shown in Exhibit 1-2, among managers who were *successful* (defined in terms of speed of promotion within their organization), networking made the largest relative contribution to success, and human resources management activities made the least relative contribution. Among *effective* managers (defined in terms of quantity and quality of their performance and the satisfaction and commitment of employees), communication made the largest relative contribution and networking the least. Other studies in Australia, Israel, Italy, Japan, and the United States confirm the link between networking, social relationships, and success within an organization.¹⁶ The connection between communication and effective managers is also clear. Managers who explain their decisions and seek information from colleagues and employees—even if the information turns out to be negative—are the most effective.¹⁷

This research offers important insights. *Successful* (in terms of promotion) managers give almost the opposite emphases to traditional management, communication, human resources management, and networking as do *effective* managers. This

When you see this icon, Global OB issues and research are being discussed in the paragraph.



Exhibit 1-2 Allocation of Activities by Time



Source: Based on F. Luthans, R. M. Hodgetts, and S. A. Rosenkrantz, *Real Managers* (Cambridge, MA: Ballinger, 1988).

organizational behavior (OB) 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.

finding challenges the historical assumption that promotions are based on performance, and it illustrates the importance of networking and political skills in getting ahead in organizations.

Now that we've established what managers do, we need to study how best to do these things. **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. That's a mouthful, so let's break it down.

OB is a field of study, meaning that it is a distinct area of expertise with a common body of knowledge. It focuses on three determinants of behavior in organizations: individuals, groups, and structure. In addition, OB applies the knowledge gained about individuals, groups, and the effect of structure on behavior in order to make organizations work more effectively.

To sum up our definition, OB is the study of what people do in an organization and the way their behavior affects the organization's performance. Because OB is concerned specifically with employment-related situations, it examines behavior in the context of job satisfaction, absenteeism, employment turnover, productivity, human performance, and management. Although debate exists about the relative importance of each, OB includes these core topics:

- Motivation
- Leader behavior and power
- Interpersonal communication
- Group structure and processes
- Attitude development and perception
- Change processes
- Conflict and negotiation
- Work design¹⁸

Complementing Intuition with Systematic Study

1-3 Show the value of OB to systematic study.

systematic study Looking at relationships, attempting to attribute causes and effects, and drawing conclusions based on scientific evidence.

evidence-based management (EBM) Basing managerial decisions on the best available scientific evidence.

Whether you've explicitly thought about it before or not, you've been "reading" people almost all your life by watching their actions and interpreting what you see, or by trying to predict what people might do under different conditions. This casual approach to reading others can often lead to erroneous predictions, but using a systematic approach can improve your accuracy.

Underlying the systematic approach in this text is the belief that behavior is not random. Rather, we can identify fundamental consistencies underlying the behavior of all individuals and modify them to reflect individual differences.

These fundamental consistencies are very important. Why? Because they allow predictability. Behavior is generally predictable, and the *systematic study* of behavior is a way to make reasonably accurate predictions. When we use the term **systematic study**, we mean looking at relationships, attempting to attribute causes and effects, and basing our conclusions on scientific evidence—that is, on data gathered under controlled conditions and measured and interpreted in a rigorous manner.

Evidence-based management (EBM) complements systematic study by basing managerial decisions on the best available scientific evidence. For example, we want doctors to make decisions about patient care based on the latest available evidence, and EBM argues that managers should do the same, thinking more scientifically about management problems. A manager might pose a question, search for the best available evidence, and apply the relevant information to the question or case at hand. You might wonder what manager would not base decisions on

intuition An instinctive feeling not necessarily supported by research.

evidence, but the vast majority of management decisions are still made “on the fly,” with little to no systematic study of available evidence.¹⁹

Systematic study and EBM add to **intuition**, or those “gut feelings” about what makes others (and ourselves) “tick.” Of course, the things you have come to believe in an unsystematic way are not necessarily incorrect. Jack Welch (former CEO of General Electric) noted, “The trick, of course, is to know when to go with your gut.” But if we make *all* decisions with intuition or gut instinct, we’re likely working with incomplete information—like making an investment decision with only half the data about the potential for risk and reward.

Relying on intuition is made worse because we tend to overestimate the accuracy of what we think we know. Surveys of human resources managers have also shown that many managers hold so-called commonsense opinions regarding effective management that have been flatly refuted by empirical evidence.

We find a similar problem in chasing the business and popular media for management wisdom. The business press tends to be dominated by fads. As a writer for *The New Yorker* put it, “Every few years, new companies succeed, and they are scrutinized for the underlying truths they might reveal. But often there is no underlying truth; the companies just happened to be in the right place at the right time.”²⁰ Although we try to avoid it, we might also fall into this trap. It’s not that the business press stories are all wrong; it’s that without a systematic approach, it’s hard to separate the wheat from the chaff.

Big Data

Data has been used to evaluate behavior since at least 1749, when the word *statistic* was coined to mean a “description of the state.”²¹ Statistics back then were used for purposes of governance, but since the data collection methods were clumsy and simplistic, so were the conclusions. Big data—the extensive use of statistical compilation and analysis—didn’t become possible until computers were sophisticated enough to store and manipulate large amounts of information. Let’s look at the roots of the application of big data for business, which originated in the marketing department of online retailers.

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. Gradually, though, online retailers began to track and act on information about customer preferences that was uniquely available through the Internet shopping experience, information that was far superior to data gathered in simple store transactions. This enabled them to create more targeted marketing strategies than ever before. The bookselling industry is a case in point: Before online selling, brick-and-mortar bookstores could collect data about book sales only to create projections about consumer interests and trends. With the advent of Amazon, suddenly a vast array of information about consumer preferences—what customers bought, what they looked at, how they navigated the site, and what they were influenced by (such as promotions, reviews, and page presentation)—became available for tracking. The challenge for Amazon then was to identify which statistics were *persistent*, giving relatively constant outcomes over time, and which were *predictive*, showing steady causality between certain inputs and outcomes. The company used these statistics to develop algorithms to forecast which books customers would like to read next. Amazon could then base its wholesale purchase decisions on the feedback customers provided, both through these passive collection methods and through solicited recommendations for upcoming titles.

Current Usage No matter how many terabytes of data firms can collect or from how many sources, the reasons for data analytics include *predicting* any event,

Myth or Science?

Management by Walking Around Is the Most Effective Management

This is mostly a myth, 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. Years of research indicate that effective management practices are not built around MBWA. 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 increased employee engagement to deeper management understanding of company issues. A recent three-year study also suggested that a modified form of MBWA may significantly improve safety in organizations because employees become more mindful of following regulatory procedures when supervisors observe and monitor them frequently.

While MBWA sounds helpful, its limitations suggest that modern practices focused on building trust and relationships are more effective for

management. Limitations include available hours, focus, and application.

1. **Available hours.** Managers are charged with planning, organizing, coordinating, and controlling; yet even CEOs—the managers who should be the most in control of their time—report spending 53 percent of their average 55-hour workweek in time-wasting meetings.
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, “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.
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 5, knowing something (or thinking we

know it) should not always lead us to act on *only* that information because our internal decision making is subjective. We need objective data to make the most effective management decisions.

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 that one caveat: Managers should know their employees well. As Rick Russell, CEO of Greer Laboratories, says, “Fostering close ties with your lieutenants is the stuff that gets results. You have to rally the troops. You can't do it from a memo.” Management should therefore not substitute walking around for true management.

Sources: Based on G. Luria and I. Morag, “Safety Management by Walking Around (SMBWA): A Safety Intervention Program Based on Both Peer and Manager Participation,” *Accident Analysis and Prevention* (March 2012): 248–57; J. S. Lublin, “Managers Need to Make Time for Face Time,” *The Wall Street Journal*, March 17, 2015, <http://www.wsj.com/articles/managers-need-to-make-time-for-face-time-1426624214>; and R. E. Silverman, “Where's the Boss? Trapped in a Meeting,” *The Wall Street Journal*, February 14, 2012, B1, B9.



from a book purchase to a spacesuit malfunction; detecting how much *risk* is incurred at any time, from the risk of a fire to that of a loan default; and *preventing* catastrophes large and small, from a plane crash to an overstock of product.²² With big data, U.S. defense contractor BAE Systems protects itself from cyberattacks; San Francisco's Bank of the West uses customer data to create tiered pricing systems; and London's Graze.com analyzes customers' preferences to select snack samples to send with their orders.²³

Naturally, big data has been used by technology companies like Google and Facebook, who rely on advertising dollars for revenue and thus need to predict user behavior. Companies like Netflix and Uber similarly use big data to predict where and when customers may want to use their services, although their revenue comes from subscribers to their services. Insurance firms predict behavior to assess risks, such as the chance of traffic accidents, in order to set customer premiums.

Even museums like the Solomon R. Guggenheim Museum in New York, the Dallas Museum of Art, and the Minneapolis Institute of Arts analyze data from transmitters, kiosks, and surveys to cater to their paying guests.²⁴

Online retailers like eBay and Amazon that market tangible products through online platforms also rely on big data to predict what will sell. For organizations like Nielson Holdings, which tracks television and radio watching, the results of data analyses *are* the product they sell. Still other organizations collect big data but do not use it directly. These are often organizations whose primary business is not online. Kroger, a U.S. grocery store chain, collects electronic information from 55 million customers who have loyalty cards and sells the data to vendors who stock Kroger's shelves.²⁵ Sometimes technology companies simply sell their data; Twitter sells 500 million tweets a day to four data assimilation companies.²⁶

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. In fact, research on 10,000 workers in China, Germany, India, the United Kingdom, and the United States indicated that employees expect the next transformation in the way people work will rely more on technological advancements than on any other factor, such as demographic changes.²⁷ Organizations are also beginning to focus more on fast data, emphasizing a consistent influx of actionable data that can be used to guide business decisions in real time.²⁸



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. A manager who uses data to define objectives, develop theories of causality, and test those theories can determine which employee activities are relevant to the objectives.²⁹ Big data has implications for correcting management assumptions and increasing positive performance outcomes. It is applied increasingly toward making effective decisions (Chapter 5) and managing human resources (HR; Chapter 16). It is quite possible that the best use of big data in managing people will come from organizational behavior and psychology research, where it might even help employees with mental illnesses monitor and change their behavior.³⁰

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. For instance, an experiment in Brooklyn, New York, has been designed to improve the quality of life for residents, but the researchers will collect intensive data from infrared cameras, sensors, and smartphone Wi-Fi signals.³¹ Through similar methods of surveillance monitoring, a bank call center and a pharmaceutical company found that employees were more productive with more social interaction, so they changed their break-time policies so more people took breaks together. They then saw sales increase and turnover decrease. Bread Winners Café in Dallas, Texas, constantly monitors all employees in the restaurant through surveillance and uses the data to promote or discipline its servers.³²

These big data tactics and others might yield results—and research indicates that, in fact, electronic performance monitoring does increase task performance and citizenship behavior (helping behaviors toward others), at least in the short term.³³ But critics point out that after Frederick Taylor introduced surveillance analytics in 1911 to increase productivity through monitoring and feedback controls, his management control techniques were surpassed by Alfred Sloan's greater success with management outcomes, achieved by providing meaningful work to employees.³⁴ This brings up a larger concern: 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. As Alderman Bob Fioretti said about the 65 sensors installed on Chicago's streets, "This type of invasion is a very slippery slope."³⁵

We must keep in mind that big data will always be limited in predicting behavior, curtailing risk, and preventing catastrophes. 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! But that will never be a worthy goal.³⁶ Management is more than the sum of data.

Therefore, we are not advising you to throw intuition out the window. In dealing with people, leaders often rely on hunches, and sometimes the outcomes are excellent. At other times, human tendencies get in the way. Alex Pentland, a celebrated MIT data scientist, proposes a new science termed *social physics*, which is based on improving the way ideas and behaviors travel. Studies on social physics would lead to subtler forms of data collection and analysis than some of the more intrusive surveillance methods mentioned previously, while still informing managers on how to help employees focus their energies.³⁷ The prudent use of big data, along with an understanding of human behavioral tendencies, can contribute to sound decision making and ease natural biases. What we are advising is to use evidence as much as possible to inform your intuition and experience. That is the promise of OB.

Disciplines That Contribute to OB

1-4 Identify the major behavioral science disciplines that contribute to OB.

OB is an applied behavioral science built on contributions from a number of behavioral disciplines, mainly psychology and social psychology, sociology, and anthropology. Psychology's contributions have been principally at the individual or micro level of analysis, while the other disciplines have contributed to our understanding of macro concepts such as group processes and organization. Exhibit 1-3 is an overview of the major contributions to the study of organizational behavior.

Psychology

psychology The science that seeks to measure, explain, and sometimes change the behavior of humans and other animals.

Psychology seeks to measure, explain, and sometimes change the behavior of humans and other animals. Contributors to the knowledge of OB are learning theorists; personality theorists; counseling psychologists; and, most important, industrial and organizational psychologists.

Early industrial/organizational psychologists studied the problems of fatigue, boredom, and other working conditions that could impede efficient work performance. More recently, their contributions have expanded to include learning, perception, personality, emotions, training, leadership effectiveness, needs and motivational forces, job satisfaction, decision-making processes, performance appraisal, attitude measurement, employee-selection techniques, work design, and job stress.

Social Psychology

social psychology An area of psychology that blends concepts from psychology and sociology to focus on the influence of people on one another.

Social psychology, generally considered a branch of psychology, blends concepts from both psychology and sociology to focus on people's influence on one another. One major study area is *change*—how to implement it and how to reduce barriers to its acceptance. Social psychologists also contribute to measuring, understanding, and changing attitudes; identifying communication patterns; and building trust. They have made important contributions to our study of group behavior, power, and conflict.

Sociology

sociology The study of people in relation to their social environment or culture.

While psychology focuses on the individual, **sociology** studies people in relation to their social environment or culture. Sociologists have contributed to OB through their study of group behaviors in organizations, particularly formal and complex organizations. Perhaps most important, sociologists have studied organizational

culture, formal organization theory and structure, organizational technology, communications, power, and conflict.

Anthropology

anthropology The study of societies to learn about human beings and their activities.

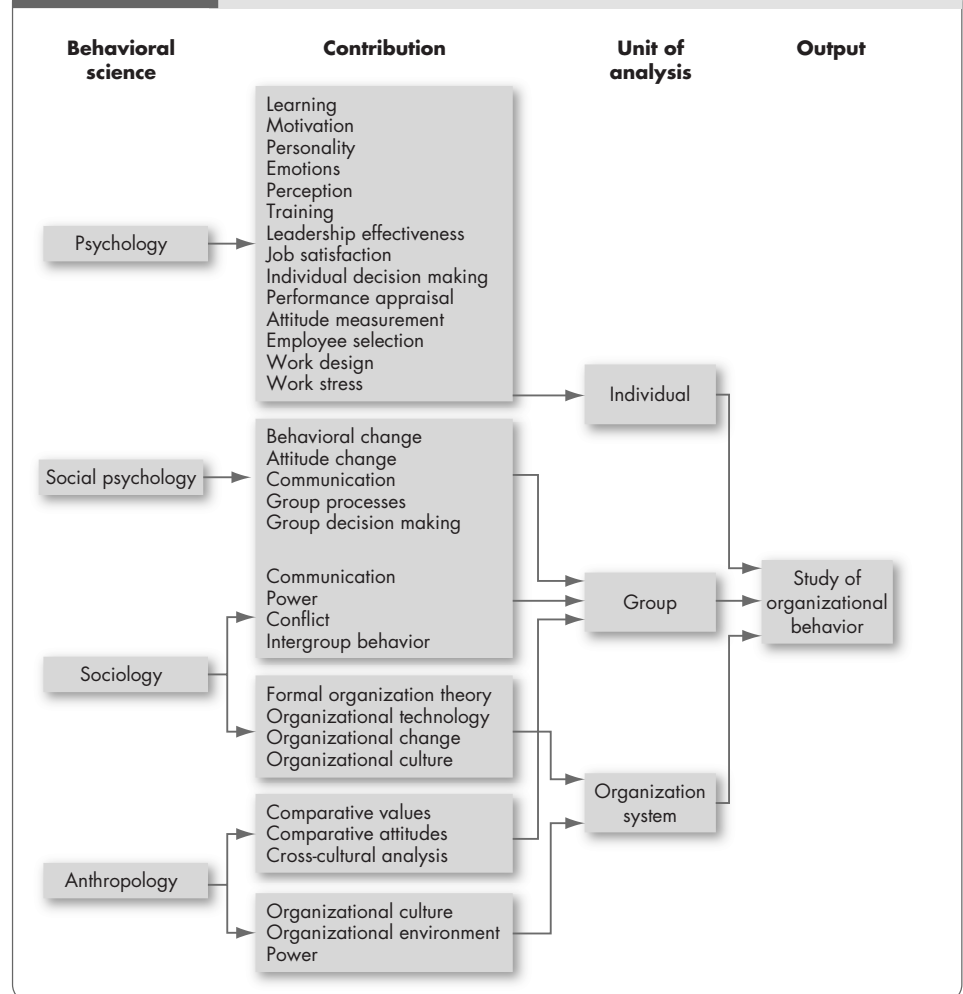
Anthropology is the study of societies to learn about human beings and their activities. Anthropologists' work on cultures and environments has helped us understand differences in fundamental values, attitudes, and behavior among people in different countries and within different organizations. Much of our current understanding of organizational culture, organizational climate, and differences among national cultures is a result of the work of anthropologists or those using their methods.

There Are Few Absolutes in OB

1-5 Demonstrate why few absolutes apply to OB.

Laws in the physical sciences—chemistry, astronomy, physics—are consistent and apply in a wide range of situations. They allow scientists to generalize about the pull of gravity or to be confident about sending astronauts into space to repair satellites. Human beings are complex, and few, if any, simple and universal principles explain

Exhibit 1-3 Toward an OB Discipline



contingency variables Situational factors or variables that moderate the relationship between two or more variables.

organizational behavior. Because we are not alike, our ability to make simple, accurate, and sweeping generalizations about ourselves is limited. Two people often act very differently in the same situation, and the same person's behavior changes in different situations. For example, not everyone is motivated by money, and people may behave differently at a religious service than they do at a party.

That doesn't mean, of course, that we can't offer reasonably accurate explanations of human behavior or make valid predictions. It does mean that OB concepts must reflect situational, or contingency, conditions. We can say x leads to y , but only under conditions specified in z —the **contingency variables**. The science of OB was developed by applying general concepts to a particular situation, person, or group. For example, OB scholars would avoid stating that everyone likes complex and challenging work (a general concept). Why? Because not everyone wants a challenging job. Some people prefer routine over varied work or simple over complex tasks. A job attractive to one person may not be to another; its appeal is contingent on the person who holds it. Often, we'll find both general effects (money does have some ability to motivate most of us) and contingencies (some of us are more motivated by money than others, and some situations are more about money than others). We'll best understand OB when we realize how both (general effects, and the contingencies that affect them) often guide behavior.

Challenges and Opportunities

1-6 Identify managers' challenges and opportunities in applying OB concepts.

Understanding organizational behavior has never been more important for managers. Take a quick look at the dramatic changes in organizations. The typical employee is getting older, the workforce is becoming increasingly diverse, and global competition requires employees to become more flexible and cope with rapid change.

As a result of these changes and others, employment options have adapted to include new opportunities for workers. 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. Under each heading in the exhibit, you will find a grouping of options from which to choose—or combine. For instance, at one point in your career, you may find yourself employed full-time in an office in a localized, nonunion setting with a salary and bonus compensation package, while at another point you may wish to negotiate for a flextime, virtual position and choose to work from overseas for a combination of salary and extra paid time off.

In short, today's challenges bring opportunities for managers to use OB concepts. In this section, we review some of the most critical issues confronting managers for which OB offers solutions—or at least meaningful insights toward solutions.

Economic Pressures

When the U.S. economy plunged into a deep and prolonged recession in 2008, virtually all other large economies around the world followed suit. Layoffs and job losses were widespread, and those who survived the ax were often asked to accept pay cuts. When times are bad, as they were during the recession, managers are on the frontlines with employees who are asked to make do with less, who worry about their futures, and who sometimes must be fired. The difference between good and bad management can be the difference between profit and loss or ultimately between business survival and failure.

Managing employees well when times are tough is just as hard as when times are good, if not harder. 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.

Continuing Globalization



Organizations are no longer constrained by national borders. Samsung, the largest South Korean business conglomerate, sells most of its products to organizations in other countries, Burger King is owned by a Brazilian firm, and McDonald's sells hamburgers in more than 118 countries on six continents. Even what is arguably the U.S. company with the strongest U.S. identity—Apple—employs twice as many workers outside the United States as it does inside the country. And all major automobile makers now manufacture cars outside their borders; Honda builds cars in Ohio, Ford in Brazil, Volkswagen in Mexico, and both Mercedes and BMW in the United States and South Africa.

The world has become a global village. In the process, the manager's job has changed. Effective managers anticipate and adapt their approaches to the global issues we discuss next.

Increased Foreign Assignments You are increasingly likely to find yourself in a foreign assignment—transferred to your employer's operating division or subsidiary in another country. Once there, you'll have to manage a workforce with very different needs, aspirations, and attitudes than those you are used to back home. To be effective, you will need to understand everything you can about your new location's culture and workforce—and demonstrate your cultural sensitivity—before introducing alternate practices.

Working with People from Different Cultures Even in your own country, you'll find yourself working with bosses, peers, and other employees born and raised in different cultures. What motivates you may not motivate them. Or your communication style may be straightforward and open, which others may find

Exhibit 1-4 Employment Options

Categories of Employment	Types of Employment	Places of Employment	Conditions of Employment	Compensation for Employment
Employed	Full-time	Anchored (office/cubicle)	Local	Salary
Underemployed/underutilized	Part-time	Floating (shared space)	Expatriate	Hourly
Re-employed	Flextime	Virtual	Short-term assignee	Overtime
Unemployed/jobless	Job share	Flexible	Flexpatriate	Bonus
Entrepreneur	Contingent	Work from home	International business traveler	Contract
Retired	Independent contractor		Visa employee	Time off
Job seeking	Temporary		Union/nonunion employee	Benefits
Furloughed	Reduced hours			
Laid off	Intern			

Sources: Based on J. R. Anderson, E. Binney, N. M. Davis, G. Kraft, S. Miller, T. Minton-Eversole, . . . and A. Wright, "Action Items: 42 Trends Affecting Benefits, Compensation, Training, Staffing and Technology," *HR Magazine* (January 2013): 33; M. Dewhurst, B. Hancock, and D. Ellsworth, "Redesigning Knowledge Work," *Harvard Business Review* (January–February 2013): 58–64; E. Fraunheim, "Creating a New Contingent Culture," *Workforce Management* (August 2012): 34–39; N. Koeppen, "State Job Aid Takes Pressure off Germany," *The Wall Street Journal*, February 1, 2013, A8; and M. A. Shaffer, M. L. Kraimer, Y.-P. Chen, and M. C. Bolino, "Choices, Challenges, and Career Consequences of Global Work Experiences: A Review and Future Agenda," *Journal of Management* (July 2012): 1282–1327.

uncomfortable and threatening. To work effectively with people from different cultures, you need to understand how their culture and background have shaped them and how to adapt your management style to fit any differences.



Overseeing Movement of Jobs to Countries with Low-Cost Labor It is increasingly difficult for managers in advanced nations, where the minimum wage can be as high as \$16.88 an hour, to compete against firms that rely on workers from developing nations where labor is available for as little as \$0.03 an hour.³⁸ In a global economy, jobs tend to be created where lower costs give businesses a comparative advantage, although labor groups, politicians, and local community leaders see the exporting of jobs as undermining the job market at home. Managers face the difficult task of balancing the interests of their organizations with their responsibilities to the communities in which they operate.



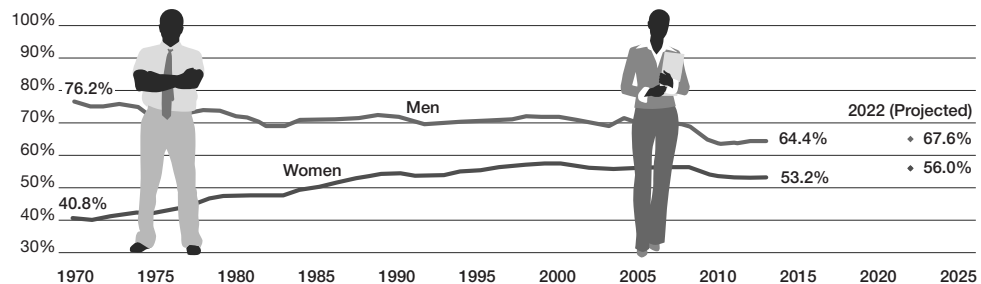
Adapting to Differing Cultural and Regulatory Norms To be effective, managers need to know the cultural norms of the workforce in each country where they do business. For instance, a large percentage of the workforce enjoys long holidays in some countries. There will be country and local regulations to consider, too. Managers of subsidiaries abroad need to be aware of the unique financial and legal regulations applying to guest companies or else risk violating them. Violations can have implications for operations in that country and also for political relations between countries. Managers also need to be cognizant of differences in regulations for competitors in that country; understanding the laws can often lead to success rather than failure. For example, knowing local banking laws allowed one multinational firm to seize control of a storied (and very valuable) London building, Grosvenor House, from under the nose of the owner, the Indian hotel group Sahara. Management at Sahara contends that the loan default that led to the seizure was a misunderstanding regarding one of their other properties in New York.³⁹ Globalization can get complicated.

Workforce Demographics

The workforce has always adapted to variations in economies, longevity and birth rates, socioeconomic conditions, and other changes that have widespread impact. People adapt to survive, and OB studies the way those adaptations affect individuals' behavior. For instance, even though the 2008 global recession ended years ago,

OB POLL

Percentage of Men and Women Working



Sources: Based on U.S. Bureau of Labor Statistics, "Women in the Labor Force: A Datebook," 2014, www.bls.gov/opub/reports/cps/women-in-the-labor-force-a-datebook-2014.pdf; and U.S. Bureau of Labor Statistics, "Economic News Release," 2013, <http://www.bls.gov/news.release/ecopro.t02.htm>.



some trends from those years are continuing: Some people who had long been unemployed left the workforce altogether,⁴⁰ while others have cobbled together several part-time jobs⁴¹ or settled for on-demand work.⁴² Additional options that have been particularly popular for younger educated workers have included obtaining specialized industry training after college,⁴³ accepting full-time jobs that are lower-level,⁴⁴ and starting their own companies.⁴⁵ 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. This understanding can help us predict organizational outcomes.

Longevity and birth rates have also changed the dynamics in organizations. Global longevity rates have increased six years in a very short time (since 1990),⁴⁶ while birth rates are decreasing for many developed countries, trends that together indicate a lasting shift toward an older workforce. OB research can help explain what this means for attitudes, organizational culture, leadership, structure, and communication. 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 (see OB Poll). We are interested in how these women fare in the workplace and how their conditions can be improved. This is just one illustration of how cultural and socioeconomic changes affect the workplace, and it is one of many. We will discuss how OB can provide understanding and insight on workforce issues throughout this text.

workforce diversity The concept that organizations are becoming more heterogeneous in terms of gender, age, race, ethnicity, sexual orientation, and other characteristics.

Workforce Diversity

One of the most important challenges for organizations is **workforce diversity**, a trend by which organizations are becoming more heterogeneous in terms of employees' gender, age, race, ethnicity, sexual orientation, and other characteristics. Managing this diversity is a global concern, diversity presents great opportunities and poses challenging questions for managers and employees. How can we leverage differences within groups for competitive advantage? Should we treat all employees alike? Should we recognize individual and cultural differences? What are the legal requirements in each country? Does increasing diversity even matter?

Customer Service

Service employees include technical support representatives, fast-food workers, salesclerks, nurses, automobile repair technicians, consultants, financial planners, and flight attendants. The shared characteristic of their jobs is substantial interaction with an organization's customers. OB can help managers increase the success of these customer interactions by showing how employee attitudes and behavior influence customer satisfaction.

Many organizations have failed because their employees failed to please customers. Management needs to create a customer-responsive culture. OB can provide considerable guidance in helping managers create such cultures—in which employees establish rapport with customers, put customers at ease, show genuine interest, and are sensitive to a customer's individual situation.⁴⁷

People Skills

As you proceed through the chapters of this text, we'll present relevant concepts and theories that can help you explain and predict the behavior of people at work. You'll also gain insights into specific people skills you can use on the job. For instance, you'll learn ways to design motivating jobs, techniques for improving your management skills, and how to create more effective teams.

Networked Organizations

Networked organizations allow people to communicate and work together even though they may be thousands of miles apart. Independent contractors can telecommute via computer and change employers as the demand for their services changes. Software programmers, graphic designers, systems analysts, technical writers, photo researchers, book and media editors, and medical transcribers are just a few examples of people who can work from home or other nonoffice locations.

The manager's job is different in a networked organization. Motivating and leading people and making collaborative decisions online require different techniques than when individuals are physically present in a single location. As more employees do their jobs by linking to others through networks, managers must develop new skills. OB can provide valuable insights to help hone those skills.

Social Media

As we will discuss in Chapter 10, social media in the business world is here to stay. Despite its pervasiveness, many organizations continue to struggle with employees' use of social media in the workplace. In February 2015, a Texas pizzeria fired an employee before she showed up for her first day of work after she tweeted unflattering comments about her future job. In December 2014, Nordstrom fired an Oregon employee who had posted a personal Facebook comment seeming to advocate violence against white police officers.⁴⁸ These examples show that social media is a difficult issue for today's managers, presenting both a challenge and an opportunity for OB. For instance, how much should HR look into a candidate's social media presence? Should a hiring manager read the candidate's Twitter feeds or do a quick perusal of her Facebook profile? We will discuss this issue later in the text.

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? One recent study found that subjects who woke up in a positive mood and then accessed Facebook frequently found their mood decreased during the day. Subjects who checked Facebook frequently over a two-week period reported a decreased level of satisfaction with their lives.⁴⁹ Managers—and the field of OB—are trying to increase employee satisfaction and therefore improve and enhance positive organizational outcomes. We will discuss these issues further in Chapters 2 and 3.

Employee Well-Being at Work

The typical employee in the 1960s and 1970s showed up at a specified workplace Monday through Friday and worked for clearly defined 8- or 9-hour chunks of time. That's no longer true for a large segment of today's workforce because the definition of the workplace has expanded to include anywhere a laptop or smartphone can go. Even if employees work flexible hours at home or from half a continent away, managers still need to consider their well-being at work.

One of the biggest challenges to maintaining employee well-being is the new reality that many workers never get away from the virtual workplace. While communication technology allows many technical and professional employees to do their work at home or on the beach in Tahiti, it also means that many feel like they're not part of a team. "The sense of belonging is very challenging for virtual workers, who seem to be all alone out in cyber-land," said Ellen Raineri of Kaplan University.⁵⁰ Another challenge is that organizations are asking employees to put in longer hours. According to one

study, one in four employees shows signs of burnout, and two in three report high stress levels and fatigue.⁵¹ This may actually be an underestimate because workers report maintaining “always on” access for their managers through e-mail and texting. Employee well-being is challenged by heavy outside commitments. Millions of single-parent employees and employees with dependent parents face significant challenges in balancing work and family responsibilities, for instance.

As a result of their increased responsibilities in and out of the workplace, employees want jobs that give them flexibility in their work schedules so they can better manage work–life conflicts.⁵² In fact, 56 percent of men and women in a recent study reported that work–life balance, more than money, recognition, and autonomy, was their definition of career success.⁵³ Most college and university students say attaining balance between personal life and work is a primary career goal; they want a life as well as a job. Organizations that don’t help their employees achieve work–life balance will find it increasingly difficult to attract and retain the most capable and motivated individuals.

As you’ll see in later chapters, the field of OB offers a number of suggestions to guide managers in designing workplaces and jobs that can help employees deal with work–life conflicts.

Positive Work Environment

positive organizational scholarship An area of OB research that studies how organizations develop human strengths, foster vitality and resilience, and unlock potential.

A real growth area in OB research is **positive organizational scholarship** (also called positive organizational behavior), which studies how organizations develop human strengths, foster vitality and resilience, and unlock potential. Researchers in this area say too much of OB research and management practice has been targeted toward identifying what’s wrong with organizations and their employees. In response, they try to study what’s *good* about them.⁵⁴ Some key topics in positive OB research are engagement, hope, optimism, and resilience in the face of strain. Researchers hope to help practitioners create positive work environments for employees.

Positive organizational scholars have studied a concept called reflected best-self by asking employees to think about when they were at their personal best in order to understand how to exploit their strengths. The idea is that we all have things at which we are unusually good, yet we focus too often on addressing our limitations and rarely think about how to exploit our strengths.⁵⁵

Although positive organizational scholarship does not deny the value of the negative (such as critical feedback), it does challenge researchers to look at OB through a new lens and pushes organizations to exploit employees’ strengths rather than dwell on their limitations. One aspect of a positive work environment is the organization’s culture, the topic of Chapter 15. Organizational culture influences employee behavior so strongly that organizations have begun to employ a culture officer to shape and preserve the company’s personality.⁵⁶

Ethical Behavior

ethical dilemmas and ethical choices Situations in which individuals are required to define right and wrong conduct.

In an organizational world characterized by cutbacks, expectations of increasing productivity, and tough competition, it’s not surprising many employees feel pressured to cut corners, break rules, and engage in other questionable practices. They increasingly face **ethical dilemmas and ethical choices**, in which they are required to identify right and wrong conduct. Should they blow the whistle if they uncover illegal activities in their company? Do they follow orders with which they don’t personally agree? Do they play politics to advance their careers?

What constitutes good ethical behavior has never been clearly defined and, in recent years, the line differentiating right from wrong has blurred. We see people all around us engaging in unethical practices: Elected officials pad expense accounts or take bribes; corporate executives inflate profits to cash in lucrative stock options; and university administrators look the other way when winning coaches encourage



scholarship athletes to take easy courses or even, in the case of the University of North Carolina–Chapel Hill, sham courses with fake grades.⁵⁷ When caught, people give excuses such as “everyone does it” or “you have to seize every advantage.”

Determining the ethically correct way to behave is especially difficult for both managers and employees in a global economy because different cultures have different perspectives on certain ethical issues.⁵⁸ The definition of fair treatment of

An Ethical Choice

Vacation: All I Ever Wanted

Do you work to live, or live to work? Those of us who think it's a choice might be wrong. Almost one-third of 1,000 respondents in a study by Kelton Research cited workload as a reason for not using allotted vacation days. 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. “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.”

Many people feel pressure, spoken or unspoken, to work through their vacation days. Employers expect workers to do more with less, putting pressure on workers to use all available resources—chiefly their time—to meet manager expectations. In today's economy, there is always a ready line of replacement workers, and many employees will do everything possible to stay in their manager's good graces.

The issue of vacation time is an ethical choice for the employer *and* for the employee. Many organizations have “use it or lose it” policies whereby employees forfeit the paid time off they have accrued for the year if they haven't used it. When employees forfeit vacation, the risk of burnout increases. Skipping 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). Even though these are negative consequences for your employer as well as for you personally, the employee must often take charge of the situation. Here are some ways you can maintain your well-being and productivity:

1. **Recognize your feelings.** We solve few problems without first recognizing them. According to a recent study by ComPsych involving 2,000 employees, two in three identified high levels of stress, out-of-control feelings, and extreme fatigue.
2. **Identify your tendency for burnout.** Research on 2,089 employees found that burnout is especially acute for newcomers and job changers. Burnout symptoms should level off after 2 years, but 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, discussing your stress factors in an appropriate manner can help you reduce job overload.
4. **Build in high physical activity.** Research found an increase in job burnout (and depression) was highest for employees who did not engage in regular physical activity, while it was almost negligible for employees who did engage in regular physical activity.

5. **Take brief breaks throughout your day.** For office employees, the current suggestion from experts is to spend at least 1 to 2 minutes of every hour standing up to combat the effects of all-day sitting. Donohoe also suggests snack breaks, walks, or short naps to recharge.
6. **Take your vacation!** Studies suggest that recovery from stress can happen only if employees are (1) physically away from work and (2) not occupied by work-related duties. That means telling your manager that you will log off your e-mail accounts and shut off your phone for the duration of the vacation.

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

Sources: Based on 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): 637–50; E. J. Hirst, “Burnout on the Rise,” *Chicago Tribune*, October 29, 2012, 3-1, 3-4; B. M. Rubin, “Rough Economy Means No Vacation,” *Chicago Tribune*, September 3, 2012, 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): 699–710.

employees in an economic downturn varies considerably across cultures, for instance. Perceptions of religious, ethnic, and gender diversity also differ across countries.

Today's manager must create an ethically healthy climate for employees in which they can do their work productively with minimal ambiguity about right and wrong behaviors. Companies that promote a strong ethical mission, encourage employees to behave with integrity, and provide strong leadership can influence employees to behave ethically.⁵⁹ Classroom training sessions in ethics have also proven helpful in maintaining a higher level of awareness of the implications of employee choices as long as the training sessions are given on an ongoing basis.⁶⁰ In upcoming chapters, we'll discuss the actions managers can take to create an ethically healthy climate and help employees sort through ambiguous situations.

Coming Attractions: Developing an OB Model

1-7 Compare the three levels of analysis in this text's OB model.

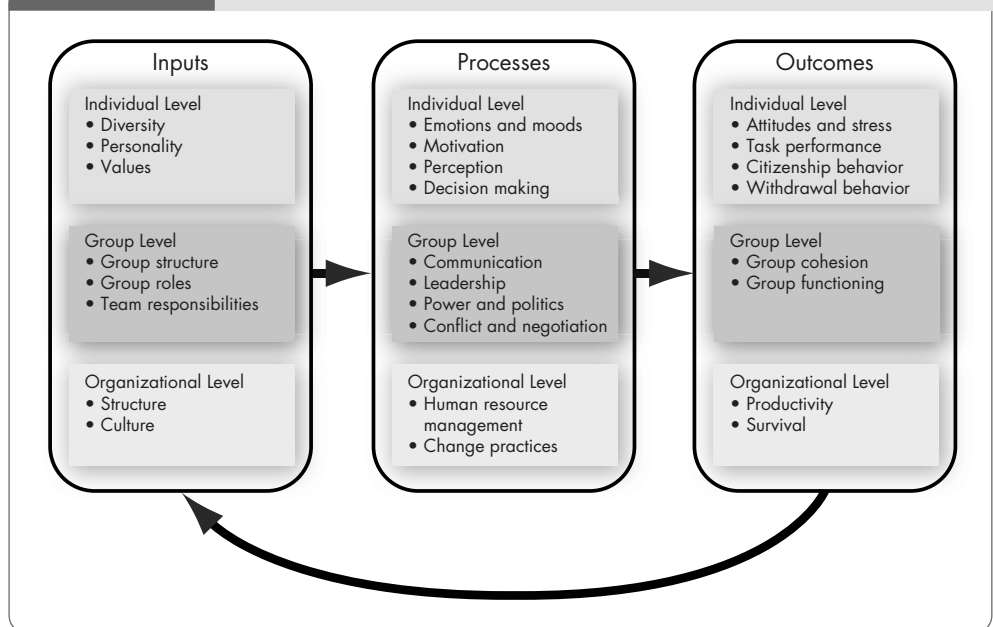
model An abstraction of reality, a simplified representation of some real-world phenomenon.

We conclude this chapter by presenting a general model that defines the field of OB and stakes out its parameters, concepts, and relationships. By studying the model, you will have a good picture of how the topics in this text can inform your approach to management issues and opportunities.

An Overview

A **model** is an abstraction of reality, a simplified representation of some real-world phenomenon. Exhibit 1-5 presents the skeleton of our OB model. It proposes three types of variables (inputs, processes, and outcomes) at three levels of analysis (individual, group, and organizational). In the chapters to follow, we will proceed from the individual level (Chapters 2 through 7), to group behavior (Chapters 8 through 13), to the organizational system (Chapters 14 through 17). The model illustrates that inputs lead to processes, which lead to outcomes; we will discuss these interrelationships at each level of analysis. Notice that the model also shows that outcomes

Exhibit 1-5 A Basic OB Model



can influence inputs in the future, which highlights the broad-reaching effect that OB initiatives can have on an organization's future.

Inputs

inputs Variables that lead to processes.

Inputs are variables like personality, group structure, and organizational culture that lead to processes. These variables set the stage for what will occur in an organization later. Many are determined in advance of the employment relationship. For example, individual diversity characteristics, personality, and values are shaped by a combination of an individual's genetic inheritance and childhood environment. Group structure, roles, and team responsibilities are typically assigned immediately before or after a group is formed. 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.

Processes

processes Actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes.

If inputs are like the nouns in OB, processes are like the verbs. **Processes** are actions that individuals, groups, and organizations engage in as a result of inputs and that lead to certain outcomes. At the individual level, processes include emotions and moods, motivation, perception, and decision making. At the group level, they include communication, leadership, power and politics, and conflict and negotiation. At the organizational level, processes include human resources management and change practices.

Outcomes

outcomes Key factors that are affected by other variables.

Outcomes are the key variables that you want to explain or predict and that are affected by other variables. What are the primary outcomes in OB? Scholars have emphasized individual-level outcomes, such as attitudes and stress, task performance, citizenship behavior, and withdrawal behavior. At the group level, cohesion and functioning are the dependent variables. At the organizational level, we look at overall productivity and survival. Because these outcomes will be covered in all the chapters, we'll briefly discuss each here so you can understand the goal of OB.

Attitudes and Stress Employee attitudes are the evaluations that employees make, ranging from positive to negative, about objects, people, or events. 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. **Stress** is a psychological process that occurs in response to environmental pressures.

Some people might think influencing employee attitudes and stress is purely soft stuff and not the business of serious managers, but as we will show, attitudes often have behavioral consequences that relate directly to organizational effectiveness. 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. 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.

Task Performance The combination of effectiveness and efficiency at doing your core job tasks is a reflection of your level of **task performance**. 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. The task performance of a teacher would be the level of education that students obtain. The task performance of consultants might be the timeliness and quality of the presentations they offer to the client. 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.

stress A psychological process that occurs in response to environmental pressures.

task performance The combination of effectiveness and efficiency at doing core job tasks.

organizational citizenship behavior (OCB) Discretionary behavior that contributes to the psychological and social environment of the workplace.

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.

Organizational Citizenship Behavior (OCB) 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 (OCB)**, or simply citizenship behavior. Successful organizations have employees who do more than their usual job duties—who provide performance *beyond* expectations. In today's dynamic workplace, where tasks are increasingly performed by teams and where 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.

Organizations want and need employees who will do things that aren't in any job description. Evidence indicates organizations that have such employees outperform those that don't. As a result, OB is concerned with citizenship behavior as an outcome variable.

withdrawal behavior The set of actions employees take to separate themselves from the organization.

Withdrawal Behavior We've already mentioned behavior that goes above and beyond task requirements, but what about behavior that in some way is below task requirements? **Withdrawal behavior** is the set of actions that employees take to separate themselves from the organization. There are many forms of withdrawal, ranging from showing up late or failing to attend meetings to absenteeism and turnover.

Employee withdrawal can have a very negative effect on an organization. The cost of employee turnover alone has been estimated to run into the thousands of dollars, even for entry-level positions. Absenteeism also costs organizations significant amounts of money and time every year. For instance, a recent survey found the average direct cost to U.S. employers of unscheduled absences is 8.7 percent of payroll.⁶¹ And in Sweden, an average of 10 percent of the country's workforce is on sick leave at any given time.⁶²



It's obviously difficult for an organization to operate smoothly and attain its objectives if employees fail to report to their jobs. The workflow 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. Levels of absenteeism beyond the normal range have a direct impact on any organization's effectiveness and efficiency. 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. Research indicates that, in general, turnover is significantly harmful for organizational performance.⁶³

All organizations have some turnover, of course. Turnover rates vary greatly by country and in part reflect the economy of that country. The U.S. national turnover rate in 2014 averaged about 40 percent; often the average is around 3 percent per month.⁶⁴ Is this good or bad? To answer that question, we need to know why there is turnover. Turnover includes voluntary terminations by the employee (quitting); involuntary terminations by the employer without cause (layoffs and discharges); and other separations, including involuntary terminations with cause (firing). The yearly average for quitting in 2014 was about 20 percent, layoffs and discharges averaged about 14 percent, and other separations averaged about 4 percent for the year. Therefore, about half the turnover was due to employees quitting their jobs; about 35 percent was due to layoffs and discharges; and the remainder was for other reasons, including firings.

Career Objectives

What do I say about my termination?

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 from age 18 to 44 have changed jobs an average of 11 times over their early careers. 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 Knebl, a communications manager for the job placement company WorkOne, use your résumé 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 résumé 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 Rihanna.

Best wishes for your success!

Sources: Based on Bureau of Labor Statistics, United States Department of Labor, Employment Projections, 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-41f3-8882-44c33d_0e2952/2014_Talent_Shortage_WP_US2.pdf?MOD=AJPERES; 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-resource-nightmare/>; and N. Schulz, "Hard Unemployment Truths about 'Soft' Skills," *The Wall Street Journal*, September 19, 2012, A15.

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While high turnover often impairs an organization's ability to achieve its goals, quitting is not all bad. In fact, U.S. Federal Reserve Chairwoman Janet Yellen has discussed the positive aspect of turnover for the economy: People quit because they are optimistic about their outside prospects.⁶⁵ If the "right" people are leaving—the poorer performers—quits can actually be positive for an organization. They can create opportunities to replace underperforming individuals with others who have higher skills or motivation, open up increased opportunities for promotions, and bring new and fresh ideas to the organization. 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. While it is reasonable to conclude that high turnover often indicates high employee withdrawal (and thus has a negative effect on organizational performance), zero turnover is not necessarily the goal. It's also important for organizations to assess which employees are leaving, and why.

group cohesion The extent to which members of a group support and validate one another while at work.

group functioning The quantity and quality of a group's work output.

productivity The combination of the effectiveness and efficiency of an organization.

effectiveness The degree to which an organization meets the needs of its clientele or customers.

efficiency The degree to which an organization can achieve its ends at a low cost.



organizational survival The degree to which an organization is able to exist and grow over the long term.

So why do employees withdraw from work through counterproductive behaviors or quitting? As we will show later in the text, reasons include negative job attitudes, emotions, moods, and negative interactions with coworkers and supervisors.

Group Cohesion Although many outcomes in our model can be conceptualized as individual-level phenomena, some relate to the way groups operate. **Group cohesion** is the extent to which members of a group support and validate one another at work. In other words, a cohesive group is one that sticks together. 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.

There is ample evidence showing that cohesive groups are more effective.⁶⁶ These results are found both for groups studied in highly controlled laboratory settings and for work teams observed in field settings. This fits with our intuitive sense that people tend to work harder in groups that have a common purpose. 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. Throughout the text, we assess whether these specific efforts are likely to result in increases in group cohesiveness. 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.

Group Functioning 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. **Group functioning** refers to the quantity and quality of a group's work output. Similar to how the performance of a sports team is more than the sum of individual players' performance, group functioning in work organizations is more than the sum of individual task performances.

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

Productivity The highest level of analysis in OB is the organization as a whole. An organization is productive if it achieves its goals by transforming inputs into outputs at the lowest cost. Thus, **productivity** requires both **effectiveness** and **efficiency**.

A hospital is *effective* when it meets the needs of its clientele successfully. It is *efficient* when it can do so at a low cost. If a hospital manages to achieve higher output from its present staff by reducing the average number of days a patient is confined to a bed or increasing the number of staff-patient contacts per day, we say the hospital has gained productive efficiency. A business firm is effective when it attains its sales or market share goals, but its productivity also depends on achieving those goals efficiently. Popular measures of organizational efficiency include return on investment, profit per dollar of sales, and output per hour of labor.

Service organizations must include customer needs and requirements in assessing their effectiveness. Why? Because a clear chain of cause and effect runs from employee attitudes and behavior to customer attitudes and profitability. For example, a recent study of six hotels in China indicated that negative employee attitudes decreased customer satisfaction and ultimately harmed the organization's profitability.⁶⁷

Survival 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. The survival of an organization depends not just on how productive the organi-

zation is but also on how well it fits with its environment. A company that is very productive in making goods and services of little value to the market is unlikely to survive for long, so survival also relies on perceiving the market successfully, making good decisions about how and when to pursue opportunities, and successfully managing change to adapt to new business conditions.

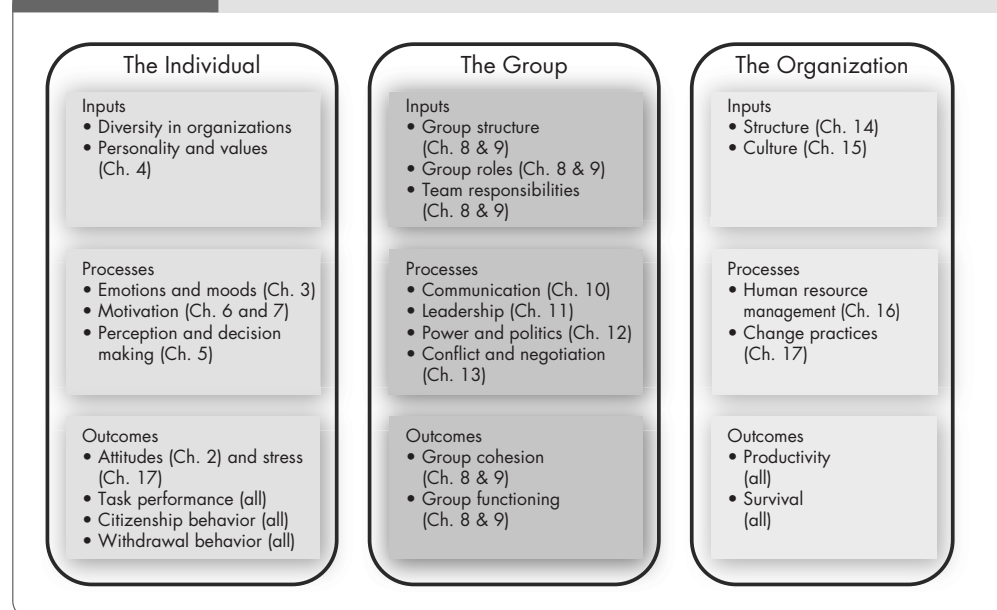
Having reviewed the input, process, and outcome model, we're going to change the figure up a little bit by grouping topics together based on whether we study them at the individual, group, or organizational level. As you can see in Exhibit 1-6, we deal with inputs, processes, and outcomes at all three levels of analysis, but we group the chapters as shown here to correspond with the typical ways research has been done in these areas. For example, 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. Each level builds on the one that precedes it, so after going through them in sequence, you will have a good idea of how the human side of organizations functions.

Employability Skills

1-8 Describe the key employability skills gained from studying OB that are applicable to other majors or future careers.

Challenges relevant to OB can be found in just about every function of business, from finance and accounting to management and marketing. Without a doubt, at some point in your career, you will come across an issue that hinges to a large degree on the behavior of people in organizations. A review of the great challenges that most businesses face reveals that OB is an essential piece of the puzzle in solving many problems that involve managing integrity/social responsibility, resource management, competition among businesses, bolstering customer and employee loyalty, reducing uncertainty, complying with government regulation, managing risks, and finding the right staff—all while growing revenue and increasing profit.⁶⁸ But OB is not relevant to business majors only; it is important for all students, no matter what their majors are. At first glance, for example, it might not seem as if a university student with a microbiology degree would have any need to take an OB class. But what happens after that student graduates? Wouldn't knowledge of

Exhibit 1-6 The Plan of the Text



OB principles and concepts help him or her apply to and be successful at a job as a biology technician with Battelle? What about a graduate with a nursing degree working at the Mayo Clinic? A computer science graduate who is about to begin work with Cisco? OB principles matter for students of all majors and can help increase employability as well as interpersonal skills in the workplace. These skills can even help you to become successful in your classes as you interact with other students and your professors! Clearly, the knowledge of OB concepts such as stress management, change, attitudes, emotions, and motivation, among others, can help you navigate your interactions with your classmates as you continue to learn.

People, along with their behaviors, differences, attitudes, emotions, moods, personalities, values, intentions, thoughts, and motivations, are inextricably linked to life in the workplace. As Benjamin Schneider notes, “The people make the place.”⁶⁹ These employees interact and communicate with one another within and across work groups, departments, teams, and organizations to help accomplish the organization’s goals. Leaders within these organizations (along with the employees themselves) seek to effect change, establish an organizational culture, and set policies and procedures: processes that inevitably involve leadership, politicking, conflict, and negotiation. Given the pervasiveness of OB in organizational life, entry-level employees and working professionals would therefore benefit from having solid foundational skills in OB, such as communication, collaboration, critical thinking, problem solving, social responsibility, and knowledge application and analysis. In this section, we explore the career employability skills that a course in OB can help expand for those who select *any* major—from English, to engineering, to political science.

Employability Skills That Apply across Majors

Throughout this text, you’ll learn and practice many skills that hiring managers identify as important to success in a variety of business settings, including small and large firms, nonprofit organizations, and public service. These skills will also be useful if you plan to start your own business, for example:

- *Critical thinking* involves purposeful and goal-directed thinking used to define and solve problems and to make decisions or form judgments related to a particular situation or set of circumstances. It involves cognitive, metacognitive, and dispositional components that may be applied differently in specific contexts.
- *Communication* is defined as effective use of oral, written, and nonverbal communication skills for multiple purposes (e.g., to inform, instruct, motivate, persuade, and share ideas); effective listening; using technology to communicate; and being able to evaluate the effectiveness of communication efforts—all within diverse contexts.
- *Collaboration* is a skill in which individuals can actively work together on a task, constructing meaning and knowledge as a group through dialogue and negotiation that results in a final product reflective of their joint, interdependent actions.
- *Knowledge application and analysis* is defined as the ability to learn a concept and then apply that knowledge appropriately in another setting to achieve a higher level of understanding.
- *Social responsibility* includes skills related to both business ethics and corporate social responsibility. Business ethics includes sets of guiding principles that influence the way individuals and organizations behave within the society that they operate. Corporate social responsibility is a form of ethical behavior that requires that organizations understand, identify, and eliminate unethical economic, environmental, and social behaviors.

Each of the chapters in the text start with what we refer to as the employability skills matrix (ESM). As you can see on the next page, this matrix links the five

Employability Skills Matrix (ESM)

	Myth or Science?	Career Objectives	An Ethical Choice	Point/Counterpoint	Experiential Exercise	Ethical Dilemma	Case Incident 1	Case Incident 2
Critical Thinking				✓	✓	✓	✓	✓
Communication	✓	✓	✓		✓		✓	✓
Collaboration	✓	✓			✓	✓		✓
Knowledge Application and Analysis		✓		✓	✓	✓	✓	✓
Social Responsibility			✓		✓	✓	✓	

employability skills that were just defined with special features in each chapter, including Myth or Science?, Career Objectives, An Ethical Choice, Point/Counterpoint, Experiential Exercise, Ethical Dilemma, and Case Incident. Within these sections, you will be primed to think critically and apply your knowledge to consider special cases and concepts. You will also learn how to improve your collaboration and communication skills by learning what you might do or say in these given situations to navigate the work world positively and effectively. You will be confronted with ethical dilemmas in which you will consider the ethics of particular behaviors in the workplace. We recommend that you review and consider the ESM in advance of reading the chapter so that you have a better idea of the skills you will be developing from each section. All five of these skills are critical to success in careers that are relevant to OB and other majors alike. In the chapters to come, you will engage in a variety of activities and become exposed to several cases in which you will be developing these skills.

Summary

Managers need to develop their interpersonal, or people, skills to be effective in their jobs. 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.

Implications for Managers

- Resist the inclination to rely on generalizations; some provide valid insights into human behavior, but many are erroneous. Get to know the person, and understand the context.
- Use metrics rather than hunches to explain cause-and-effect relationships.
- Work on your interpersonal skills to increase your leadership potential.
- Improve your technical skills and conceptual skills through training and staying current with OB trends like big data and fast data.
- OB 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.

The Battle of the Texts

POINT

Walk into your nearest major bookstore and you'll see shelves of management books whose titles tell us the topics we apparently need to know about:

- *The Secret* (Blanchard & Miller, 2014)
- *Turn the Ship Around!* (Marquet, 2013)
- *The Way You Do Anything Is the Way You Do Everything* (Evans, 2014)
- *Leadership Safari* (Iannucci, 2014)
- *Business Is a Baby* (Noh, 2014)
- *Think Like a Freak* (Dubner & Levitt, 2014)
- *Spiraling Upward* (Wallbridge, 2015)
- *Refire! Don't Retire* (Blanchard & Shaevitz, 2015)
- *Top Dog* (Bronson & Merryman, 2015)

Popular books on organizational behavior often have cute titles and are fun to read, but they make the job of managing people seem like it's just a matter of having a good slogan and five easy steps. If you dig into the texts, you'll find that most are based on the author's opinions rather than substantive research. Most become popular in part because people largely agree with the opinions they are reading and enjoy the author's writing style. Often, the writers are presentation speakers or consultants whose real business is in delivering ideas to you. When the author is a veteran from the business world, it is doubtful that one person's experience translates into an effective management practice for everyone. Even when the authors are numbers-oriented, as are the *Think Like a Freak* authors Steven Levitt and Stephen Dubner, their conclusions for management are not management research based. So why do we base our own management philosophies on these books when, with a little effort, we can access knowledge produced by 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. Would you 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? Surely not. Neither should we try to apply leadership insights that aren't based on research about the type of workplaces in which we function.

COUNTERPOINT

People want to know about management—the good, the bad, and the ugly. People who have experience or high interest write about the topics that interest readers, and publishers put out the best of these texts. When books become popular, we know people are learning from them and finding good results by applying the author's management ideas. Texts like these can provide people with the secrets to management that others have worked out through experience. Isn't it better to learn about management from people in the trenches instead of the latest obscure references from academia? Many of the most important insights we gain in life aren't necessarily the product of careful empirical research studies.

Unhelpful 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 journal articles. 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 even less generalizable. For example, a few recent management and OB studies were published in 2015 with the following titles:

- "Transferring Management Practices to China: A Bourdieusian Critique of Ethnocentricity" (Siebers, Kamoche, & Li, 2015)
- "Cross-Cultural Perceptions of Clan Control in Korean Multi-national Companies: A Conceptual Investigation of Employees' Fairness Monitoring Based on Cultural Values" (Yang, 2015)
- "The Resistible Rise of Bayesian Thinking in Management: Historical Lessons from Decision Analysis" (Cabantous & Gond, 2015)
- "A Model of Rhetorical Legitimation: The Structure of Communication and Cognition Underlying Institutional Maintenance and Change" (Harmon, Green, & Goodnight, 2016)

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 are sometimes light reading, academic articles can be esoteric and even less relevant. Popular books can add to our understanding of how people work and how to manage them best. 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.

CHAPTER REVIEW

QUESTIONS FOR REVIEW

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

1-2 What is the definition of organizational behavior (OB)?

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

1-4 What are the major behavioral science disciplines that contribute to OB?

1-5 Why are there so few absolutes in OB?

1-6 What are the challenges and opportunities for managers in using OB concepts?

1-7 What are the three levels of analysis in our OB model?

EXPERIENTIAL EXERCISE Managing the OB Way

After class members have formed 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 company 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 your committee is to consider:

The company has no specific policy regarding facial hair. Tom is a pharmaceutical sales representative with a little more than a year's experience and an average (but declining) sales record. He 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 that 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 customers: 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 that 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 can serve as the basis for class discussion.

Questions

- 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 that Tom told you he thinks the beard is part of his personal religion that he is forming. Do you think this type of announcement from Tom would change how you talk to him about the issue?

ETHICAL DILEMMA There's a Drone in Your Soup

It is 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 made to address 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 latté, 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 even 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?
- 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?
- 1-13. How will your organization deal with sabotage or misuse of the drones? The value of an R2D2 drone is \$2,500.
- 1-14. Many organizations already use electronic monitoring of employees, including sifting through website visits and e-mail correspondence, often without the employees' direct knowledge. In what ways might drone monitoring be better or worse for employees than covert electronic monitoring of Web or e-mail activity?

CASE INCIDENT 1 Apple Goes Global

It wasn't long ago that products from Apple, perhaps the most recognizable name in electronics manufacturing around the world, were made entirely in the United States. This is not the case 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 given to foreign companies in Asia, Europe, and elsewhere. The loss is not temporary. As the late Steven P. Jobs, Apple's iconic cofounder, 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, some say 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—which they identify as flexibility, diligence, and industrial skills—of the labor

force available to them in China are superior to those of the U.S. labor force. Apple executives tell 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 one hundred percent American-made items to ten percent 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, 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 China in the first quarter of 2015, up 70 percent from the first quarter of 2014, perhaps in part because its manufacturing in China builds support for the brand there.

As maker 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: Based on 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; 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/; and A. Satariano, "Apple Slowdown Threatens \$30 Billion Global Supplier Web," *Bloomberg*, April 18, 2013, www.bloomberg.com/news/2013-04-18/apple-slowdown-threatens-30-billion-global-supplier-web-tech.html.

CASE INCIDENT 2 Big Data for Dummies

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: Fifty-eight percent responded that they never, rarely, or only sometimes have enough data to make key business decisions. They have witnessed the benefits of big data: Sixty-seven percent agreed that big data has helped their organization to innovate. So why did only 28 percent find that their access to useful data increased significantly 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. Information technology and business leaders agree: In a recent survey, "determining how to get value" was identified as the number one challenge of big data.

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?
- 1-16. Do you think Apple is justified in drawing the observations and conclusions expressed in this case? Why or why not? Do you think it is good or harmful to the company that its executives have voiced these opinions?
- 1-17. How could managers use increased worker flexibility and diligence to increase the competitiveness of their manufacturing sites? What would you recommend?

With strong need combating the high hurdle for usability, how should a company get started using big data? The quick answer seems to be "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?"

Questions ★

- 1-18. Let's say that 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 for your decision-making process? What data would be important to your decision?

- 1-19. What kinds of data might we want in OB applications?
- 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?

Sources: Based on 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.

ENDNOTES

