

Fourth Edition

Organizational **BEHAVIOR**



Improving Performance and Commitment in the Workplace

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ORGANIZATIONAL BEHAVIOR: IMPROVING PERFORMANCE AND COMMITMENT IN THE WORKPLACE, FOURTH EDITION

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Dedication

To Catherine, Cameron, Riley, and Connor, and also to Mom, Dad, Alan, and Shawn. The most wonderful family I could imagine, two times over.

-J.A.C.

To my parents who made me, and to Marcie, Izzy, and Eli, who made my life complete.

-J.A.L.

To Liesl and Dylan: Their support in all I do is incomparable. They are my life and I love them both. To my parents: They provide a foundation that never wavers.

-M.J.W.

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Jason A. Colquitt is the William H. Willson Distinguished Chair in the Department of Management at the University of Georgia's Terry College of Business. He received his PhD from Michigan State University's Eli Broad Graduate School of Management, and earned his BS in psychology from Indiana University. He has taught organizational behavior and human resource management at the undergraduate, masters, and executive levels and has also taught research methods at the doctoral level. He has received awards for teaching excellence at both the undergraduate and executive levels.

Jason's research interests include organizational justice, trust, team effectiveness, and personality influences on task and learning performance. He has published more than 30 articles on these and other topics in *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, and *Personnel Psychology*. He recently served as editor-in-chief for *Academy of Management Journal* and has served on a number of editorial boards, including *Academy of Management Journal*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Journal of Management*, and *International Journal of Conflict Management*. He is a recipient of the Society for Industrial and Organizational Psychology's Distinguished Early Career Contributions Award and the Cummings Scholar Award for early to mid-career achievement, sponsored by the Organizational Behavior division of the Academy of Management. He was also elected to be a representative-at-large for the Organizational Behavior division.

Jason enjoys spending time with his wife, Catherine, and three sons, Cameron, Riley, and Connor. His hobbies include playing basketball, playing the trumpet, watching movies, and rooting on (in no particular order) the Pacers, Colts, Cubs, Hoosiers, Spartans, Gators, and Bulldogs.



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Jeffery A. LePine is the PetSmart Chair in Leadership in the Department of Management at Arizona State University's W.P. Carey School of Business. He received his PhD in organizational behavior from the Eli Broad Graduate School of Management at Michigan State University. He also earned an MS in Management from Florida State University and a BS in finance from the University of Connecticut. He has taught organizational behavior, human resource management, and management of groups and teams at undergraduate and graduate levels.

Jeff's research interests include team functioning and effectiveness, individual and team adaptation, citizenship behavior, voice, engagement, and occupational stress. He has published more than 25 articles on these and other topics in *Academy of Management Journal*, *Academy of Management Review*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, and *Personnel Psychology*. He has served as associate editor of *Academy of Management Review*, and has served (or is currently serving) on the editorial boards of *Academy of Management Journal*, *Journal of Applied Psychology*, *Organizational Behavior and Human Decision Processes*, *Personnel Psychology*, *Journal of Management*, *Journal of Organizational Behavior*, and *Journal of Occupational and Organizational*

Psychology. He is a recipient of the Society for Industrial and Organizational Psychology's Distinguished Early Career Contributions Award and the Cummings Scholar Award for early to mid-career achievement, sponsored by the Organizational Behavior division of the Academy of Management. He was also elected to the Executive Committee of the Human Resource Division of the Academy of Management. Prior to earning his PhD, Jeff was an officer in the U.S. Air Force.

Jeff spends most of his free time with his wife, Marcie, daughter, Izzy, and son, Eli. He also enjoys playing guitar, hiking in the desert, and restoring his GTO.

MICHAEL J. WESSON

Michael J. Wesson is an associate professor in the Management Department at Texas A&M University's Mays Business School. He received his PhD from Michigan State University's Eli Broad Graduate School of Management. He also holds an MS in human resource management from Texas A&M University and a BBA from Baylor University. He has taught organizational behavior and human resource management-based classes at all levels but currently spends most of his time teaching Mays MBAs, EMBA's, and executive development at Texas A&M. He was awarded Texas A&M's Montague Center for Teaching Excellence Award.

Michael's research interests include organizational justice, goal-setting, organizational entry (employee recruitment, selection, and socialization), person-organization fit, and compensation and benefits. His articles have been published in journals such as *Journal of Applied Psychology*, *Personnel Psychology*, *Academy of Management Review*, and *Organizational Behavior and Human Decision Processes*. He currently serves on the editorial boards of the *Journal of Applied Psychology* and the *Journal of Organizational Behavior* and is an ad hoc reviewer for many others. He is active in the Academy of Management and the Society for Industrial and Organizational Psychology. Prior to returning to school, Michael worked as a human resources manager for a *Fortune* 500 firm. He has served as a consultant to the automotive supplier, healthcare, oil and gas, and technology industries in areas dealing with recruiting, selection, onboarding, compensation, and turnover.

Michael spends most of his time trying to keep up with his wife, Liesl, and son, Dylan. He is a self-admitted food and wine snob, home theater aficionado, and college sports addict. (Gig 'em Aggies!)



Preface

Why did we decide to write this textbook? Well, for starters, organizational behavior (OB) remains a fascinating topic that everyone can relate to (because everyone either has worked or is going to work in the future). What makes people effective at their job? What makes them want to stay with their employer? What makes work enjoyable? Those are all fundamental questions that organizational behavior research can help answer. However, our desire to write this book also grew out of our own experiences (and frustrations) teaching OB courses using other textbooks. We found that students would end the semester with a common set of questions that we felt we could answer if given the chance to write our own book. With that in mind, *Organizational Behavior: Improving Performance and Commitment in the Workplace* was written to answer the following questions.

DOES ANY OF THIS STUFF REALLY MATTER?

Organizational behavior might be the most relevant class any student ever takes, but that doesn't always shine through in OB texts. The introductory section of our book contains two chapters not included in other books: *Job Performance* and *Organizational Commitment*. Being good at one's job and wanting to stay with one's employer are obviously critical concerns for employees and managers alike. After describing these topics in detail, every remaining chapter in the book links that chapter's content to performance and commitment. Students can then better appreciate the practical relevance of organizational behavior concepts.

IF THAT THEORY DOESN'T WORK, THEN WHY IS IT IN THE BOOK?

In putting together this book, we were guided by the question, "What would OB texts look like if all of them were first written now, rather than decades ago?" We found that many of the organizational behavior texts on the market include outdated (and indeed, scientifically disproven!) models or theories, presenting them sometimes as fact or possibly for the sake of completeness or historical context. Our students were always frustrated by the fact that they had to read about, learn, and potentially be tested on material that we knew to be wrong. Although historical context can be important at times, we believe that focusing on so-called evidence-based management is paramount in today's fast-paced classes. Thus, this textbook includes new and emerging topics that others leave out and excludes flawed and outdated topics that some other books leave in.

HOW DOES ALL THIS STUFF FIT TOGETHER?

Organizational behavior is a diverse and multidisciplinary field, and it's not always easy to see how all its topics fit together. Our book deals with this issue in two ways. First, all of the chapters in our book are organized around an integrative model that opens each chapter (see the back of the book). That model provides students with a road map of the course, showing them where they've been and where they're going. Second, our chapters are tightly focused around specific topics and aren't "grab bag-ish" in nature. Our hope is that students (and

instructors) won't ever come across a topic and think, "Why is this topic being discussed in this chapter?"

DOES THIS STUFF HAVE TO BE SO DRY?

Research on motivation to learn shows that students learn more when they have an intrinsic interest in the topic, but many OB texts do little to stimulate that interest. Put simply, we wanted to create a book that students enjoy reading. To do that, we used a more informal, conversational style when writing the book. We also tried to use company examples that students will be familiar with and find compelling. Finally, we included insert boxes, self-assessments, and exercises that students should find engaging (and sometimes even entertaining!).

NEW AND IMPROVED COVERAGE

- *Chapter 1: What Is OB?*—This chapter now opens with a wraparound case on Patagonia. The case describes how Patagonia became an employer of choice in the apparel industry, routinely attracting the best and brightest. The case also reviews the “responsible company checklist” created by Patagonia founder Yvon Chouinard. The OB on Screen feature has been revised to focus on *Moneyball*, illustrating how scientific data can be used to more effectively manage human capital. The OB at the Bookstore selection centers on *The Advantage*, where the author explains why so few firms prioritize OB concepts. Specifically, he argues that most CEOs focus only on acquiring talent, being dismissive of policies and practices that could help maximize that talent.
- *Chapter 2: Job Performance*—This chapter features a new wraparound case on General Motors, which overviews how the company's postbankruptcy vision and core principles have impacted what job performance means to its employees. The case describes some steps General Motors has taken to create alignment of employees' performance with this new vision and set of core principles. The OB on Screen feature now centers on the movie *Flight* to vividly illustrate how dimensions of job performance may be related in ways that are unexpected. Our OB at the Bookstore feature has been changed to *The Power of Habit*. This bestselling book overviews how people can improve their performance by understanding the nature of habits and routines.
- *Chapter 3: Organizational Commitment*—Costco serves as the wraparound case in this edition, spotlighting all the things the discount retailer does to keep its employees loyal, even during tough financial times. The case also raises questions about whether Costco's turnover rate could conceivably be too low, given the need for fresh faces as it enters new markets with new competitors. Such markets might trigger a need for change on Costco's part, which ties into our revised OB at the Bookstore selection. *Switch* lays out a sequence of steps that anyone can follow to make organizational change occur more smoothly and effectively. Those steps include providing clear instruction, fueling change by celebrating milestones, and shaping the situation to remove triggers for old habits.
- *Chapter 4: Job Satisfaction*—This chapter's wraparound case now highlights Mars, the makers of M&M's, Snickers, and Twix. “Martians” derive satisfaction from making such popular products, but the company also actively promotes the happiness of its workforce. Compensation is above-market, employees are encouraged to experiment in their jobs, and some divisions even allow employees to bring pets to work. The OB on Screen feature focuses on a very different job—being a Detroit firefighter. The documentary *Burn* follows an engine company in the city with the most fires each year, illustrating how people can derive satisfaction from such a dangerous calling. The OB at the Bookstore selection is *The Happiness Project*, where an author spends a year studying and applying scientific and popular writings on life satisfaction.

- *Chapter 5: Stress*—Best Buy is now the feature wraparound case in this chapter. The chapter opening describes how changes in the consumer electronics industry have caused problems for Best Buy, and high levels of stress for the company’s employees. The case describes how Best Buy terminated its innovative workplace flexibility practice in response to its problems. The OB on Screen now features the movie *Argo*, which provides insight into why people do work that’s highly stressful. The bestselling book *The One Thing* is now our OB at the Bookstore feature. This book describes how things we do at work, for example, multitasking and maintaining balance in our lives, can actually be counterproductive and highly stressful.
- *Chapter 6: Motivation*—This chapter now opens with a wraparound case on Netflix, the company that accounts for a third of all Internet traffic on a typical weeknight in North America. The case describes Netflix’s “freedom and responsibility” philosophy, where employees have control over how they are rewarded while being held to high standards of accountability. The OB on Screen feature focuses on engagement using *Dark Knight Rises*, where Bruce Wayne begins the film in a disengaged, unmotivated state because Gotham City no longer needs the Batman. It takes a new threat to give the Dark Knight a sense of purpose, with the only question being whether Bruce possesses the competence to reclaim the mantle of the Bat.
- *Chapter 7: Trust, Justice, and Ethics*—Apple serves as the wraparound case for the revised chapter. As the company has risen to become one of the most admired and valuable companies in the world, its product competition with Samsung, Google, and Microsoft has been supplemented with ethical challenges centering on its suppliers, the sustainability of its products, its handling of taxes, and why it doesn’t manufacture more products in the United States. In particular, the case focuses on Apple’s attempts to better monitor the working conditions at Foxconn, which manufactures iPhones, iPads, and iPods. *Man of Steel* is the OB on Screen selection for the chapter, with the focus being on Clark Kent’s concerns about trusting humankind with his identity and the world’s concerns about the trustworthiness of a superpowered alien being who is living among them.
- *Chapter 8: Learning and Decision Making*—Verizon serves as the wraparound case in this edition, highlighting the company’s excellent track record with formal training and the informal learning that happens between employees through different methods. The case also describes how Verizon’s employees utilized their decision-making abilities and crisis management to outperform the competition and continue to provide much needed service to those in need during the landfall of Hurricane Sandy in the northeastern United States. The OB at the Bookstore feature has been changed to highlight Daniel Kahneman’s brilliant new *Thinking, Fast and Slow*. This bestseller helps highlight whether or not we should focus on reducing our decision-making errors. The OB on Screen feature now focuses on *Star Trek Into Darkness*, highlighting the differences between Kirk (instinctual) and Spock (logical) to bring out a discussion of the types of decision making. The chapter also includes a number of research updates as well as several new company examples including Ernst & Young’s expatriate training.
- *Chapter 9: Personality and Cultural Values*—This chapter’s wraparound case is now Teach for America. The case describes the traits and qualities that one of the largest hirers of college seniors looks for in new recruits, as well as the personality needed to be an effective instructor in the classroom. The OB at the Bookstore selection, *Quiet*, seeks to help readers understand introverts—the half of the population who are a bit more calm, risk-averse, and shy than their extroverted brethren. Such individuals often find themselves on the wrong side of society’s “Extrovert Ideal,” but are actually well-suited to a number of critical work contexts. *White House Down* represents the OB on Screen selection, where John Cale tries to get hired onto the president’s Secret Service detail. Unfortunately, John has demonstrated precious little of the most predictive personality trait when it comes to job performance: conscientiousness.

- *Chapter 10: Ability*—The award-winning global design firm, IDEO, serves as the company featured in the new wraparound case for this chapter. The chapter opening describes how the nature of work at the company requires a wide range of abilities. The case illustrates the importance of emotional intelligence at IDEO and how the company tries to promote it. The new movie for our OB on Screen feature is *Admission*, which provides a great example of the advantages and disadvantages of using standardized test scores to make administrative decisions. *Positive Intelligence* is now our OB at the Bookstore feature. This book describes a potentially important form of intelligence that allows cognitive and emotional abilities to become realized.
- *Chapter 11: Teams: Characteristics and Diversity*—Ford Motor Company serves as the wraparound case for this chapter. The chapter opens with a discussion of how Ford values diversity as a means to achieve innovation in its products, services, and operations. The case focuses on policies and practices that are intended to promote diversity and inclusion among Ford employees. The OB on Screen now discusses the movie *42*, which provides an excellent example of how diversity impacts team dynamics. *Engines of Change* is now featured in our OB at the Bookstore insert box. This book provides vivid examples of how the development of groundbreaking new cars has been the result of teams and teamwork.
- *Chapter 12: Teams: Processes and Communication*—This chapter features a new wraparound case on NASA, which describes how astronauts work together in crews to accomplish missions. The case describes a planned mission to Mars and some of the unique challenges that the astronaut crew will likely face. The OB on Screen feature now centers on the movie *The Avengers* to illustrate the concepts of process loss and synergy. Our OB at the Bookstore feature has been changed to *Team of Rivals*. This bestselling book overviews how Abraham Lincoln managed conflict in his cabinet, which was composed of his harshest critics and political rivals.
- *Chapter 13: Leadership: Power and Negotiation*—This chapter features a new wrap-around case on Xerox’s CEO Ursula Burns—a leader who is consistently mentioned as one of the most powerful women in business. The case highlights her struggles with learning to use power effectively, and sharing power, and her push to redefine Xerox through a major acquisition. The chapter has been updated with new research, tie-ins with other chapters, as well as a number of new company examples including Charlie Ergen (Dish Network) and his notorious bargaining style. A new OB at the Bookstore feature focuses on Sheryl Sandberg’s *Lean In*, which highlights the Facebook COO’s views on why more women aren’t in positions of leadership. A best-seller, Sandberg’s book has been controversial to say the least, but it offers a contrasting viewpoint and one that always generates good discussions. The new OB on Screen feature uses *Skyfall* to illustrate forms of power and the varying approaches to conflict management and when to use them.
- *Chapter 14: Leadership: Styles and Behaviors*—The chapter begins with a new wrap-around case featuring Hamdi Ulukaya, the CEO and sole owner of Chobani. The case highlights how Chobani’s rise from nothing to a \$5 billion company in the span of five years is due partly to Ulukaya’s transformational leadership, but it also brings up issues of an organization relying so heavily on one person—especially when he is the sole owner of the company. The OB on Screen feature now centers on the movie *Lincoln* and focuses on the specific transformational leadership behaviors exhibited by Abraham Lincoln in the movie. The feature helps tie in to the chapter’s discussion on not only transformational leadership but also leadership in politics. *The Charisma Myth* is highlighted in the chapter’s new OB at the Bookstore feature. The book allows for a discussion of how something that most people assume to be fixed (charisma) can be changed through leadership development. The chapter includes a number of new research findings, including new research on *guanxi* in the OB Internationally feature box, as well as updated company examples including organizations such as Walmart and Farmer’s Insurance.

- *Chapter 15: Organizational Structure*—The Cheesecake Factory is the focus of this chapter's new wraparound case which highlights the company's hierarchical and efficient organizational structure—something that isn't always apparent to customers. The case illustrates some of the pros and cons with any structure choice a company makes, along with bringing out some of the effective methods by which the Cheesecake Factory has maintained consistency across all of its restaurants. A number of new company examples such as Airbus and Sheetz Convenience Stores have been added as well as the most current research on the effects of organizational structure choices including decentralization, formalization, and restructuring. A new OB at the Bookstore feature on *The Idea Factory* illustrates the importance of the iconic organic structure of Bell Labs on many of the things we take for granted today. As an example of how a change in structure can matter, the decision by leaders to create the labs and then to organize workers in a way that maximized their creativity paid off for over 30 years.
- *Chapter 16: Organizational Culture*—This chapter has a new wraparound case that focuses on Yahoo! and the efforts that new CEO Marissa Mayer has gone to in order to change certain aspects of its organizational culture. The case illustrates the public (no more telecommuting) and private (Mayer must approve every new hire) things the company is doing to create a shift as well as the power that a CEO can have when it comes to the creation of a culture. The chapter has been updated with new research and has a slew of new company examples including Whole Foods, Netflix, GM, JCPenney, and Mars. The OB at the Bookstore feature now highlights *Turn the Ship Around!*, a memorable new book on how creating a culture of empowerment allowed for a submarine commander to turn the lowest-ranking nuclear submarine in the U.S. Navy into one of the best. *Price Check* is a movie presented in a new OB on Screen feature. The scene in question helps highlight how difficult it is as a leader to come in as an outsider and make changes to a culture as well as how small things can make a huge impact (positively and negatively!).

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Jason Colquitt

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Michael Wesson

Text Features: OB Insert Boxes

OB ON SCREEN

This feature uses memorable scenes from recent films to bring OB concepts to life. Films like *Skyfall*, *Moneyball*, *Lincoln*, *Argo*, *42*, and *The Avengers* offer rich, vivid examples that grab the attention of students.



“**Very comprehensive.** Well laid-out. **Interesting.** Good mix of theoretical material and practical insights.”

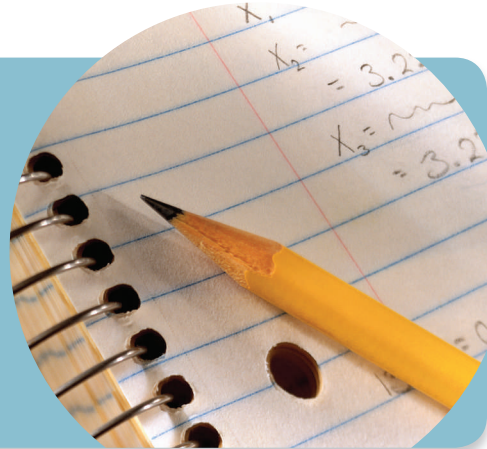
OB AT THE BOOKSTORE

This feature links the content in each chapter to a mainstream, popular business book. Books like *Thinking, Fast and Slow*; *Quiet*; *Lean In*; and *The One Thing* represent the gateway to OB for many students. This feature helps them put those books in a larger context.

THINKING,
FAST AND SLOW
DANIEL
KAHNEMAN
WINNER OF THE NOBEL PRIZE IN ECONOMICS

OB ASSESSMENTS

This feature helps students see where they stand on key OB concepts in each chapter. Students gain insights into their personality, their emotional intelligence, their style of leadership, and their ability to cope with stress, which can help them understand their reactions to the working world.



*“The material presented in this chapter is **well balanced**. Again, the **tables**, **charts**, and **figures** help to organize the material for students.”*

OB INTERNATIONALLY

Changes in technology, communications, and economic forces have made business more global and international than ever. This feature spotlights the impact of globalization on the organizational behavior concepts described in this book. It describes cross-cultural differences in OB theories, how to apply them in international corporations, and how to use OB to manage cultural diversity in the workplace.



End-of-Chapter Sections

TAKEAWAYS

- 7.1 Trust is the willingness to be vulnerable to an authority based on positive expectations about the authority's actions and intentions. Justice reflects the perceived fairness of an authority's decision making and can be used to explain why employees judge some authorities as more trustworthy than others. Ethics reflects the degree to which the behaviors of an authority are in accordance with generally accepted moral norms and can be used to explain why authorities choose to act in a trustworthy manner.
- 7.2 Trust can be disposition-based, meaning that one's personality includes a general propensity to trust others. Trust can also be cognition-based, meaning that it's rooted in a rational assessment of the authority's trustworthiness. Finally, trust can be affect-based, meaning that it's rooted in feelings toward the authority that go beyond any rational assessment of trustworthiness.
- 7.3 Trustworthiness is judged along three dimensions. Ability reflects the skills, competencies, and areas of expertise that an authority possesses. Benevolence is the degree to which an authority wants to do good for the trustor, apart from any selfish or profit-centered motives. Integrity is the degree to which an authority adheres to a set of values and principles that the trustor finds acceptable.

TAKEAWAYS

Students are always asking, "What are the most important 'takeaways' from this chapter?" This section gives a point-by-point review of the Learning Goals found at the beginning of each chapter.

KEY TERMS

- | | | | |
|---------------------------|--------|-----------------------------------|--------|
| • Reputation | p. 198 | • Informational justice | p. 209 |
| • Trust | p. 198 | • Whistle-blowing | p. 211 |
| • Justice | p. 199 | • Four-component model | p. 211 |
| • Ethics | p. 199 | • Moral awareness | p. 211 |
| • Disposition-based trust | p. 199 | • Moral intensity | p. 212 |
| • Cognition-based trust | p. 199 | • Moral attentiveness | p. 212 |
| • Affect-based trust | p. 199 | • Moral judgment | p. 215 |
| • Trust propensity | p. 199 | • Cognitive moral development | p. 215 |
| • Trustworthiness | p. 202 | • Moral principles | p. 216 |
| • Ability | p. 202 | • Moral intent | p. 217 |
| • Benevolence | p. 203 | • Moral identity | p. 217 |
| • Integrity | p. 203 | • Ability to focus | p. 220 |
| • Distributive justice | p. 204 | • Economic exchange | p. 220 |
| • Procedural justice | p. 206 | • Social exchange | p. 220 |
| • Interpersonal justice | p. 208 | • Corporate social responsibility | p. 221 |
| • Abusive supervision | p. 208 | | |

KEY TERMS

Summarizes the most critical terms covered in the chapter, with definitions of all terms available in the Glossary.

"Great attention-getting opening section, makes a good case for why students should care about OB, and how the topics have wide-ranging real-world applicability."

DISCUSSION QUESTIONS

Not only for review purposes, our Discussion Questions ask students to apply concepts in the chapter to their own lives and experiences.

DISCUSSION QUESTIONS

- 7.1 Which would be more damaging in organizational life—being too trusting or not being trusting enough? Why do you feel that way?
- 7.2 Consider the three dimensions of trustworthiness (ability, benevolence, and integrity). Which of those dimensions would be most important when deciding whether to trust your boss? What about when deciding whether to trust a friend? If your two answers differ, why do they?
- 7.3 Putting yourself in the shoes of a manager, which of the four justice dimensions (distributive, procedural, interpersonal, informational) would you find most difficult to maximize? Which would be the easiest to maximize?
- 7.4 Which component of ethical decision making do you believe best explains student cheating: moral awareness, moral judgment, or moral intent? Why do you feel that way?
- 7.5 Assume you were applying for a job at a company known for its corporate social responsibility. How important would that be to you when deciding whether to accept a job offer?

CASES

To help bring students full circle, a case appears at the end of every chapter that provides a follow-up to the company highlighted in the opening vignette.

CASE: APPLE

One of the biggest challenges of Tim Cook's tenure as Apple's CEO was brought to a head by a Pulitzer Prize-winning exposé in *The New York Times*.¹³⁹ The story detailed violations in factories owned by Foxconn Technology, one of China's largest employers and a critical supplier to Apple, Samsung, Amazon, Dell, and Hewlett-Packard. The story noted that the factory that manufactures the iPad allowed employees to exceed the limit of 60 hours and/or 6 days worked per week. Insufficient safety precautions were also cataloged, as were failures to compensate overtime, overcrowded dormitories, and poor ventilation. Worst of all, an explosion resulting from excessive aluminum dust—a byproduct of polishing iPad cases—killed 4 Foxconn employees while injuring 18 others.

Such practices violate Apple's supplier code of conduct, which was established in 2005.¹⁴⁰ But critics contend that Apple didn't go far enough in auditing compliance and was not punitive enough when punishing violations. Unfortunately, experts suggest that Foxconn may be the only company in the world capable of manufacturing the annually refreshed iterations of the iPad, iPhone, and iPod. For his part, Cook has pushed Apple to do more. It has increased its auditing while enlisting the aid of the Fair Labor Association, which publishes its own independent inspections of suppliers.¹⁴¹ Apple has published the working hours for a million supplier

EXERCISES

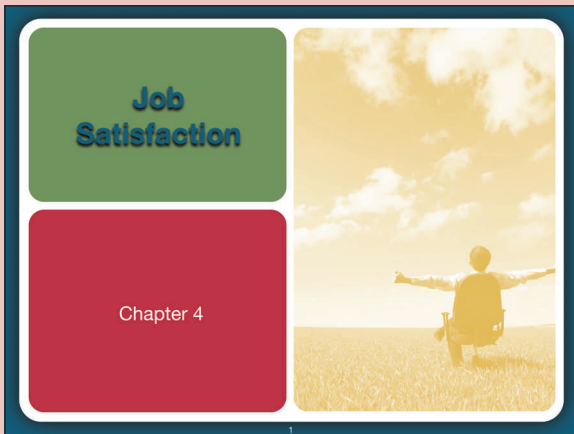
In addition to the self-assessments within the chapter, we have included exercises at the end of each chapter. Some of them we have created ourselves over the years, but we also feature some "classics" that are tried and true and that nearly everyone we know uses in class.

EXERCISE: JOB SATISFACTION ACROSS JOBS

The purpose of this exercise is to examine satisfaction with the work itself across jobs. This exercise uses groups, so your instructor will either assign you to a group or ask you to create your own group. The exercise has the following steps:

- 4.1 Use the OB Assessments for Chapter 4 to calculate the Satisfaction Potential Score (SPS) for the following four jobs:
 - a. A third-grade public school teacher.
 - b. A standup comedian.
 - c. A computer programmer whose job is to replace "15" with "2015" in thousands of lines of computer code.
 - d. A president of the United States.
- 4.2 Which job has the highest SPS? Which core job characteristics best explain why some jobs have high scores and other jobs have low scores? Write down the scores for the four jobs in an Excel file on the classroom computer or on the board.

Supplement Features



PowerPoint® Presentation Slides

Prepared by Jason Colquitt, the PowerPoint Presentation Slides are designed to help instructors deliver course content in a way that maintains students' engagement and attention. The slides include a Notes section where Jason speaks to the instructor, offering specific tips for using the slides (and the book). The Notes also provide bridges to many of the resources in the Instructor's Manual, including innovative teaching tips and suggestions for using OB on Screen. Finally, the PowerPoints also include bonus OB Assessments for instructors who want additional assessments for their teaching.

Instructor's Manual

Prepared by Jason Colquitt, this manual was developed to help you get the most out of the text in your own teaching. It contains an outline of the chapters, innovative teaching tips to use with your students, and notes and answers for the end-of-chapter materials. It also provides a guide for the assessments in the book, and suggestions for using the OB on Screen feature. The manual also contains additional cases, exercises, and OB on Screen selections from earlier editions of the book, giving you extra content to use in your teaching.

Testbank and EZ Test Online

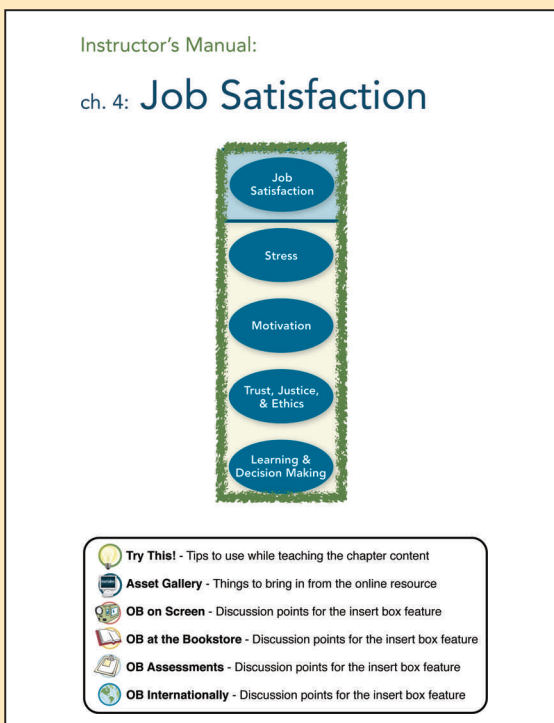
TESTBANK: Our Testbank contains a variety of true/false, multiple choice, and short and long essay questions, as well as "scenario-based" questions, which are application based and use a situation described in a narrative, with 3–5 multiple-choice test questions based on the situation described in the narrative. We've aligned our Testbank questions with Bloom's Taxonomy and AACSB guidelines, tagging each question according to its knowledge and skills areas. We have also tagged our questions according to Learning Objective, Level of Difficulty, and Topic.

EZ TEST ONLINE: McGraw-Hill's EZ Test Online is a flexible and easy-to-use electronic testing program. The program



allows instructors to create tests from book-specific items, accommodates a wide range of question

types, and enables instructors to add their own questions. Multiple versions of the test can be created, and any test can be exported for use with course management systems such as WebCT, Blackboard, or any other course management system.



EZ Test Online is accessible to busy instructors virtually anywhere via the web, and the program eliminates the need to install test software. For more information about EZ Test Online, please see the website at www.eztestonline.com.

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MCGRAW-HILL CONNECT MANAGEMENT FEATURES *Connect Management* offers a number of powerful tools and features to make managing assignments easier, so faculty can spend more time teaching. With *Connect Management* students can engage with their coursework anytime and anywhere, making the learning process more accessible and efficient. *Connect Management* offers you the features described below.

Diagnostic and Adaptive Learning of Concepts: LearnSmart Students want to make the best use of their study time. The LearnSmart adaptive self-study technology within *Connect Management* provides students with a seamless combination of practice, assessment, and remediation for every concept in the textbook. LearnSmart's intelligent software adapts to every student response and automatically delivers concepts that advance the student's understanding while reducing time devoted to the concepts already mastered. The result for every student is the fastest path to mastery of the chapter concepts. LearnSmart

- Applies an intelligent concept engine to identify the relationships between concepts and to serve new concepts to each student only when he or she is ready.
- Adapts automatically to each student, so students spend less time on the topics they understand and practice more those they have yet to master.
- Provides continual reinforcement and remediation, but gives only as much guidance as students need.
- Integrates diagnostics as part of the learning experience.
- Enables you to assess which concepts students have efficiently learned on their own, thus freeing class time for more applications and discussion.

Online Interactives Online Interactives are engaging tools that teach students to apply key concepts in practice. These Interactives provide them with immersive, experiential learning opportunities. Students will engage in a variety of interactive scenarios to deepen critical knowledge on key course topics. They receive immediate feedback at intermediate steps throughout each exercise, as well as comprehensive feedback at the end of the assignment. All Interactives are automatically scored and entered into the instructor gradebook.

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- View scored work immediately and track individual or group performance with assignment and grade reports.
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- Collect data and generate reports required by many accreditation organizations, such as AACSB.

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- Streamline lesson planning, student progress reporting, and assignment grading to make classroom management more efficient than ever.
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Instructor Library The *Connect Management* Instructor Library is your repository for additional resources to improve student engagement in and out of class. You can select and use any asset that enhances your lecture. The *Connect Management* Instructor Library includes:

- Instructor Manual
- PowerPoint files
- Testbank
- Management Asset Gallery
- eBook

Student Study Center The *Connect Management* Student Study Center is the place for students to access additional resources. The Student Study Center:

- Offers students quick access to lectures, practice materials, eBooks, and more.
- Provides instant practice material and study questions, easily accessible on the go.
- Gives students access to the Personalized Learning Plan described below.

Lecture Capture via Tegrity Campus Increase the attention paid to lecture discussion by decreasing the attention paid to note taking. For an additional charge Lecture Capture offers new ways for students to focus on the in-class discussion, knowing they can revisit important topics later. See below for further information.

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In short, *Connect Management* offers you and your students powerful tools and features that optimize your time and energies, enabling you to focus on course content, teaching, and student learning. *Connect Management* also offers a wealth of content resources for both instructors and students. This state-of-the-art, thoroughly tested system supports you in preparing students for the world that awaits.

For more information about Connect, go to <http://connect.mcgrawhill.com>, or contact your local McGraw-Hill sales representative.

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Tegrity Campus is a service that makes class time available 24/7 by automatically capturing every lecture in a searchable format for students to review when they study and complete assignments. With a simple one-click start-and-stop process, you

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Educators know that the more students can see, hear, and experience class resources, the better they learn. In fact, studies prove it. With Tegrity Campus, students quickly recall key moments by using Tegrity Campus's unique search feature. This search helps students efficiently find what they need, when they need it, across an entire semester of class recordings. Help turn all your students' study time into learning moments immediately supported by your lecture.

Lecture Capture enables you to

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- Record and index PowerPoint presentations and anything shown on your computer so it is easily searchable, frame by frame.
- Offer access to lectures anytime and anywhere by computer, iPod, or mobile device.
- Increase intent listening and class participation by easing students' concerns about note taking. Lecture Capture will make it more likely you will see students' faces, not the tops of their heads.

To learn more about Tegrity watch a 2-minute Flash demo at <http://tegritycampus.mhhe.com>.

Assurance of Learning Ready

Many educational institutions today are focused on the notion of *assurance of learning*, an important element of some accreditation standards. *Organizational Behavior* is designed specifically to support your assurance of learning initiatives with a simple, yet powerful solution.

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The statements contained in *Organizational Behavior, 4e*, are provided only as a guide for the users of this textbook. The AACSB leaves content coverage and assessment within the purview of individual schools, the mission of the school, and the faculty. While *Organizational Behavior, 4e*, and the teaching package make no claim of any specific AACSB qualification or evaluation, we have within *Organizational Behavior, 4e*, labeled selected questions according to the six general knowledge and skills areas.

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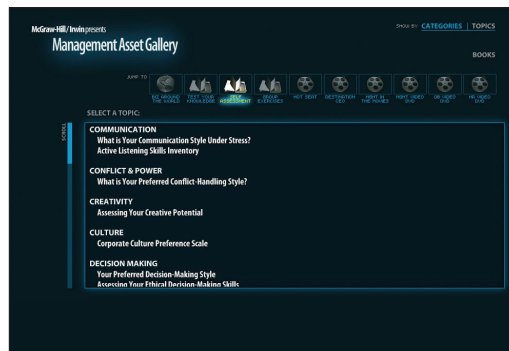
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McGraw-Hill/Irwin is excited to now provide a one-stop shop for our wealth of assets, making it quick and easy for instructors to locate specific materials to enhance their courses.



All of the following can be accessed within the Management Asset Gallery:



MANAGER'S HOT SEAT This interactive, video-based application puts students in the manager's hot seat, builds critical thinking and decision-making skills, and allows students to apply concepts to real managerial challenges. Students watch as 15 real managers apply their years of experience when confronting unscripted issues such as bullying in the workplace,

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Self-Assessment Gallery Unique among publisher-provided self-assessments, our 23 self-assessments give students background information to ensure that they understand the purpose of the assessment. Students test their values, beliefs, skills, and interests in a wide variety of areas, allowing them to personally apply chapter content to their own lives and careers.

Every self-assessment is supported with PowerPoints and an instructor manual in the Management Asset Gallery, making it easy for the instructor to create an engaging classroom discussion surrounding the assessments.

Test Your Knowledge To help reinforce students' understanding of key management concepts, Test Your Knowledge activities give students a review of the conceptual materials followed by application-based questions to work through. Students can choose practice mode, which gives

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Management History Timeline This web application allows instructors to present and students to learn the history of management in an engaging and interactive way. Management history is presented along an intuitive timeline that can be traveled through sequentially or by selected decade. With the click of a mouse, students learn the important dates, see the people who influenced the field, and understand the general management theories that have molded and shaped management as we know it today.

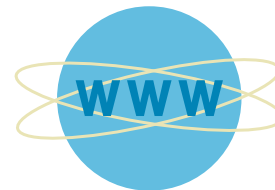
Video Library DVDs McGraw-Hill/Irwin offers the most comprehensive video support for the Organizational Behavior classroom through course library video DVDs. This discipline has library volume DVDs tailored to integrate and visually reinforce chapter concepts. The library volume DVDs contain more than 40 clips! The rich video material, organized by topic, comes from sources such as PBS, NBC, BBC, SHRM, and McGraw-Hill. Video cases and video guides are provided for some clips.

DESTINATION CEO VIDEOS Video clips featuring CEOs on a variety of topics. Accompanying each clip are multiple-choice questions and discussion questions to use in the classroom or assign as a quiz.

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ORGANIZATIONAL BEHAVIOR

Improving Performance and Commitment
in the Workplace

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PART

1

INTRODUCTION TO ORGANIZATIONAL BEHAVIOR

CHAPTER 1:

What Is Organizational Behavior?

CHAPTER 2:

Job Performance

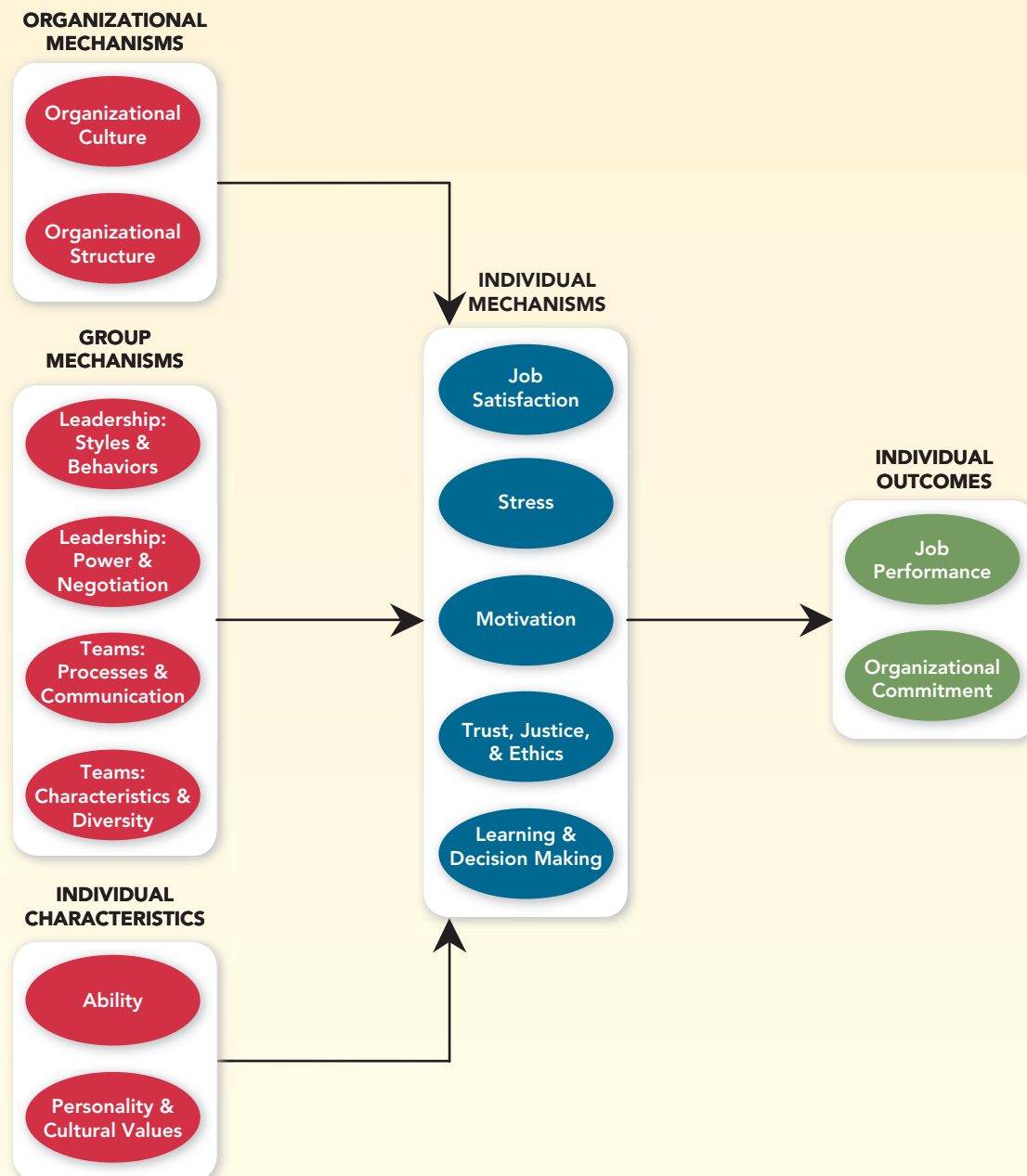
CHAPTER 3:

Organizational Commitment

chapter

1

What Is Organizational Behavior?





LEARNING GOALS

After reading this chapter, you should be able to answer the following questions:

- 1.1 What is the definition of “organizational behavior” (OB)?
- 1.2 What are the two primary outcomes in studies of OB?
- 1.3 What factors affect the two primary OB outcomes?
- 1.4 Why might firms that are good at OB tend to be more profitable?
- 1.5 What is the role of theory in the scientific method?
- 1.6 How are correlations interpreted?

PATAGONIA



Let's say your company makes fleece jackets and other forms of outerwear. Why should someone buy your jackets and not someone else's? Well, maybe you could become a cost leader in the manufacturing and logistics behind the jackets, allowing you to sell them at a cheaper price. But what if your competitors just copy those strategies? Another approach might be to differentiate your jackets from everyone else's. Maybe they're more comfortable or durable, maybe they're more cutting edge in terms of look and features, or maybe they represent a brand that people admire. But how could you attain such sources of differentiation and—just as importantly—how could you stay “one step ahead” of other firms?

Patagonia, the Ventura, California-based maker of outdoor clothing and equipment, has a clear set of answers to those questions. When its founder and owner, Yvon Chouinard, transitioned from making climbing tools to launching an apparel company, he created his own vision

for how a business should be run.¹ One pillar of that vision was work being enjoyable on a daily basis, with Chouinard noting, “We all had to come to work on the balls of our feet and go up the stairs two steps at a time.”² Today's employees benefit from that vision in a number of ways, including flextime based on a “let my people go surfing” mantra.³ A whiteboard in the lobby of the beachside corporate headquarters gives the surfing conditions, with employees encouraged to gain first-hand experience with Patagonia's clothing and equipment whenever the waves are breaking. Employees also enjoy on-site childcare, profit

sharing, free yoga and aerobics classes, and an outdoor organic café.⁴ Another pillar of that vision was the company doing what it could to support environmental causes and maximize its own sustainability.⁵ Today the company donates 1 percent of its sales to environmental charities and makes much of its clothing with recycled wool, cotton, and polyester.⁶

What do such initiatives do for Patagonia? Well, for starters, the company receives an average of 900 résumés per job opening, allowing Patagonia to select the cream of the crop for open positions.⁷ It also routinely attracts top executives from rival firms. Having better people, in turn, helps Patagonia push the envelope when it comes to the quality, innovativeness, and sustainability of its products. Indeed, the initiatives have created a “brand” embraced by employees and customers alike, allowing Patagonia to differentiate itself from competitors.

WHAT IS ORGANIZATIONAL BEHAVIOR?

Before we define exactly what the field of organizational behavior represents, take a moment to ponder the following question: Who was the single *worst* coworker you've ever had? Picture fellow students who collaborated with you on class projects; colleagues from part-time or summer jobs; or peers, subordinates, or supervisors working in your current organization. What did this coworker do that earned him or her "worst coworker" status? Was it some of the behaviors shown in the right column of Table 1-1 (or perhaps all of them)? Now take a moment to consider the single *best* coworker you've ever had. Again, what did this coworker do to earn "best coworker" status—some or most of the behaviors shown in the left column of Table 1-1?

If you ever found yourself working alongside the two people profiled in the table, two questions probably would be foremost on your mind: "Why does the worst coworker act that way?" and "Why does the best coworker act that way?" Once you understand why the two coworkers act so differently, you might be able to figure out ways to interact with the worst coworker more effectively (thereby making your working life a bit more pleasant). If you happen to be a manager, you might formulate plans for how to improve attitudes and behaviors in the unit. Such plans could include how to screen applicants, train and socialize new organizational members, manage evaluations and rewards for performance, and deal with conflicts that arise between employees. Without understanding why employees act the way they do, it's extremely hard to find a way to change their attitudes and behaviors at work.

1.1

What is the definition of "organizational behavior" (OB)?

ORGANIZATIONAL BEHAVIOR DEFINED

Organizational behavior (OB) is a field of study devoted to understanding, explaining, and ultimately improving the attitudes and behaviors of individuals and groups in organizations. Scholars in management departments of universities and scientists in business organizations conduct

TABLE 1-1 The Best of Coworkers, the Worst of Coworkers

THE BEST	THE WORST
<i>Have you ever had a coworker who usually acted this way?</i>	<i>Have you ever had a coworker who usually acted this way?</i>
Got the job done, without having to be managed or reminded	Did not get the job done, even with a great deal of hand-holding
Adapted when something needed to be changed or done differently	Was resistant to any and every form of change, even when changes were beneficial
Was always a "good sport," even when bad things happened at work	Whined and complained, no matter what was happening
Attended optional meetings or functions to support colleagues	Optional meetings? Was too lazy to make it to some required meetings and functions!
Helped new coworkers or people who seemed to need a hand	Made fun of new coworkers or people who seemed to need a hand
Felt an attachment and obligation to the employer for the long haul	Seemed to always be looking for something else, even if it wasn't better
Was first to arrive, last to leave	Was first to leave for lunch, last to return

The Million-Dollar Question:

Why do these two employees act so differently?

research on OB. The findings from those research studies are then applied by managers or consultants to see whether they help meet “real-world” challenges. OB can be contrasted with two other courses commonly offered in management departments: human resource management and strategic management. **Human resource management** takes the theories and principles studied in OB and explores the “nuts-and-bolts” applications of those principles in organizations. An OB study might explore the relationship between learning and job performance, whereas a human resource management study might examine the best ways to structure training programs to promote employee learning. **Strategic management** focuses on the product choices and industry characteristics that affect an organization’s profitability. A strategic management study might examine the relationship between firm diversification (when a firm expands into a new product segment) and firm profitability.

The theories and concepts found in OB are actually drawn from a wide variety of disciplines. For example, research on job performance and individual characteristics draws primarily from studies in industrial and organizational psychology. Research on satisfaction, emotions, and team processes draws heavily from social psychology. Sociology research is vital to research on team characteristics and organizational structure, and anthropology research helps inform the study of organizational culture. Finally, models from economics are used to understand motivation, learning, and decision making. This diversity brings a unique quality to the study of OB, as most students will be able to find a particular topic that’s intrinsically interesting and thought provoking to them.

AN INTEGRATIVE MODEL OF OB

Because of the diversity in its topics and disciplinary roots, it’s common for students in an organizational behavior class to wonder, “How does all this stuff fit together?” How does what gets covered in Chapter 3 relate to what gets covered in Chapter 13? To clarify such issues, this textbook is structured around an integrative model of OB, shown in Figure 1-1, that’s designed to provide a roadmap for the field of organizational behavior. The model shows how the topics in the next 15 chapters—represented by the 15 ovals in the model—all fit together. We should stress that there are other potential ways of combining the 15 topics, and Figure 1-1 likely oversimplifies the connections among the topics. Still, we believe the model provides a helpful guide as you move through this course. Figure 1-1 includes five different kinds of topics.

INDIVIDUAL OUTCOMES. The right-most portion of the model contains the two primary outcomes of interest to organizational behavior researchers (and employees and managers in organizations): *job performance* and *organizational commitment*. Most employees have two primary goals for their working lives: to perform their jobs well and to remain a member of an organization that they respect. Likewise, most managers have two primary goals for their employees: to maximize their job performance and to ensure that they stay with the firm for a significant length of time. As described in Chapter 2, there are several specific behaviors that, when taken together, constitute good job performance. Similarly, as described in Chapter 3, there are a number of beliefs, attitudes, and emotions that cause an employee to remain committed to an employer.

This book starts by covering job performance and organizational commitment so that you can better understand the two primary organizational behavior goals. Our hope is that by using performance and commitment as starting points, we can highlight the practical importance of OB topics. After all, what could be more important than having employees who perform well and want to stay with the company? This structure also enables us to conclude the other chapters in the book with sections that describe the relationships between each chapter’s topic and performance and commitment. For example, the chapter on motivation concludes by describing the relationships between motivation and performance and motivation and commitment. In this way, you’ll learn which of the topics in the model are most useful for understanding your own attitudes and behaviors.

INDIVIDUAL MECHANISMS. Our integrative model also illustrates a number of individual mechanisms that directly affect job performance and organizational commitment. These include *job satisfaction*, which captures what employees feel when thinking about their jobs and doing their day-to-day work (Chapter 4). Another individual mechanism is *stress*, which



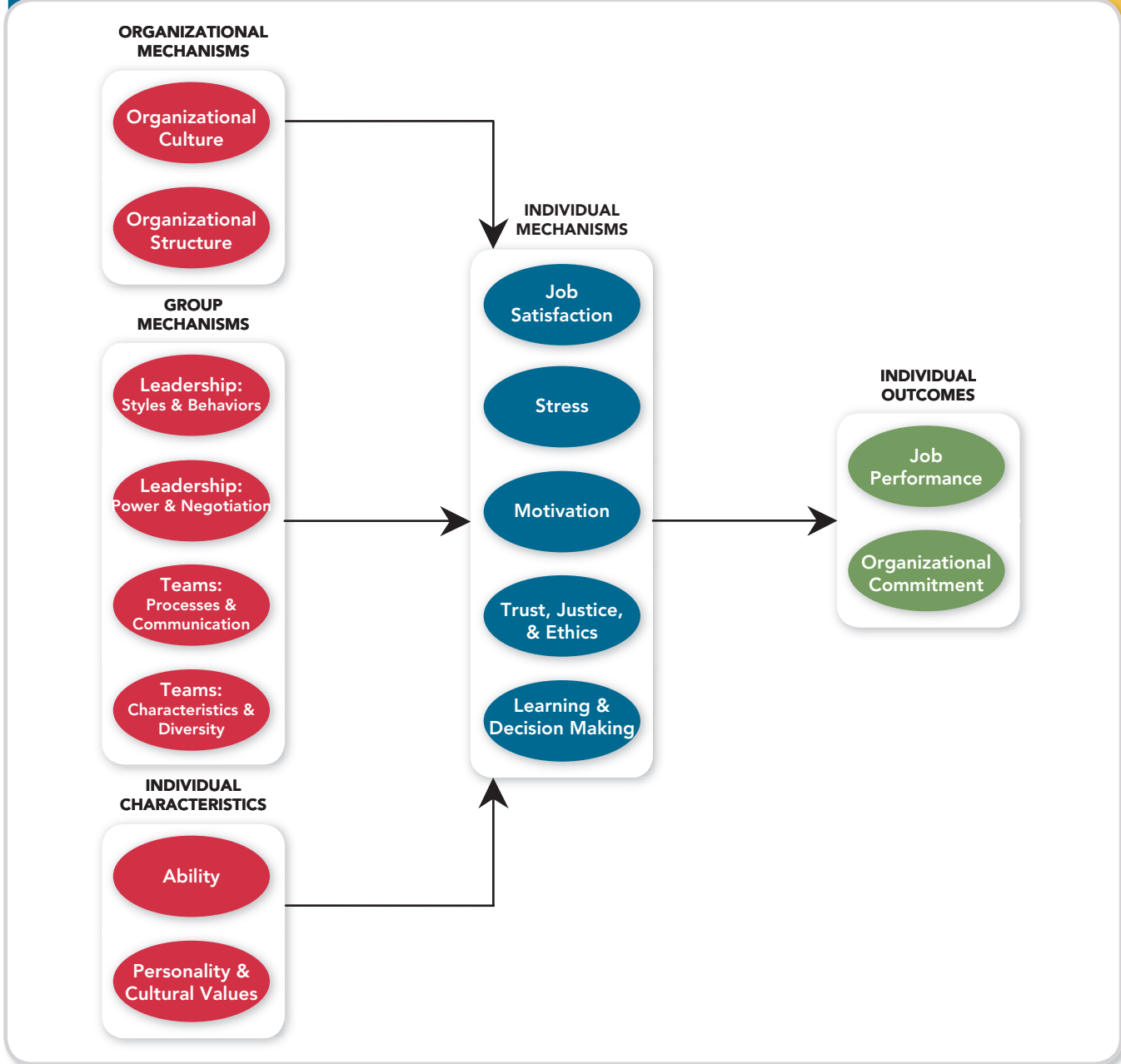
1.2

What are the two primary outcomes in studies of OB?



1.3

What factors affect the two primary OB outcomes?

FIGURE 1-1 Integrative Model of Organizational Behavior

reflects employees' psychological responses to job demands that tax or exceed their capacities (Chapter 5). The model also includes *motivation*, which captures the energetic forces that drive employees' work effort (Chapter 6). *Trust, justice, and ethics* reflect the degree to which employees feel that their company does business with fairness, honesty, and integrity (Chapter 7). The final individual mechanism shown in the model is *learning and decision making*, which deals with how employees gain job knowledge and how they use that knowledge to make accurate judgments on the job (Chapter 8).

INDIVIDUAL CHARACTERISTICS. Of course, if satisfaction, stress, motivation, and so forth are key drivers of job performance and organizational commitment, it becomes important to understand what factors improve those individual mechanisms. Two such factors reflect the

characteristics of individual employees. *Personality and cultural values* reflect the various traits and tendencies that describe how people act, with commonly studied traits including extraversion, conscientiousness, and collectivism. As described in Chapter 9, personality and cultural values affect the way people behave at work, the kinds of tasks they're interested in, and how they react to events that happen on the job. The model also examines *ability*, which describes the cognitive abilities (verbal, quantitative, etc.), emotional skills (other awareness, emotion regulation, etc.), and physical abilities (strength, endurance, etc.) that employees bring to a job. As described in Chapter 10, ability influences the kinds of tasks an employee is good at (and not so good at).

GROUP MECHANISMS. Our integrative model also acknowledges that employees don't work alone. Instead, they typically work in one or more work teams led by some formal (or sometimes informal) leader. Like the individual characteristics, these group mechanisms shape satisfaction, stress, motivation, trust, and learning. Chapter 11 covers *team characteristics and diversity*—describing how teams are formed, staffed, and composed, and how team members come to rely on one another as they do their work. Chapter 12 then covers *team processes and communication*—how teams behave, including their coordination, conflict, and cohesion. The next two chapters focus on the leaders of those teams. We first describe how individuals become leaders in the first place, covering *leader power and negotiation* to summarize how individuals attain authority over others (Chapter 13). We then describe how leaders behave in their leadership roles, as *leader styles and behaviors* capture the specific actions that leaders take to influence others at work (Chapter 14).

ORGANIZATIONAL MECHANISMS. Finally, our integrative model acknowledges that the teams described in the prior section are grouped into larger organizations that themselves affect satisfaction, stress, motivation, and so forth. For example, every company has an *organizational structure* that dictates how the units within the firm link to (and communicate with) other units (Chapter 15). Sometimes structures are centralized around a decision-making authority, whereas other times, structures are decentralized, affording each unit some autonomy. Every company also has an *organizational culture* that captures “the way things are” in the organization—shared knowledge about the values and beliefs that shape employee attitudes and behaviors (Chapter 16).

SUMMARY. Each of the chapters in this textbook will open with a depiction of this integrative model, with the subject of each chapter highlighted. We hope that this opening will serve as a roadmap for the course—showing you where you are, where you've been, and where you're going. We also hope that the model will give you a feel for the “big picture” of OB—showing you how all the OB topics are connected.

DOES ORGANIZATIONAL BEHAVIOR MATTER?

Having described exactly what OB is, it's time to discuss another fundamental question: Does it really matter? Is there any value in taking a class on this subject, other than fulfilling some requirement of your program? (You might guess that we're biased in our answers to these questions, given that we wrote a book on the subject!) Few would disagree that organizations need to know principles of accounting and finance to be successful; it would be impossible to conduct business without such knowledge. Similarly, few would disagree that organizations need to know principles of marketing, as consumers need to know about the firm's products and what makes those products unique or noteworthy.

However, people sometimes wonder whether a firm's ability to manage OB has any bearing on its bottom-line profitability. After all, if a firm has a good-enough product, won't people buy it regardless of how happy, motivated, or committed its workforce is? Perhaps for a time, but effective OB can help keep a product good over the long term. This same argument can be made

OB INTERNATIONALLY

Changes in technology, communications, and economic forces have made business more global and international than ever. To use Thomas Friedman's line, "the world is flat."¹³ The playing field has been leveled between the United States and the rest of the world. This feature spotlights the impact of globalization on the organizational behavior concepts described in this book and covers a variety of topics:

Cross-Cultural Differences. Research in cross-cultural organizational behavior has illustrated that national cultures affect many of the relationships in our integrative model. Put differently, there is little that we know about OB that is "universal" or "culture free."¹⁴

International Corporations. An increasing number of organizations are international in scope, with both foreign and domestic operations. Applying organizational behavior concepts in these firms represents a special challenge—should policies and practices be consistent across locations or tailored to meet the needs of the culture?

Expatriation. Working as an expatriate—an employee who lives outside his or her native country—can be particularly challenging. What factors influence expatriates' job performance and organizational commitment levels?

Managing Diversity. More and more work groups are composed of members of different cultural backgrounds. What are the special challenges involved in leading and working in such groups?

in reverse: If a firm has a bad-enough product, isn't it true that people won't buy it, regardless of how happy, motivated, or committed its workforce is? Again, perhaps for a time, but the effective management of OB can help make a product get better, incrementally, over the long term.

Consider this pop quiz about the automotive industry: Which automaker finished behind only Lexus and Porsche in a recent study of initial quality by J.D. Power and Associates?⁸ Toyota? Nope. Honda? Uh-uh. The answer is Hyundai (yes, Hyundai). The automaker has come a long way in the decade since comedian Jay Leno likened a Hyundai to a bobsled ("It has no room, you have to push it to get going, and it only goes downhill!").⁹ More recent models—including those built in a manufacturing plant in Montgomery, Alabama—are regarded as good looking and well made, with *Consumer Reports* tabbing the Hyundai Elantra SE as the best small sedan in a recent set of rankings.¹⁰ Says one investor, "Hyundai is a brand that is on the verge of being aspirational. People are saying they are proud to own it, not just to settle for it."¹¹ That turnaround can be credited to the company's increased emphasis on quality. Work teams devoted to quality have been expanded eightfold, and almost all employees are enrolled in special training programs devoted to quality issues.¹² Hyundai represents a case in which OB principles are being applied across cultures. Our **OB Internationally** feature spotlights such international and cross-cultural applications of OB topics in each chapter.

BUILDING A CONCEPTUAL ARGUMENT

Of course, we shouldn't just accept it on faith that OB matters, nor should we merely look for specific companies that appear to support the premise. What we need instead is a conceptual argument that captures why OB might affect the bottom-line profitability of an organization. One such argument is based on the **resource-based view** of organizations. This perspective describes what exactly makes resources valuable—that is, what makes them capable of creating long-term profits for the firm.¹⁵ A firm's resources include financial (revenue, equity, etc.) and physical (buildings, machines, technology) resources, but they also include resources related to organizational behavior, such as the knowledge, ability, and wisdom of the workforce, as well as the image, culture, and goodwill of the organization.

The resource-based view suggests that the value of resources depends on several factors, shown in Figure 1-2. For example, a resource is more valuable when it is *rare*. Diamonds, oil, Babe Ruth baseball cards, and Action Comics #1 (the debut of Superman) are all expensive precisely because they are rare. Good people are also rare—witness the adage “good people are hard to find.” Ask yourself what percentage of the people you’ve worked with have been talented, motivated, satisfied, and good team players. In many organizations, cities, or job markets, such employees are the exception rather than the rule. If good people really are rare, then the effective management of OB should prove to be a valuable resource.



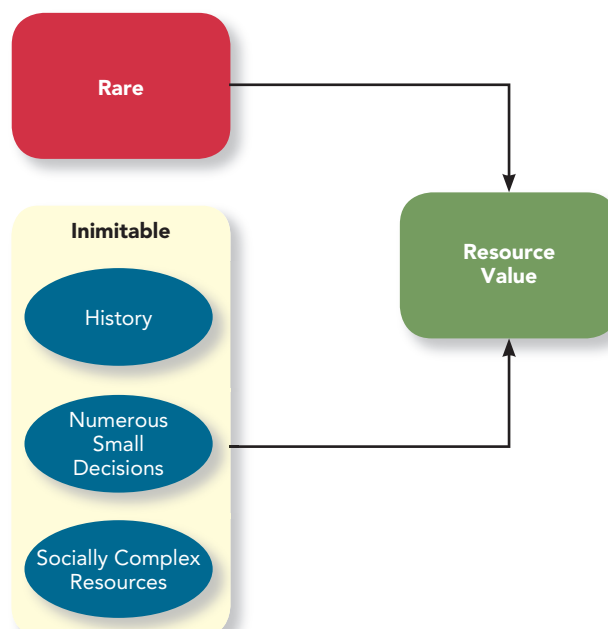
Hyundai’s emphasis on work teams and training has increased the quality of its cars, like these models built in its Montgomery, Alabama, plant.

The resource-based view also suggests that a resource is more valuable when it is **inimitable**, meaning that it cannot be imitated. Many of the firm’s resources can be imitated, if competitors have enough money. For example, a new form of technology can help a firm gain an advantage for a short time, but competing firms can switch to the same technology. Manufacturing practices can be copied, equipment and tools can be approximated, and marketing strategies can be mimicked. Good people, in contrast, are much more difficult to imitate. As shown in Figure 1-2, there are three reasons people are inimitable.

HISTORY. People create a **history**—a collective pool of experience, wisdom, and knowledge that benefits the organization. History cannot be bought. Consider an example from the consumer

FIGURE 1-2

What Makes a Resource Valuable?



Microsoft opened its first retail stores in 2009, including this one in Mission Viejo, California. The look and feel of Microsoft's stores is very similar to Apple's retail outlets.



electronics retailing industry where Microsoft, taking a cue from Apple, launched its first retail store in Scottsdale, Arizona, in 2009.¹⁶ The company hopes that the stores will give it a chance to showcase its computer and mobile phone operating systems, along with its hardware and gaming products. Microsoft faces an uphill climb in the retail space, however, because Apple has an eight-year head start after opening its first store in 2001,

in McLean, Virginia.¹⁷ Microsoft's position on the "retail learning curve" is therefore quite different, suggesting that it will grapple with many of the same issues that Apple resolved years ago.

NUMEROUS SMALL DECISIONS. The concept of **numerous small decisions** captures the idea that people make many small decisions day in and day out, week in and week out. "So what?" you might say, "Why worry about small decisions?" To answer that question, ask yourself what the biggest decisions are when launching a new line of retail stores. The location of them maybe, or perhaps their look and feel? It turns out that Microsoft placed their stores near Apple's, and mimicked much of their open, "Zen" sensibility. Said one patron, "It appears that the Microsoft Store in Mission Viejo is dressed up as the Apple Store for Halloween."¹⁸ Big decisions can be copied; they are visible to competitors and observable by industry experts. In contrast, the "behind the scenes" decisions at the Apple Store are more invisible to Microsoft, especially the decisions that involve the hiring and management of employees. Apple seems to understand the inimitable advantage that such decisions can create. A recent article in *Workforce Management* included features on the top human resources executives for 20 of the most admired companies in America.¹⁹ Interestingly, the entry for Apple's executive was cryptic, noting only that the company "keeps its human resources executive shrouded in secrecy and refuses to respond to any questions about HR's contribution to the company's most admired status."

SOCIALLY COMPLEX RESOURCES. People also create **socially complex resources**, like culture, teamwork, trust, and reputation. These resources are termed "socially complex" because it's not always clear how they came to develop, though it is clear which organizations do (and do not) possess them. One advantage that Apple has over Microsoft in the retail wars is the unusual amount of interest and enthusiasm created by products like the iPad, iPhone, iPod, and MacBook Air. Those products have an "it factor" that brings customers into the store, and Apple itself sits atop *Fortune's* list of 50 most admired companies in the world.²⁰ Competitors like Microsoft can't just acquire "coolness" or "admiration"—they are complex resources that evolve in ways that are both murky and mysterious.

RESEARCH EVIDENCE

Thus, we can build a conceptual argument for why OB might affect an organization's profitability: Good people are both rare and inimitable and therefore create a resource that is valuable for creating competitive advantage. Conceptual arguments are helpful, of course, but it would be even better if there were hard data to back them up. Fortunately, it turns out that there is a great deal of research evidence supporting the importance of OB for company performance. Several research studies have been conducted on the topic, each employing a somewhat different approach.

One study began by surveying executives from 968 publicly held firms with 100 or more employees.²¹ The survey assessed so-called high performance work practices—OB policies that are widely agreed to be beneficial to firm performance. The survey included 13 questions asking

1.4

Why might firms that are good at OB tend to be more profitable?

TABLE 1-2

Survey Questions Designed to Assess High-Performance Work Practices

SURVEY QUESTION ABOUT OB PRACTICE	COVERED IN CHAPTER
What is the proportion of the workforce whose jobs have been subjected to a formal job analysis?	2
What is the proportion of the workforce who are administered attitude surveys on a regular basis?	4
What is the proportion of the workforce who have access to company incentive plans, profit-sharing plans, and/or gain-sharing plans?	6
What is the average number of hours of training received by a typical employee over the last 12 months?	8, 10
What is the proportion of the workforce who have access to a formal grievance procedure and/or complaint resolution system?	7
What proportion of the workforce are administered an employment test prior to hiring?	9, 10
What is the proportion of the workforce whose performance appraisals are used to determine compensation?	6

Source: From M.A. Huselid, "The Impact of Human Resource Management Practices on Turnover, Productivity, and Corporate Financial Performance," *Academy Of Management Journal*, Vol. 38, pp. 635–72. Copyright © 1995. Reproduced with permission of Academy of Management via Copyright Clearance Center.

about a combination of hiring, information sharing, training, performance management, and incentive practices, and each question asked what proportion of the company's workforce was involved in the practice. Table 1-2 provides some of the questions used to assess the high-performance work practices (and also shows which chapter of the textbook describes each particular practice in more detail). The study also gathered the following information for each firm: average annual rate of turnover, productivity level (defined as sales per employee), market value of the firm, and corporate profitability. The results revealed that a one-unit increase in the proportion of the workforce involved in the practices was associated with an approximately 7 percent decrease in turnover, \$27,000 more in sales per employee, \$18,000 more in market value, and \$3,800 more in profits. Put simply, better OB practices were associated with better firm performance.

Although there is no doubting the importance of turnover, productivity, market value, and profitability, another study examined an outcome that's even more fundamental: firm survival.²² The study focused on 136 nonfinancial companies that made initial public offerings (IPOs) in 1988. Firms that undergo an IPO typically have shorter histories and need an infusion of cash to grow or introduce some new technology. Rather than conducting a survey, the authors of this study examined the prospectus filed by each firm (the Securities and Exchange Commission requires that prospectuses contain honest information, and firms can be liable for any inaccuracies that might mislead investors). The authors coded each prospectus for information that might suggest OB issues were valued. Examples of valuing OB issues included describing employees as a source of competitive advantage in strategy and mission statements, emphasizing training and continuing education, having a human resources management executive, and emphasizing full-time rather than temporary or contract employees. By 1993, 81 of the 136 firms included in the study had survived (60 percent). The key question is whether the value placed on OB predicted which did (and did not) survive. The results revealed that firms that valued OB had a 19 percent higher survival rate than firms that did not value OB.

TABLE 1-3

The “100 Best Companies to Work For” in 2013

1. Google	42. Cisco	81. PricewaterhouseCoopers
2. SAS	47. Deloitte	83. Four Seasons
3. CHG Healthcare	50. Men’s Wearhouse	84. Aflac
4. Boston Consulting	51. American Express	87. Capital One
5. Wegman’s	57. Ernst & Young	88. Nordstrom
11. Qualcomm	60. Teach for America	91. Accenture
12. Dreamworks Animation	64. Marriott International	92. Hasbro
16. Container Store	66. Quiktrip	93. Goldman Sachs
22. Intuit	68. Intel	94. Starbucks
30. Mercedes-Benz USA	71. Whole Foods	95. Mars
31. Zappos	75. Microsoft	96. Mattel
41. Mayo Clinic	77. Publix	98. FedEx

Source: From M. Moskowitz, R. Levering, O. Akhtar, E. Fry, C. Leahey, and A. Vandermeij, “The 100 Best Companies to Work For,” *Fortune*, February 4, 2013, pp. 85–96. Copyright © 2013 Time Inc. Used under license.

A third study focused on *Fortune*’s “100 Best Companies to Work For” list, which has appeared annually since 1998.²³ Table 1-3 provides some highlights from the 2013 version of the list. If the 100 firms on the list really do have good OB practices, and if good OB practices really do influence firm profitability, then it follows that the 100 firms should be more profitable. To explore this premise, the study went back to the original 1998 list and found a “matching firm” for those companies that were included.²⁴ The matching firm consisted of the most similar company with respect to industry and size in that particular year, with the added requirement that the company had not appeared on the “100 Best” list. This process essentially created two groups of companies that differ only in terms of their inclusion in the “100 Best.” The study then compared the profitability of those two groups of companies. The results revealed that the “100 Best” firms were more profitable than their peers. Indeed, the cumulative investment return for a portfolio based on the 1998 “100 Best” companies would have doubled the return for the broader market.

SO WHAT’S SO HARD?

Clearly this research evidence seems to support the conceptual argument that good people constitute a valuable resource for companies. Good OB does seem to matter in terms of company profitability. You may wonder then, “What’s so hard?” Why doesn’t every company prioritize the effective management of OB, devoting as much attention to it as they do accounting, finance, marketing, technology, physical assets, and so on? Some companies do a bad job when it comes to managing their people. Why is that?

One reason is that there is no “magic bullet” OB practice—one thing that, in and of itself, can increase profitability. Instead, the effective management of OB requires a belief that several different practices are important, along with a long-term commitment to improving those practices. This premise can be summarized with what might be called the **Rule of One-Eighth**:

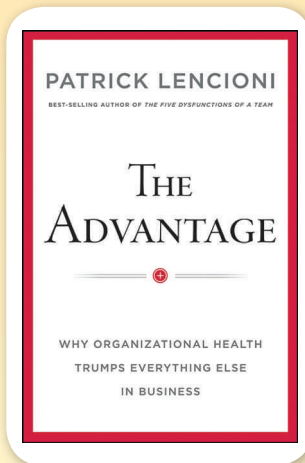
One must bear in mind that one-half of organizations won’t believe the connection between how they manage their people and the profits they earn. One-half of those who do see the connection will do what many organizations have done—try to make a single change to solve their problems, not realizing that the effective management of people requires a more comprehensive

OB AT THE BOOKSTORE

This feature spotlights bestselling business books that complement the content of each chapter. Drawing a bridge from our chapters to these books lets you see how the titles at the bookstore complement the concepts in our integrative model of OB.

THE ADVANTAGE

by Patrick Lencioni (San Francisco: Jossey-Bass, 2012).



As I sat there at the conference listening to one presentation after another highlighting the remarkable and unorthodox activities that have made this organization so healthy, I leaned over and quietly asked the CEO a semirhetorical question: “Why in the world don’t your competitors do any of this?”

After a few seconds, he whispered, almost sadly, “You know, I honestly believe they think it’s beneath them.”

And there it was.

With those words, Lencioni explains why so many organizations wind up doing a poor job of managing OB. Lencioni uses the term “healthy” to describe an organization with high morale, low turnover, minimal politics, and high productivity. In other words, “health” has to do with the management of people, unlike “smarts,” which Lencioni describes as organizations having effective strategy, marketing, finance, and technology.

Lencioni argues that organizational health is a key part of maintaining a competitive advantage, for two reasons. First, it’s rarer than organizational smarts. As Lencioni notes when reflecting on his consulting experience, “In twenty years of consulting to clients in virtually every industry, I have yet to meet a group of leaders who made me think, *Wow, these people just don’t know enough about their business to succeed.*” In contrast, he notes that plenty of organizations clearly lacked health, in part because managers were so dismissive of its importance. Second, organizational health has a “multiplier effect” on smarts, allowing companies to “tap into” their knowledge, experience, and expertise to a greater extent than their competitors.

So how can organizations become healthier? Lencioni argues that they need to have a cohesive and stable leadership team that is focused on building trust and commitment while holding employees accountable for their performance. Put differently, being healthy requires mastering a number of different concepts in our integrative model of OB.

and systematic approach. Of the firms that make comprehensive changes, probably only about one-half will persist with their practices long enough to actually derive economic benefits. Since one-half times one-half times one-half equals one-eighth, at best 12 percent of organizations will actually do what is required to build profits by putting people first.²⁵

The integrative model of OB used to structure this book was designed with this Rule of One-Eighth in mind. Figure 1-1 suggests that high job performance depends not just on employee motivation but also on fostering high levels of satisfaction, effectively managing stress, creating a trusting climate, and committing to employee learning. Failing to do any one of those things could hinder the effectiveness of the other concepts in the model. Of course, that systemic nature reveals another reality of organizational behavior: It’s often difficult to “fix” companies that struggle with OB issues. Such companies often struggle in a number of different areas and on a number of different levels. For more discussion about why firms struggle to manage their people, see our **OB at the Bookstore** feature, which appears in each chapter to showcase a well-known business book that discusses OB concepts.

HOW DO WE “KNOW” WHAT WE KNOW ABOUT ORGANIZATIONAL BEHAVIOR?

Now that we’ve described what OB is and why it’s an important topic of study, we now turn to how we “know” what we know about the topic. In other words, where does the knowledge in this textbook come from? To answer this question, we must first explore how people “know” about anything. Philosophers have argued that there are several different ways of knowing things:²⁶

- **Method of Experience:** People hold firmly to some belief because it is consistent with their own experience and observations.
- **Method of Intuition:** People hold firmly to some belief because it “just stands to reason”—it seems obvious or self-evident.
- **Method of Authority:** People hold firmly to some belief because some respected official, agency, or source has said it is so.
- **Method of Science:** People accept some belief because scientific studies have tended to replicate that result using a series of samples, settings, and methods.

Consider the following prediction: Providing social recognition, in the form of public displays of praise and appreciation for good behaviors, will increase the performance and commitment of work units. Perhaps you feel that you “know” this claim to be true because you yourself have always responded well to praise and recognition. Or perhaps you feel that you “know” it to be true because it seems like common sense—who wouldn’t work harder after a few public pats on the back? Maybe you feel that you “know” it to be true because a respected boss from your past always extolled the virtue of public praise and recognition.

However, the methods of experience, intuition, and authority also might have led you to the opposite belief—that providing social recognition has no impact on the performance and commitment of work units. It may be that public praise has always made you uncomfortable or embarrassed, to the point that you’ve tried to hide especially effective behaviors to avoid being singled out by your boss. Or it may seem logical that social recognition will be viewed as “cheap talk,” with employees longing for financial incentives rather than verbal compliments. Or perhaps the best boss you ever worked for never offered a single piece of social recognition in her life, yet her employees always worked their hardest on her behalf. From a scientist’s point of view, it doesn’t really matter what a person’s experience, intuition, or authority suggests; the prediction must be tested with data. In other words, scientists don’t simply assume that their beliefs are accurate; they acknowledge that their beliefs must be tested scientifically.

Scientific studies are based on the scientific method, originated by Sir Francis Bacon in the 1600s and adapted in Figure 1-3.²⁷ The scientific method begins with **theory**, defined as a collection of assertions—both verbal and symbolic—that specify how and why variables are related, as well as the conditions in which they should (and should not) be related.²⁸ More simply, a theory tells a story and supplies the familiar who, what, where, when, and why elements found in any newspaper or magazine article.²⁹ Theories are often summarized with theory diagrams, the “boxes and arrows” that graphically depict relationships between variables. Our integrative model of OB in Figure 1-1 represents one such diagram, and there will be many more to come in the remaining chapters of this textbook.

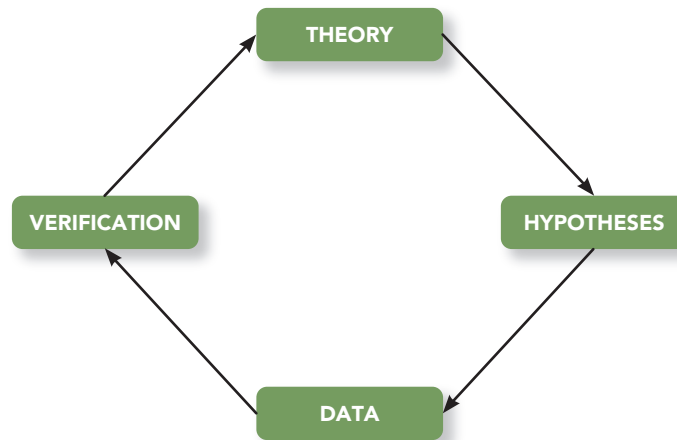
A scientist could build a theory explaining why social recognition might influence the performance and commitment of work units. From what sources would that theory be built? Well, because social scientists “are what they study,” one source of theory building is introspection. However, theories may also be built from interviews with employees or from observations where scientists take notes, keep diaries, and pore over company documents to find all the elements of a theory story.³⁰ Alternatively, theories may be built from research reviews, which examine findings of previous studies to look for general patterns or themes.³¹

1.5

What is the role of theory in the scientific method?

FIGURE 1-3

The Scientific Method



Source: Adapted from F. Bacon, M. Silverthorne, and L. Jardine, *The New Organon* (Cambridge: Cambridge University Press, 2000).

Although many theories are interesting, logical, or thought provoking, many also wind up being completely wrong. After all, scientific theories once predicted that the earth was flat and the sun revolved around it. Closer to home, OB theories once argued that money was not an effective motivator and that the best way to structure jobs was to make them as simple and mundane as possible.³² Theories must therefore be tested to verify that their predictions are accurate. As shown in Figure 1-3, the scientific method requires that theories be used to inspire **hypotheses**. Hypotheses are written predictions that specify relationships between variables. For example, a theory of social recognition could be used to inspire this hypothesis: “Social recognition behaviors on the part of managers will be positively related to the job performance and organizational commitment of their units.” This hypothesis states, in black and white, the expected relationship between social recognition and unit performance.

Assume a family member owned a chain of 21 fast-food restaurants and allowed you to test this hypothesis using the restaurants. Specifically, you decided to train the managers in a subset of the restaurants about how to use social recognition as a tool to reinforce behaviors. Meanwhile, you left another subset of restaurants unchanged to represent a control group. You then tracked the total number of social recognition behaviors exhibited by managers over the next nine months by observing the managers at specific time intervals. You measured job performance by tracking drive-through times for the next nine months and used those times to reflect the minutes it takes for a customer to approach the restaurant, order food, pay, and leave. You also measured the commitment of the work unit by tracking employee retention rates over the next nine months.

So how can you tell whether your hypothesis was supported? You could analyze the data by examining the **correlation** between social recognition behaviors and drive-through times, as well as the correlation between social recognition behaviors and employee turnover. A correlation, abbreviated r , describes the statistical relationship between two variables. Correlations can be positive or negative and range from 0 (no statistical relationship) to 1 (a perfect statistical relationship). Picture a spreadsheet with two columns of numbers. One column contains the total numbers of social recognition behaviors for all 21 restaurants; the other contains the average drive-through times for those same 21 restaurants. The best way to get a feel for the correlation is to look at a scatterplot—a graph made from those two columns of numbers. Figure 1-4 presents three scatterplots, each depicting different-sized correlations. The strength of the correlation can

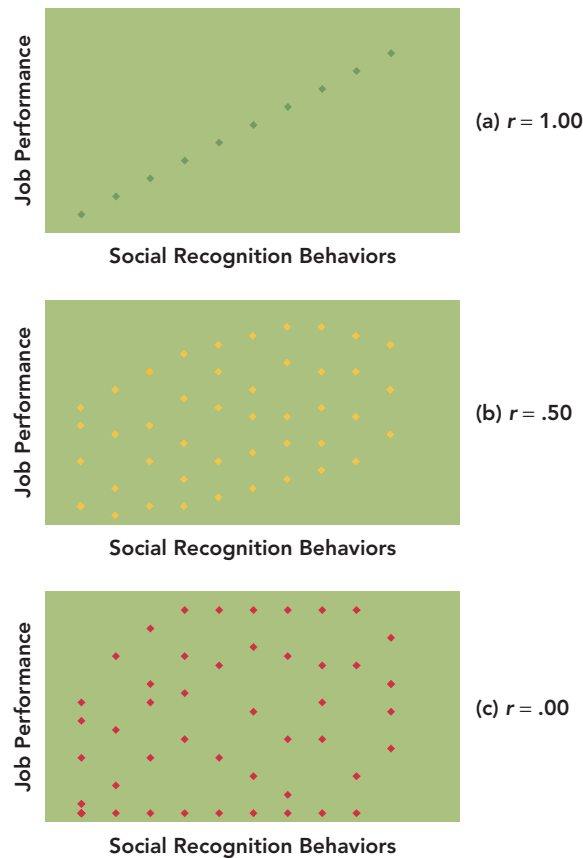


1.6

How are correlations interpreted?

FIGURE 1-4

Three Different Correlation Sizes



be inferred from the “compactness” of its scatterplot. Panel (a) shows a perfect 1.0 correlation; knowing the score for social recognition allows you to predict the score for drive-through times perfectly. Panel (b) shows a correlation of .50, so the trend in the data is less obvious than in Panel (a) but still easy to see with the naked eye. Finally, Panel (c) shows a correlation of .00—no statistical relationship. Understanding the correlation is important because OB questions are not “yes or no” in nature. That is, the question is not “*Does* social recognition lead to higher job performance?” but rather “*How often* does social recognition lead to higher job performance?” The correlation provides a number that expresses an answer to the “how often” question.

So what is the correlation between social recognition and job performance (and between social recognition and organizational commitment)? It turns out that a study very similar to the one described was actually conducted, using a sample of 21 Burger King restaurants with 525 total employees.³³ The correlation between social recognition and job performance was .28. The restaurants that received training in social recognition averaged 44 seconds of drive-through time nine months later versus 62 seconds for the control group locations. The correlation between social recognition and retention rates was .20. The restaurants that received training in social recognition had a 16 percent better retention rate than the control group locations nine months later. The study also instituted a financial “pay-for-performance” system in a subset of the locations and found that the social recognition effects were just as strong as the financial effects.

Of course, you might wonder whether correlations of .28 or .20 are impressive or unimpressive. To understand those numbers, let’s consider some context for them. Table 1-4 provides some notable correlations from other areas of science. If the correlation between height and weight is



A study of Burger King restaurants revealed a correlation between social recognition—praise and appreciation by managers—and employees' performance and commitment. Such studies contribute to the growing body of organizational behavior knowledge.

TABLE 1-4 Some Notable Correlations

CORRELATION BETWEEN . . .	<i>r</i>	SAMPLE SIZE
Height and weight	.44	16,948
Ibuprofen and pain reduction	.14	8,488
Antihistamines and reduced sneezing	.11	1,023
Smoking and lung cancer within 25 years	.08	3,956
Coronary bypass surgery and 5-year survival	.08	2,649

Source: From Robert Hogan, "In Defense of Personality Measurement: New Wine for Old Whiners," *Human Performance*, Vol. 18, 2005, pp. 331–41. Reprinted by permission of the publisher, Taylor & Frances Group, www.informaworld.com.

only .44, then a correlation of .28 between social recognition and job performance doesn't sound too bad! In fact, a correlation of .50 is considered "strong" in organizational behavior research, given the sheer number of things that can affect how employees feel and act.³⁴ A .30 correlation is considered "moderate," and many studies discussed in this book will have results in this range. Finally, a .10 correlation is considered "weak" in organizational behavior research. It should be noted, however, that even "weak" correlations can be important if they predict costly behaviors such as theft or ethical violations. The .08 correlation between smoking and lung cancer within 25 years is a good example of how important small correlations can be.

Does this one study settle the debate about the value of social recognition for job performance and organizational commitment? Not really, for a variety of reasons. First, it included only 21 restaurants with 525 employees—maybe the results would have turned out differently if the study had included more locations. Second, it focused only on restaurant employees—maybe there's something unique about such employees that makes them particularly responsive to social recognition. Third, it may be that the trained locations differed from the control locations on something *other than* social recognition, and it was that "something" that was responsible

OB ON SCREEN

This feature is designed to illustrate OB concepts in action on the silver screen. Once you've learned about OB topics, you'll see them playing out all around you, especially in movies.

MONEYBALL

You don't put a team together with a computer, Billy. . . . Baseball isn't just numbers; it's not science. If it was, then anybody could do what we're doing. But they can't because they don't know what we know. They don't have our experience and they don't have our intuition.

With those words, Grady Fuson (Ken Medlock) tries to show Billy Beane (Brad Pitt) the error of his ways in *Moneyball* (Dir. Bennett Miller, Columbia Pictures, 2011). Billy is the general manager of the Oakland Athletics (A's). After losing to the New York Yankees in the playoffs, Billy's been forced to trim a payroll that is already a third of what the Yankees pay. To the angst of his head scout Grady, Billy turns to Pete Brand, aka "Google boy," a recent hire with a degree in economics from Yale. Pete is well versed in "sabermetrics"—the scientific search for objective baseball knowledge begun by Bill James, with a nod to the Society for American Baseball Research (SABR).



The film, based on the Michael Lewis bestseller,⁴⁰ shows how science can complement experience and intuition. For example, Pete's advanced analytics showed that "on-base percentage"—a statistic dependent not just on hits but also on walks—was a more valid indicator of a player's value than the home runs emphasized by traditional scouts. Ironically, the success of *Moneyball* caused a number of baseball teams to hire "sabermetricians," erasing some of the advantages that Billy's approach had given Oakland.⁴¹ Indeed, the use of advanced analytics has taken hold in other professional sports, most notably the National Basketball Association.⁴² Hopefully evidence-based management will allow organizational managers to do what sports managers are doing—test their theories of success with data.

for the performance differences. You may have heard the phrase, "correlation does not imply causation." It turns out that making **causal inferences**—establishing that one variable really does cause another—requires establishing three things.³⁵ First, that the two variables are correlated. Second, that the presumed cause precedes the presumed effect in time. Third, that no alternative explanation exists for the correlation. The third criterion is often fulfilled in experiments, where researchers have more control over the setting in which the study occurs.

The important point is that little can be learned from a single study. The best way to test a theory is to conduct many studies, each of which is as different as possible from the ones that preceded it.³⁶ So if you really wanted to study the effects of social recognition, you would conduct several studies using different kinds of samples, different kinds of measures, and both experimental and nonexperimental methods. After completing all of those studies, you could look back on the results and create some sort of average correlation across all of the studies. This process is what a technique called **meta-analysis** does. It takes all of the correlations found in studies of a particular relationship and calculates a weighted average (such that correlations based on studies with large samples are weighted more than correlations based on studies with small samples). It turns out that a meta-analysis has been conducted on the effects of social recognition and job performance. That analysis revealed an average correlation of .21 across studies conducted in 96 different organizations in the service industry.³⁷ That meta-analysis offers more compelling support for the potential benefits of social recognition than the methods of experience, intuition, or authority could have provided.

Indeed, meta-analyses can form the foundation for **evidence-based management**—a perspective that argues that scientific findings should form the foundation for management education, much as they do for medical education.³⁸ Proponents of evidence-based management argue that human resources should be transformed into a sort of R&D department for managing people.³⁹ Notes one advocate, “In R&D, you go into the laboratory, you experiment and you keep up with the research that others do. . . . Can you imagine walking into the R&D lab at a pharmaceutical company, asking the chief chemist about an important new study and having him respond that they don’t keep up with the literature on chemistry?” Verizon Business, the Basking Ridge, New Jersey–based unit of Verizon Communications, is one example of a company that is moving toward evidence-based management. The company notes that the dollars spent on human resources issues demand more than an intuition-based justification for new plans. More informed decisions come from running systematic experiments in smaller units of an organization, making greater use of internal data, hiring PhDs with relevant expertise, and pursuing collaborations with academics. For a look at how evidence-based management is used in the world of sports, see our **OB on Screen** feature, which appears in each chapter and uses well-known movies to demonstrate OB concepts.

SUMMARY: MOVING FORWARD IN THIS BOOK

The chapters that follow will begin working through the integrative model of OB in Figure 1-1, beginning with the individual outcomes and continuing with the individual, group, and organizational mechanisms that lead to those outcomes. Each chapter begins by spotlighting a company that historically has done a good job of managing a given topic or is currently struggling with a topic. Theories relevant to that topic will be highlighted and discussed. The concepts in those theories will be demonstrated in the **OB on Screen** features to show how OB phenomena have “come to life” in film. The **OB at the Bookstore** feature will then point you to bestsellers that discuss similar concepts. In addition, the **OB Internationally** feature will describe how those concepts operate differently in different cultures and nations.

Each chapter ends with three sections. The first section provides a summarizing theory diagram that explains why some employees exhibit higher levels of a given concept than others. For example, the summarizing theory diagram for Chapter 4 will explain why some employees are more satisfied with their jobs than others. As we noted in the opening of this chapter, knowledge about *why* is critical to any employee who is trying to make sense of his or her working life or any manager who is trying to make his or her unit more effective. How often have you spent time trying to explain your own attitudes and behaviors to yourself? If you consider yourself to be an introspective person, you’ve probably thought about such questions quite a bit. Our **OB Assessments** feature will help you find out how reflective you really are. This feature also appears in each chapter of the textbook and allows you to gain valuable knowledge about your own personality, abilities, job attitudes, and leadership styles.

SCORING AND INTERPRETATION

If your scores sum up to 26 or above, you do a lot of introspection and are highly self-aware. You may find that many of the theories discussed in this textbook will help you better understand your attitudes and feelings about working life.

Source: From A. Fenigstein, M.F. Scheier, and A.H. Buss, "Public and Private Self-Consciousness: Assessment and Theory," *Journal of Consulting and Clinical Psychology*, Vol. 43, August 1975, pp. 522–27. Copyright © 1975 by the American Psychological Association. Adapted with permission. No further reproduction or distribution is permitted without written permission from the American Psychological Association.

TAKEAWAYS

- 1.1 Organizational behavior is a field of study devoted to understanding and explaining the attitudes and behaviors of individuals and groups in organizations. More simply, it focuses on *why* individuals and groups in organizations act the way they do.
- 1.2 The two primary outcomes in organizational behavior are job performance and organizational commitment.
- 1.3 A number of factors affect performance and commitment, including individual mechanisms (job satisfaction; stress; motivation; trust, justice, and ethics; learning and decision making), individual characteristics (personality and cultural values; ability), group mechanisms (team characteristics and diversity; team processes and communication; leader power and negotiation; leader styles and behaviors), and organizational mechanisms (organizational structure; organizational culture).
- 1.4 The effective management of organizational behavior can help a company become more profitable because good people are a valuable resource. Not only are good people rare, but they are also hard to imitate. They create a history that cannot be bought or copied, they make numerous small decisions that cannot be observed by competitors, and they create socially complex resources such as culture, teamwork, trust, and reputation.
- 1.5 A theory is a collection of assertions, both verbal and symbolic, that specifies how and why variables are related, as well as the conditions in which they should (and should not) be related. Theories about organizational behavior are built from a combination of interviews, observation, research reviews, and reflection. Theories form the beginning point for the scientific method and inspire hypotheses that can be tested with data.
- 1.6 A correlation is a statistic that expresses the strength of a relationship between two variables (ranging from 0 to ± 1). In OB research, a .50 correlation is considered "strong," a .30 correlation is considered "moderate," and a .10 correlation is considered "weak."

KEY TERMS

- | | | | |
|--------------------------------|--------------|-----------------------------|--------------|
| • Organizational behavior (OB) | <i>p. 6</i> | • Method of intuition | <i>p. 16</i> |
| • Human resource management | <i>p. 7</i> | • Method of authority | <i>p. 16</i> |
| • Strategic management | <i>p. 7</i> | • Method of science | <i>p. 16</i> |
| • Resource-based view | <i>p. 10</i> | • Theory | <i>p. 16</i> |
| • Inimitable | <i>p. 11</i> | • Hypotheses | <i>p. 17</i> |
| • History | <i>p. 11</i> | • Correlation | <i>p. 17</i> |
| • Numerous small decisions | <i>p. 12</i> | • Causal inference | <i>p. 20</i> |
| • Socially complex resources | <i>p. 12</i> | • Meta-analysis | <i>p. 21</i> |
| • Rule of One-Eighth | <i>p. 14</i> | • Evidence-based management | <i>p. 21</i> |
| • Method of experience | <i>p. 16</i> | | |

DISCUSSION QUESTIONS

- 1.1 Assuming you possessed the right technical skills, would a job at Patagonia be appealing to you? What would be the most important positives associated with the position, in your view? What would be the most important negatives?
- 1.2 Think again about the worst coworker you've ever had—the one who did some of the things listed in Table 1-1. Think about what that coworker's boss did (or didn't do) to try to improve his or her behavior. What did the boss do well or poorly? What would you have done differently, and which organizational behavior topics would have been most relevant?
- 1.3 Which of the individual mechanisms in Figure 1-1 (job satisfaction; stress; motivation; trust, justice, and ethics; learning and decision making) seems to drive your performance and commitment the most? Do you think you're unique in that regard, or do you think most people would answer that way?
- 1.4 Create a list of the most successful companies that you can think of. What do these companies have that others don't? Are the things that those companies possess rare and inimitable (see Figure 1-2)? What makes those things difficult to copy?
- 1.5 Think of something that you "know" to be true based on the method of experience, the method of intuition, or the method of authority. Could you test your knowledge using the method of science? How would you do it?

CASE: PATAGONIA

In his recent book *The Responsible Company*, Patagonia founder and owner Yvon Chouinard argued that meaningful work depends on what one does, in terms of daily tasks, but also on the larger issues that a company stands for.⁴³ He writes, "Regardless of our talent or education; our preference for working with words, numbers, or our hands . . . we have meaningful work at Patagonia because our company does its best to be responsible to nature and people. Our daily gestures—on the one hand, mundane and often tedious—are, on the other hand, infused with the effort to give something useful and enjoyable to society without bringing undue harm to nature, the commons, or other workers. Tedium is easier to take when it has meaning." In an effort to encourage other companies to be more "responsible to nature and people," Chouinard includes a responsible company checklist in the book, and as a download on Patagonia's website (www.patagonia.com/pdf/en_US/checklist.zip). The checklist includes sections on being responsible to (a) the financial health of the company, (b) its employees, (c) its customers, (d) the local community, and (e) nature. The employee checklist is excerpted below:

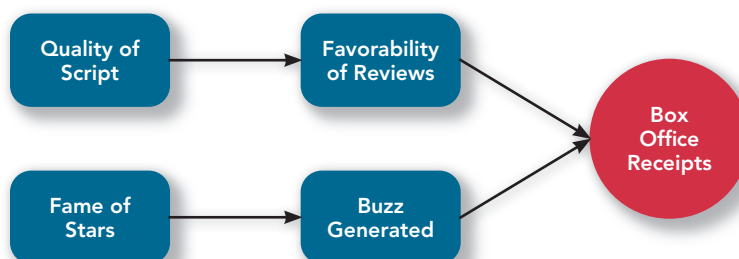
- Determine whether your company pays above-market, at-market, or below-market rates. Paying below market means your competitors will attract the best talent, including your own.
- Calculate the multiple by which the company's highest-paid employee compares to its lowest-paid full-time worker. Set a goal over a specific period of time to narrow the gap to a specific multiple, appropriate to your industry.
- Calculate your average annual attrition rate and compare with that of other employers in your business. If your number doesn't look good, figure out why. Set a benchmark for improvement.
- Calculate the internal hire rate for open positions. If you have to hire outside too often, are you training properly and allowing people to grow in their jobs?

- Include as many employees as possible in the company's bonus plan to secure broad-based support for company goals.
 - Diversity and gender balance, at all levels of the workforce, are strong virtues in a workforce; discourage both management myopia and provincialism.
 - Provide stock options or equivalent forms of company ownership to as broad a base of employees as possible.
 - Allow part-time and flextime and telecommuting opportunities as appropriate.
 - Install showers so employees can exercise at lunch or bike to work.
 - Provide a company café or kitchen or, if not practical, a dedicated space to let employees eat and/or rest.
 - Provide on-site day care if possible (or establish a relationship with a local provider).
 - Share financial information with all employees; no one should be innumerate.
 - Incorporate into the mission statement a commitment to reducing social and environmental harm.
 - Provide employee training to reduce social and environmental harm.
 - Provide paid sabbatical leave for long-term managerial and creative staff to help prevent burnout.
 - Get rid of dehumanizing cubicles; let there be natural light.
 - On an annual basis, conduct a job-satisfaction survey of all employees; quantify and share the results.
 - Require that supervisors write an annual performance appraisal for their staff. Supervisors should consult employees' co-workers and key contacts within the company, set goals (including social and environmental performance goals) for the coming year, and determine training needs.
- 1.1 Which checklist ingredients would you value most as an employee? Which would you value least? Do some suggestions seem debatable?
 - 1.2 Which checklist ingredients do you think are most uncommon in organizations? Do those ingredients seem to be promising avenues for creating sustained competitive advantage?
 - 1.3 Chouinard argues that "tedium is easier to take when it has meaning." Which checklist ingredients seem most promising for creating meaning? Would you add any additional suggestions to increase meaning further?

EXERCISE: IS OB COMMON SENSE?

The purpose of this exercise is to take some of the topics covered in this textbook and examine whether improving them is "just common sense." This exercise uses groups, so your instructor will either assign you to a group or ask you to create your own. The exercise has the following steps:

- 1.1 Consider the theory diagram shown below. It explains why two "independent variables" (the quality of a movie's script and the fame of its stars) affect a "dependent variable" (how much the movie makes at the box office).



- 1.2 Now build your own theory diagram about organizational behavior. In your groups, choose one of the following four topics to use as your dependent variable:
- *Job Satisfaction*: The pleasurable emotions felt when performing job tasks.
 - *Strain*: The headaches, fatigue, or burnout resulting from workplace stress.
 - *Motivation*: The intensity and persistence of job-related effort.
 - *Trust in Supervisor*: The willingness to allow a supervisor to have significant influence over key job issues.
- Using a transparency, laptop, whiteboard, or chalkboard, build a theory diagram that summarizes the factors that affect your chosen dependent variable. To be as comprehensive as possible, try to include at least four independent variables. Keep your books closed! You should build your diagrams using only your own experience and intuition.
- 1.3 Each group should present its theory diagram to the class. Do the predicted relationships make sense? Should anything be dropped? Should anything be added?
- 1.4 Now compare the theory diagram you created with the diagrams in the textbook (Figure 4-7 for Job Satisfaction, Figure 5-3 for Strain, Figure 6-7 for Motivation, and Figure 7-7 for Trust in Supervisor). How does your diagram compare to the textbook's diagrams (search the boldfaced key terms for any jargon that you don't understand)? Did you leave out some important independent variables or suggest some variables that have not been supported by the academic research summarized in the chapters? If so, it shows that OB is more than just common sense.

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RESOURCE-BASED VIEW

Ch 01: Case Analysis - Apple

Instructions | help

save & exit submit assignment

1. value: 10.00 points

Case Analysis key terms

Apple
Read the case below and answer the questions to the right.
In 2001, Apple opened its first retail store in McLean, Virginia. Although Apple had no experience in retail operations, creative hiring practices and a culture of continuous learning led to success beyond the predictions of industry experts. Consider your expectations when you enter any Apple store: Will the salespeople be professional? Will the product you buy fulfill your needs? Will the store be modern and clean?

1 Relying on the Integrative Model of Organizational Behavior (see Figure 1-1), which of the following organizational mechanisms may lead Apple's employees to be especially committed to the organization?
select here

2 Using the resource-based view, which of the following may be a source of competitive advantage for Apple?
select here

3 Which of the following could be a rare and inimitable resource for Apple in the future?
select here

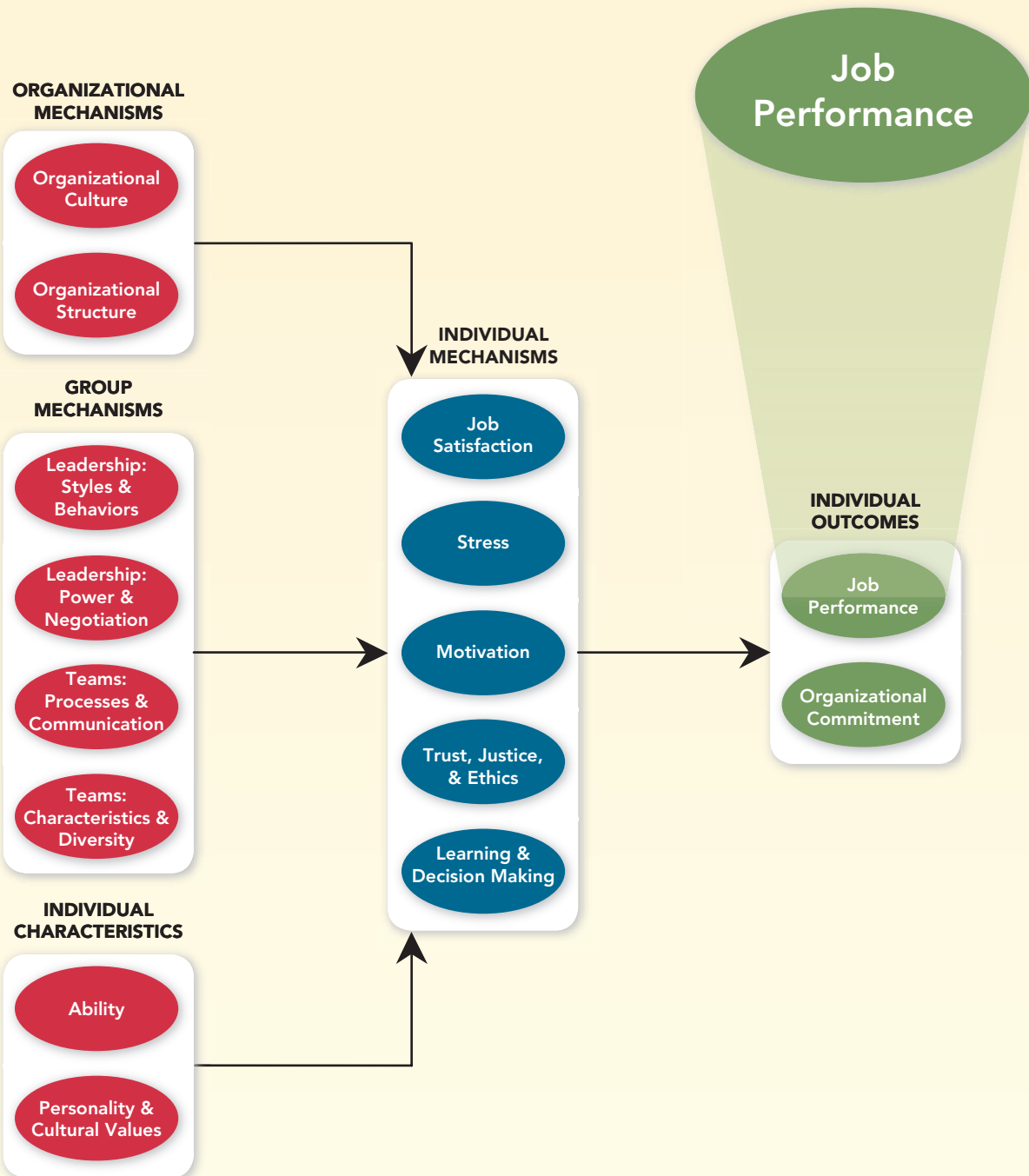
1 Introduction 2 Case Analysis 3 Concept Check 4 Summary

report a content issue check my work references ebook & resources

next: submit

For instructors who use Connect with their course, the Chapter 1 assignments include a Case Analysis on Apple. Students read a brief case about Apple retail stores then answer questions about the resource-based view and the integrative model that structures this text. The exercise complements the content on rareness and inimitability in the chapter.

Interactive Applications offer a variety of automatically graded exercises that require students to **apply** key concepts. Whether the assignment includes a *click & drag*, *video case*, *self-assessment* or *decision generator*, these applications provide instant feedback and progress tracking for students and detailed results for the instructor.





LEARNING GOALS

After reading this chapter, you should be able to answer the following questions:

- 2.1 What is job performance?
- 2.2 What is task performance?
- 2.3 How do organizations identify the behaviors that underlie task performance?
- 2.4 What is citizenship behavior?
- 2.5 What is counterproductive behavior?
- 2.6 What workplace trends are affecting job performance in today's organizations?
- 2.7 How can organizations use job performance information to manage employee performance?

GENERAL MOTORS



General Motors Company is the largest automaker in the United States, and a close second to Toyota in global sales of cars and trucks.¹ Although the company has had a long and rich history, it slid into bankruptcy in 2009. The company emerged from bankruptcy in the same year with a new ownership structure and over \$50 billion in assistance from the federal government's Troubled Asset Relief Program (TARP).² The company's management and other stakeholders knew significant changes were in order if the company was to have a chance of paying back its debt to taxpayers and succeed as a viable company moving forward.

The first steps in the company's revitalization plan involved reducing costs and streamlining operations.³ Among the most publicized actions were significant reductions in the size of the company's salaried and hourly workforce.⁴ As you might imagine, this workforce reduction had significant implications to the 200,000-plus employees

who remained in the company. Most obviously, with fewer employees left to do all the production, administrative, and managerial tasks required to design, manufacture, and sell cars and trucks, the number and scope of the activities that employees needed to perform in their jobs increased. In short, what it takes for General Motors's employees to be considered effective or ineffective in their jobs evolved as a consequence of the downsizing.

A second step in the company's revitalization involved focus on a renewed vision of designing, building, and selling the world's best vehicles,⁵ and this also had implications to employee job performance. Consider the five core principles that were instituted to accomplish this new vision: (1) put safety and quality first, (2) create lifelong customers, (3) innovate, (4) deliver long-term investment value to shareholders, and (5) make a positive difference in the workplace and world.⁶ These principles mean that job performance at General Motors now involves activities such as promoting safety in facilities and products, listening to customers and striving to meet their needs, thinking of new ideas and implementing them to improve production processes and to delight customers, investing with the highest level of integrity, being a good team player, and volunteering in the community. Although some of these job performance activities might seem indirectly related to the core task of building and selling cars and trucks, General Motors believes these employee contributions are key to its chance of thriving in the new millennium.