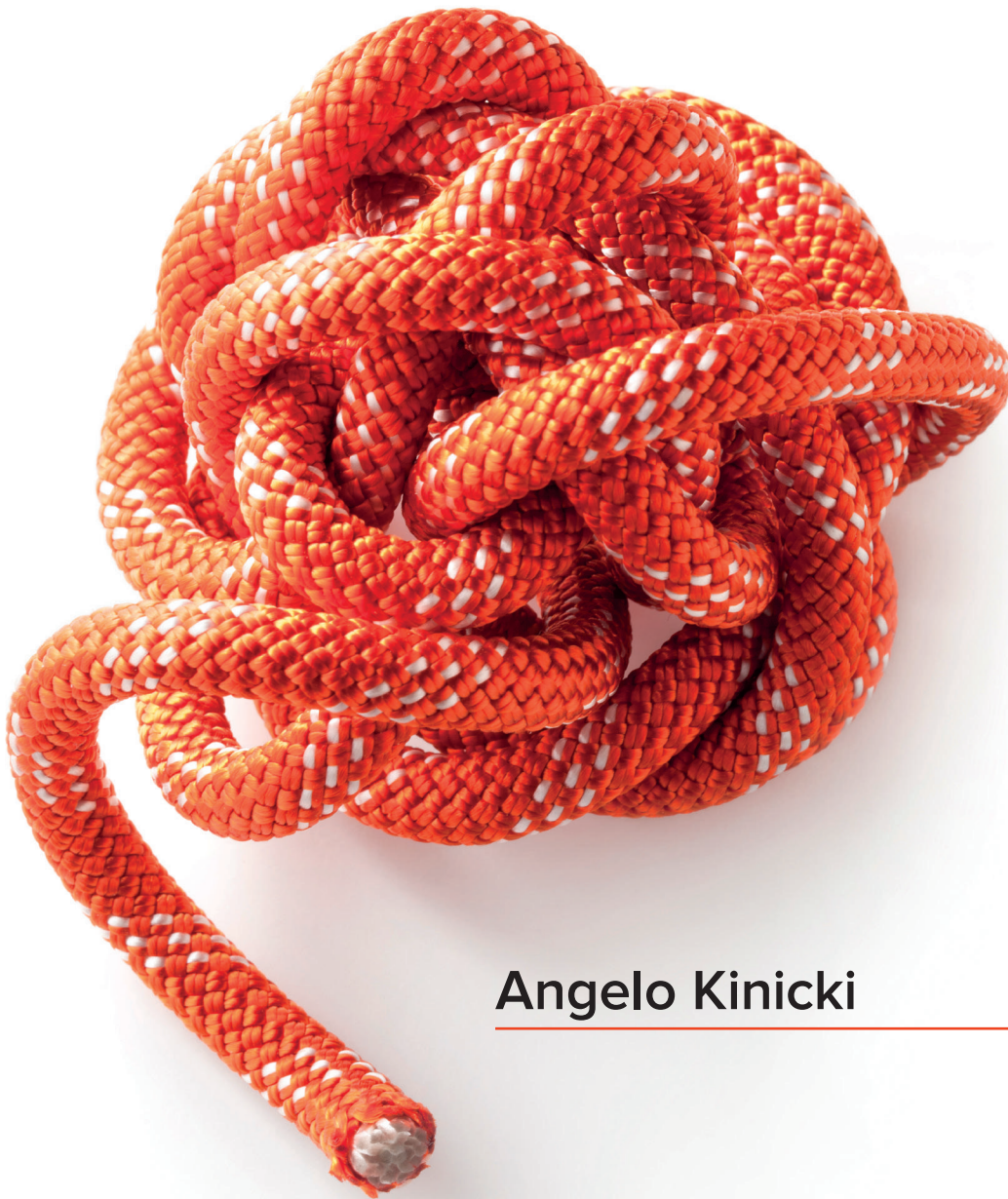


Organizational Behavior

A Practical, Problem-Solving Approach

3e



Angelo Kinicki

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Organizational Behavior

A Practical, Problem-Solving Approach

Third Edition

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**Mc
Graw
Hill**





ORGANIZATIONAL BEHAVIOR: A PRACTICAL, PROBLEM-SOLVING APPROACH, THIRD EDITION

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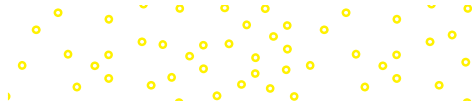
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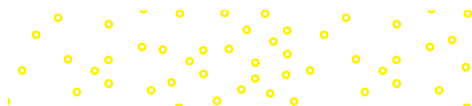
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DEDICATION

To the thousands of students I encountered during my career. Thank you for making me a better teacher and writer.

— *Angelo*



about the author



Courtesy of Angelo Kinicki

Angelo Kinicki is an emeritus professor of management and held the Weatherup/Overby Chair in Leadership from 2005 to 2015 at the W.P. Carey School of Business at Arizona State University. He joined the faculty in 1982, the year he received his doctorate in business administration from Kent State University. He was inducted into the W.P. Carey Faculty Hall of Fame in 2016. Angelo currently is the Dean's Scholar in Residence at Kent State University. He is teaching in the MBA program and serves on the Dean's National Advisory Board.

Angelo is the recipient of six teaching awards from Arizona State University, where he taught in its nationally ranked MBA and PhD programs. He also received several research awards and was selected to serve on the editorial review boards for four scholarly journals. His current research interests focus on the dynamic relationships among leadership; organizational culture; organizational change; and individual, group, and orga-

nizational performance. Angelo has published over 95 articles in a variety of academic journals and proceedings and is co-author of eight textbooks (32 including revisions) that are used by hundreds of universities around the world. Several of his books have been translated into multiple languages, and two of his books were awarded revisions of the year by McGraw-Hill. Angelo also was identified as being among the top 100 most influential (top .6%) Organizational Behavior authors in 2018 out of a total of 16,289 academics.

Angelo is a busy international consultant and is a principal at Kinicki and Associates, Inc., a management consulting firm that works with top management teams to create organizational change aimed at increasing organizational effectiveness and profitability. He has worked with many Fortune 500 firms as well as numerous entrepreneurial organizations in diverse industries. His expertise includes facilitating strategic/operational planning sessions, diagnosing the causes of organizational and work-unit problems, conducting organizational culture interventions, implementing performance management systems, designing and implementing performance appraisal systems, developing and administering surveys to assess employee attitudes, and leading management/executive education programs. He developed a 360° leadership feedback instrument called the Performance Management Leadership Survey (PMLS) that is used by companies throughout the world.

Angelo and his wife of 37 years, Joyce, have enjoyed living in the beautiful Arizona desert for 36 years. They are both natives of Cleveland, Ohio. They enjoy traveling, hiking, and spending time in the White Mountains with Gracie, their adorable golden retriever. Angelo also has a passion for golfing.

We are pleased to share these exciting updates and new additions to the third edition of *Organizational Behavior*!

Features

In this new edition, we have better integrated the **3-Step Problem-Solving Approach** throughout, and clarified its relationship to the **Organizing Framework for Understanding and Applying OB**. In addition:

- **Winning at Work** boxes at the beginning of every chapter offer career-readiness guidance for students on a variety of timely, pertinent topics.
- **OB in Action** boxes illustrate OB concepts or theories *in action* in the real world, featuring well-known companies and individuals.
- **Applying OB** boxes offer students “how-to” guidance on applying OB knowledge in their lives. The importance of career readiness is stressed in many of these boxes throughout the book, indicated with a “Career Readiness” label.
- **Problem-Solving Application** boxes provide a minicase for students to analyze, using the 3-Step Problem-Solving Approach.
- **Takeaways for Me** and **Takeaways for Managers** conclude each chapter, explaining in direct terms practical applications of the chapter content from the student’s perspective as an employee and a manager.
- **Problem-Solving Application Cases** at the end of each chapter provide a complex and current case with one or more problems that pertain to concepts discussed in the chapter.
- **Legal/Ethical Challenges** provide a concluding exercise in each chapter and ask students to choose from several courses of action or invent their own to resolve a business situation involving ethics at work.

Connect

In our continuing efforts to help students move from comprehension to application, and to ensure they see the personal relevance of OB,

we have included a variety of new exercises to our already robust Connect offering:

- **Problem-Solving Application Case Analyses:** All problem-solving application mini-cases and end-of-chapter cases are now assignable as case analyses in Connect. These exercises give students the opportunity to analyze a situation and to apply the 3-Step Problem-Solving Approach. Student knowledge and proficiency are assessed using high-level multiple-choice questions that focus on both the problem-solving approach and on the key topics of each chapter.
- **Application-Based Activities:** Students can gain valuable practice using problem-solving skills to apply their knowledge to realistic scenarios. Included in this edition are two types of Application-Based Activities: *Role-Playing mini-simulations* that allow students to make decisions and see, in real time, the impact of those decisions; and *Self-Assessments*, which are research-based surveys that students can take to gain further introspection into how organizational behavioral concepts apply to them.
- **Cumulative Case:** This capstone activity provides students the opportunity to apply the 3-Step Problem-Solving Approach on an actual situation affecting a specific firm (Tesla). Because the case examines issues at the individual, group, and organizational levels of analysis at Tesla, it can be used in parts or as a comprehensive assignment or exam. All told, this activity presents students with a rich and practical example to apply their OB knowledge and problem-solving skills.
- **iSeeIt Videos:** Brief, contemporary introductions to key course concepts that often perplex students, this series will enhance your student-centered instruction by offering your students dynamic illustrations that guide them through the basics of core OB concepts such as motivation, leadership, socialization, and more.
- **Manager’s Hot Seat Videos:** These vignettes allow students to assume the role of a manager as they immerse themselves in real-life situations. Students see how managers deal with employees and complex issues, and use critical-thinking skills in defining their approach and course of action—while learning from the manager’s mistakes.

new to the third edition



Chapters

In each chapter we have refreshed examples, research, figures, tables, statistics, and photos, as well as streamlined design to ease navigation and improve readability. We have also largely replaced the topics in such popular features as Winning at Work, Legal/Ethical Challenges, Problem-Solving Application mini cases, and Problem-Solving Application Cases. New in this edition, each chapter concludes with a section entitled “Making Connections,” in which we provide a list of specific applications of chapter content for students and managers. Beyond these valuable changes, the following outlines some of the more notable changes by chapter.

CHAPTER 1

- New content on the implications of OB for students’ jobs and careers.
- Expanded and enhanced section on ethics, including expanded treatment on the prevalence of cheating and other forms of unethical conduct at school and work; revised and further developed section on ethical dilemmas and whistleblowers; revised and enhanced content on the importance of soft versus hard skills; expanded explanation of the importance of self-awareness for personal development and job and career success.
- Updated survey results outlining skills most sought by employers.
- New Winning at Work feature provides insight and guidance on how to deal with challenges in the hiring process, including the growing role of artificial intelligence and how to effectively get past these virtual gatekeepers.
- New Applying OB feature on how self-awareness can help one build a fulfilling career.
- Updated and refined the 3-Step Approach to Solving Problems Using OB.

CHAPTER 2

- New content on the factors that shape the values of Generation Z; increasing employee commitment, with best practices used by Hilton, Salesforce, and Cisco.
- New examples clarify content about Schwartz’s value theory and explain cognitive dissonance.
- Updated statistics on employee engagement around the world; new data on employee

satisfaction in the U.S.; new statistics on telecommuting; new research on accounting/financial performance and customer service/satisfaction as outcomes of job satisfaction.

- New Winning at Work feature on creating your own sense of employee engagement.
- New Problem-Solving Application features on McDonald’s workers protesting sexual harassment at work; Netflix’s approach to sexual harassment in the workplace.
- New OB in Action feature on how companies foster employee engagement.
- New Applying OB features on ways to implement telecommuting for employees; using job satisfaction to reduce employee turnover.
- New end-of-chapter Problem-Solving Application Case on Walmart’s values under scrutiny.

CHAPTER 3

- New section on the dark side of personality, the dark triad: narcissism, psychopathy, and Machiavellianism; new coverage of emotional intelligence, including the most recent research and ways in which to develop one’s EI; new content on the potential and actual success of introverts in the workplace; new content on how to manage emotions during the job search process.
- Expanded section on brain training, using current research findings and applications; streamlined treatment of multiple intelligences with new, compelling examples; updated and streamlined material related to core self-evaluations.
- Updated research and practical implications of intelligences, linking Big 5 personality dimensions to performance.
- New Winning at Work feature illustrating the career implications of OB, with guidance on which interview questions students should be prepared to answer and ask.
- New Applying OB features on what to look for in a manager; managing emotions during the job search.
- New OB in Action features on intelligence testing; one of the richest self-made women in America (who also epitomizes self-efficacy).



- New Problem-Solving Application on Uber's former CEO, Travis Kalanick.
- New end-of-chapter Problem-Solving Application Case on the fall of John Schnatter, founder of Papa John's Pizza.
- New Legal/Ethical Challenge on drug testing with the recent legalization of marijuana in some states.

CHAPTER 4

- New, expanded discussion and illustration of the four stages of social perception; new content on diversity, including new discussion of assumptions about diversity and new examples about the use of quotas when it comes to hiring practices; new example to elaborate on the self-serving bias.
- New research on how a person's appearance affects our perception and their ability to get hired; updated research on stereotypes; new results of gender research; updated trends and statistics related to diversity, including the topic of pay equity for men and women and research on unwelcoming workplace environments.
- New Applying OB features on developing cultural awareness to enhance perception; the best companies for Millennial workers.
- New OB in Action features on the use of virtual technologies for job interviews and recruitment; how U.S. companies are using product design to reach a diverse customer base.
- New Problem-Solving Application about firefighters suing for age discrimination.
- Updated end-of-chapter Problem-Solving Application Case on the diversity profile of technology companies.
- New Legal/Ethical Challenge about patient requests versus employees' civil rights.

CHAPTER 5

- New content on equity sensitivity.
- New illustrations of extrinsic and intrinsic motivation; new examples to illustrate key theories including Maslow's theory, self-determination theory, and equity/justice theory; new examples to illustrate the concept of goal setting and the application of the job characteristics model.
- New research on employees' opinions about performance feedback and pay; updated

research and examples on job design, job crafting, and i-deals.

- New Winning at Work feature on how to negotiate for a pay raise at work.
- New Problem-Solving Applications about employee benefits at Walmart; symphony orchestra members going on strike.
- New OB in Action feature about job swapping and job rotation opportunities.
- New end-of-chapter Problem-Solving Application Case on why Amazon workers are not feeling motivated.
- New Legal/Ethical Challenge about whether Sears executives should receive bonuses while taking the company through bankruptcy.

CHAPTER 6

- New content on the primary outputs and functions of performance management; applied goalsetting to jobs and careers; the major reasons performance management is criticized; the growing role of technology in performance management; contemporary performance management, highlighting that it is now continual and includes more coaching and ongoing feedback; how to improve performance monitoring.
- Revised Winning at Work feature on best practices for productivity.
- New Applying OB features on goal-setting; responding to negative feedback; effective coaching.
- New OB in Action features on ID checks; monitoring for performance; compensation.
- New Problem-Solving Application on incentivizing teachers in one underperforming school district.
- New end-of-chapter Problem-Solving Application Case on the consequences resulting from Wells Fargo's use of incentives.
- New Legal/Ethical Challenge on the practice of employers' asking about current salary.

CHAPTER 7

- New content on positive and negative deviance; how students can increase their



flourishing at school; turning rejection in the job search process into positive motivation.

- Updated and expanded section on doing well and doing good, including three qualifying criteria and further development of how this occurs across levels of OB (individual, group, and organizational); expanded material on how to insert more positivity in one's work; organizational climate; revised material on the history and current role of positivity in OB; prosocial behaviors.
- Refined, updated, and expanded research, applications, and benefits of mindfulness at work; updated research and applications of resilience, optimism, and signature strengths at work.
- New Winning at Work feature on boosting performance with productivity.
- New Applying OB features on how managing internal responses can improve performance; boosting positivity with a fun work environment; fostering positive candidate experiences during job interviews.
- New OB in Action features on socially-responsible investing; mindfulness at major healthcare, biotech, and industrial companies; employee wellness via resistance training at a major health system; how one fast-casual health food business fosters positive culture
- New Problem-Solving Application on Amazon's acquisition of Whole Foods and reckoning of the two companies' values.
- New end-of-chapter Problem-Solving Application Case on how aggressive marketing created an opioid epidemic.
- New Legal/Ethical Challenge on hiring those with criminal pasts.

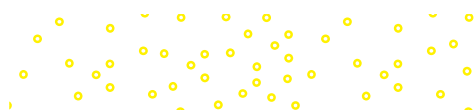
CHAPTER 8

- New section differentiating groups and teams using three characteristics: dependence, accountability, and time.
- Revised and updated content on formal and informal groups and their respective functions; group and team norms; types of teams, especially related to virtual team challenges and solutions; updated and expanded content on trust: what it is, why it is important, and how to repair it when damaged.

- Expanded and refined content on team effectiveness, including new material on the characteristics of high performing teams and how to use conflict to improve teamwork.
- Revised and expanded research and application related to social-loafing (how to prevent and overcome it); updated research and content on team adaptive capacity.
- New Applying OB features on cultivating cohesiveness to improve the function of groups and teams; the benefits of microinternships for both employers and students.
- New OB in Action features on how T-Mobile has changed their customer service approach by working in teams; how conflict and tension can be the key to better teams.
- New end-of-chapter Problem-Solving Application Case on the predicaments that Boeing faces with its 737 Max airliner.

CHAPTER 9

- New content on media richness; social listening; generational differences regarding the role of digital devices and communication expectations and norms; social media and OB.
- New subsection on phubbing (phone snubbing) and FOMO (fear of losing out); new discussion on nondefensive communication.
- New research on media richness, managers' use of empathy; tips on managing e-mail; statistics on social media and OB.
- New OB in Action features on communication transparency at a skin-care company; how empathy is good for business; crowd-sourcing success stories at Lego and Frito-Lay.
- New Applying OB feature on how to ace a video job interview.
- New end-of-chapter Problem-Solving Application Case about United Airlines' turbulent communications strategy.
- New Legal/Ethical Challenge on whether social media posts impact the cost of life insurance premiums.



CHAPTER 10

- New section on harassment—what it is and how to prevent it at work.
- New content on functional versus dysfunctional conflict: causes and outcomes; intergroup conflict material; creating the climate for psychological safety; framing negotiation as a skill, task, or even a game—with the goal of improving your attitude related to negotiation and thus improving the outcomes.
- Revised and updated content related to conflict avoidance, including reasons why people avoid conflict, how to avoid avoiding conflict, and the desired outcomes of conflict management.
- Expanded and updated sections related to work-life conflict, with a new focus on harmony or integration of life's; modern conflict at work; civility at work, including its forms, prevalence, and costs; programming functional conflict and conflict handling styles; ethics and negotiations.
- New Applying OB features on how to explain your departure from one job while interviewing for another; psychological safety at Google; how to ask for a larger salary or a raise.
- New OB in Action features on dealing with conflict; the battle between two unions involved in the creation of shows and movies.
- New Problem-Solving Application on the Fair Food Program.
- New Problem-Solving Application Case on Facebook's struggles with protection of data and privacy.
- New Legal/Ethical Challenge on arbitration versus litigation.

CHAPTER 11

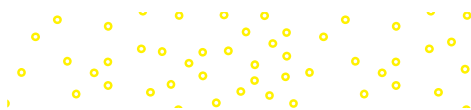
- New section on artificial intelligence and its increasing use in decision making.
- Expanded discussion of Kahneman's two ways of thinking; updated information on data analytic jobs and majors; new examples for the four types of decision-making styles; new examples of bounded rationality, intuition, big data, analytical decision making, and creativity.
- New data on use of heuristics by physicians; new statistics about use of big data;

new research on the importance of creativity and curiosity within organizations.

- New Winning at Work feature about how to practice critical thinking skills for decision making.
- New OB in Action features on improving an airport terminal under bounded rationality; how big data helps advance the health care industry; how shaking up your routine may spark creativity.
- New Problem-Solving Application on how cognitive bias was partly to blame for California's devastating wildfires.
- New end-of-chapter Problem-Solving Application Case on Airbus's decision to cease production of its A380 airliner.
- New Legal/Ethical Challenge on whether college students should be expelled if their parents cheated to get them into school.

CHAPTER 12

- Revised content on common influence tactics, including current and compelling examples of students, #MeToo, and employees; political tactics, highlighting the increasing activism by employees, students, and other groups; political behavior, uncertainty, performance, and change; the tactic of blame and levels of political action; apologies—when and how to use them effectively.
- Updated and expanded research on the five bases of power, with a focus on negative legitimate and referent power.
- New Applying OB features on social media influencers; etiquette in the hiring process; body art in the workplace.
- New OB in Action features on giving tax breaks and other incentives to billion-dollar companies; employee activism; the effects of student activism on companies and corporations.
- New end-of-chapter Problem-Solving Application Case on Nike and the MeToo Movement.
- New Legal/Ethical Challenge on companies who impose their leaders' values on employees.



CHAPTER 13

- New section on abusive supervision and what strategies organizations can implement to eliminate such behavior.
- New content on the leadership model developed by Kouzes and Posner; the four ways of creating psychological empowerment; the four behaviors demonstrated by transformational leaders.
- New statistics on why leadership is so important in today's organizations; new research on leadership traits and task and relational leadership; new research about leader-member exchange model of leadership.
- New OB in Action features on how one university used task leadership to help reclaim the national college football championship; abusive leadership at a local pharmacy.
- New Problem-Solving Application on Barnes & Noble's search for a new CEO.
- New end-of-chapter Problem-Solving Application Case on Elon Musk and his leadership behavior.
- New Legal/Ethical Challenge on whether store managers should force employees to pierce childrens' ears against their wishes.

CHAPTER 14

- Expanded discussion of sustainability as a key driver of organizational success.
- New examples for the three levels of organizational culture; the four cultural types in the competing values framework; the 12 mechanisms to change organizational culture; the three stages of socialization; the career and psychosocial functions of mentoring; how human and social capital enhance the benefits of mentoring.
- Updated research for the three stages of socialization; new illustrations on the importance of organizational culture; new examples of the career and psychosocial functions of mentoring.
- New OB in Action feature about companies that demonstrate sustainability leadership.
- New Problem-Solving Application about Sprouts Farmers Market and its organizational culture.

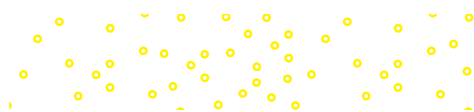
- New Applying OB feature about key strategies for cultivating a network and mentoring relationship.
- New end-of-chapter Problem-Solving Application Case about the culture clashes at Ford Motor Company.

CHAPTER 15

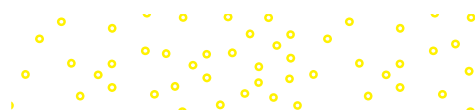
- New introductory section and illustration that provide an overview of how organizational structure and innovation impact organizational effectiveness.
- Shifted discussion of assessing organizational effectiveness to the end of the chapter to provide a clearer link between implementing organizational design and evaluating its effectiveness using various metrics, including the Balanced Scorecard.
- Updated examples on learning organizations; the seven types of organizational structure; innovation in organizations.
- New research on the effects of open-office design on individual, group, and organizational outcomes; updated research related to learning organizations and innovation in organizations.
- New Problem-Solving Applications about gig workers' growing influence in the labor market; AMD and its struggles to innovate.
- New end-of-chapter Problem-Solving Application Case about one major book-seller and the challenges it faces to stay in business.
- Updated Legal/Ethical Challenge about universities' tax-exempt status and the response from their local communities.

CHAPTER 16

- New section on confronting and effectively overcoming failures at work.
- New material contrasting fatigue versus tiredness and consequences at work; the role and characteristics of change agents; tips on overcoming resistance to change.
- Revised and expanded content on forces for change; updated material on using missions to motivate change; revised content on resistance to change—its causes and how to overcome it; revised content on stress at work, including statistics, causes, and costs.



- Streamlined and updated research and examples related to common models of change; forces for change; managing stress.
- New Winning at Work feature on relocating.
- New OB in Action features on turnover among CEOs; improving lives with shoes.
- New Applying OB features on answering behavioral interview questions; how to rant productively.
- New Problem-Solving Application on the AT&T/Time Warner merger.
- New end-of-chapter Problem-Solving Application Case on the reinvention of Toys R Us.



preface

- “I want a good job, one that I like and is fulfilling. How do I know which job and company are a good fit for me?”
- “I know that this job and company provide good opportunities for me, but what can I do to be sure I actually realize these opportunities?”
- “I can’t stand my job, but I need the money. Should I talk to my boss or just quit?”
- “I am taking a class with 50 percent of the grade due to teamwork. My team has four members and two of us are doing all the work. I’ve been talking to the team, but the two members still aren’t doing their share. I am at a loss for what to do.”
- “How do I negotiate a salary and benefits for my new job, or a raise for the one I have?”

Each of these scenarios presents a *problem*. We all are faced with problems every day, and our ability to solve problems can set us apart from others in our jobs and careers. In fact, surveys consistently show that problem solving is one of the skills most valued by employers. For this reason, we designed *Organizational Behavior*, 3e, to help students become more effective problem solvers. *Students who are effective problem solvers today become valued leaders tomorrow.*

The third edition of *Organizational Behavior* relies on three key strategies to help students use OB knowledge to solve problems:

- Consistent 3-Step Problem-Solving Approach.
- Applied, practical features.
- User-centric design.

3-Step Problem-Solving Approach

Given *problem solving* is one of the skills most sought by employers, we help students develop instead of hone this skill. We teach them to use a **3-Step Problem-Solving Approach**—(1) define the problem, (2) identify the causes, and (3) recommend a solution. This approach is introduced in Chapter One and used multiple times in each subsequent chapter. To complement the 3-Step Approach, we also developed the **Organizing Framework for Understanding and Applying OB**. This framework is used in two ways. First, it provides students a means for organizing OB concepts into three categories (inputs, processes, and outcomes) as they learn them. This facilitates student learning and shows how concepts relate to each other. Second, it is an important

and complementary tool for problem solving. Problems are often defined in terms of outcomes in the Organizing Framework, and the causes are commonly found in the inputs and processes elements. Students use this framework in every chapter to solve problems confronted by real organizations and employees.

We provide many opportunities for students to practice using the 3-Step Problem-Solving Approach. Problem-Solving Application mini cases are inserted throughout each chapter. These provide numerous opportunities for students to apply their OB knowledge and practice their problem solving skills to real companies and people. The longer **Problem-Solving Application Case** at the end of each chapter presents more complex and current business cases containing one or more problems that illustrate OB concepts included in a particular chapter. A version of the Organizing Framework is presented in each chapter and is populated with relevant concepts from that chapter, which students use to define and solve problems presented in the various features. This capstone **Cumulative Case** activity provides students the opportunity to apply the 3-Step Problem-Solving Approach on an actual situation affecting a specific firm (Tesla) in **Connect**.

We carry the 3-Step Problem-Solving Approach into **Connect**, McGraw-Hill’s market-leading digital platform, and provide students with numerous opportunities to observe how different decisions can lead to different outcomes. We also offer *new* critical-thinking application exercises tied to the Problem-Solving Application boxes and Problem-Solving Application Cases, giving students additional practice with applying the 3-Step Approach. These activities are a

“My students have embraced the problem-solving approach . . . and are excelling as a result. They tell me in their feedback that they ‘get it.’ To me, that proves success and that learning has taken place.”

David D. Mull
—Columbia College of Missouri

combination of **case analyses, video cases, and click-and-drag exercises.**

Applied, Practical Approach

The third edition repeatedly demonstrates the practical value of OB concepts in solving real-world problems in students' professional and personal lives. **OB in Action** boxes illustrate OB concepts or theories *in action* in the real world, featuring well-known companies. **Applying OB** boxes offer students “how-to” guidance on applying their knowledge in both their professional and personal lives. Appearing at the end of each chapter are *new* **Takeaway** features that explain to students the practical value of OB concepts—one for their personal use now (**Takeaways for Me**) and the other for managers (**Takeaways for Managers**).

Legal/Ethical Challenges ask students to choose from several proposed courses of action or invent their own to resolve a business situation that falls into a gray area of ethics at work.

Connect provides a multitude of opportunities for active practice and application of concepts learned during class or while completing assigned reading. **SmartBook** is another key component. This adaptive and data-driven reading experience gives students ample opportunity to develop mastery of key learning objectives tied to core OB concepts, while also providing instructors real-time snapshots of student comprehension.

User-Centric Approach

It is important for us to offer *users*, whether students or instructors, a tool that is easy to navigate, easy to digest, and exceptionally practical. We therefore have taken great care to create content, craft our writing, and include features that focus on the needs and interests of the user. To that end, **Learning Objectives** and “**The Bigger Picture**” feature open the main sections of each chapter and immediately place students in a practical learning mode.

“(This) is a text with a practical approach . . . Theory is there, but explained in a hands-on manner, which fits well into the way I present the course.”

Dr. Floyd Ormsbee
—Clarkson University

We also present content in **digestible chunks** of text, with frequent opportunities to engage with or reflect on the material. The **Winning at Work** feature opens each chapter with a list of practical tips related to a highly relevant topic for work and/or school, such as negotiating a salary for a new job or a pay raise, or how to manage meetings more effectively. **Self-Assessments** in **Connect** allow students to evaluate personal characteristics related to OB concepts, as well as to reflect on their own characteristics and behavior. **What Did I Learn** provides students with a review of the chapter's key concepts, an invitation to answer important questions relating to chapter content, and a summary of the Organizing Framework for a given chapter.

Connect gives instructors the foundations for creating a **course** that fits their individual teaching needs. The **Teaching Resource Manual** offers a playbook for creating and delivering a discussion-based learning environment in which students practice and apply concepts in a more active manner. The extensively revised **Test Bank** offers greater opportunity to assess students on OB concepts at a higher level, with essay and scenario-based questions to engage students' problem-solving skills. Finally, a comprehensive set of **PowerPoint** slides provide guidance in addressing key concepts.

Developing Effective Problem Solvers Today, Valued Leaders Tomorrow

Organizational Behavior, 3e, explicitly addresses OB implications for students' jobs and careers, showing how OB provides them with the higher-level soft skills employers seek, such as problem solving, critical thinking, leadership, and decision making. We strongly believe that applying OB theories and concepts provides tremendous value to students' lives today and throughout their careers. The understanding and application of OB enhances student effectiveness at school and work, both today and tomorrow.

“Practical, student centered, highly relevant to both students and employers needs. (It) hits all of the most critical topics of OB in an engaging and visually appealing way, and includes a critical thinking approach that is easy to learn and use.”

Jody Tolan
—University of Southern California Marshall School of Business



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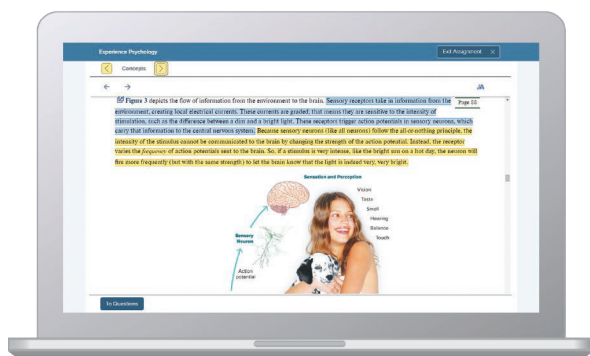
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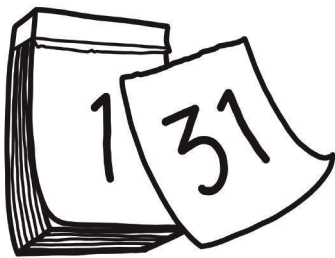
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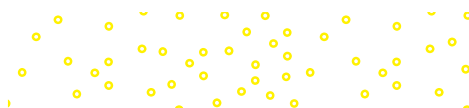
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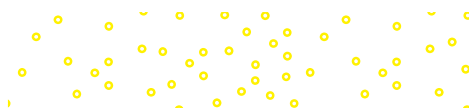
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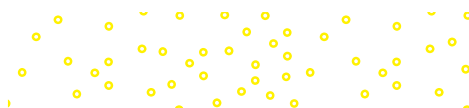
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Angelo Kinicki



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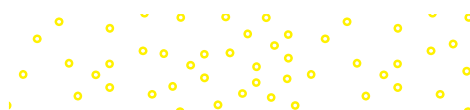
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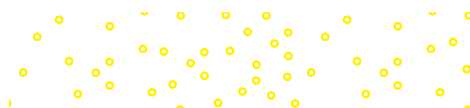
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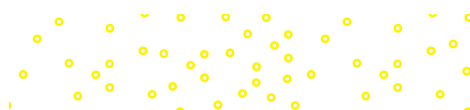
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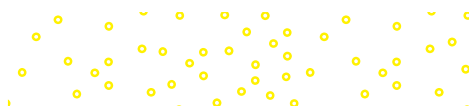
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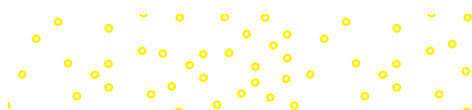
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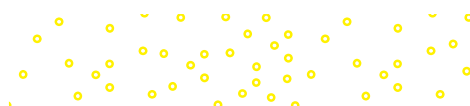
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Organizational Behavior

A Practical, Problem-Solving Approach

PART ONE

Individual Behavior

1

Making OB Work for Me

After reading this chapter, you should be able to:

- LO 1-1** Describe the value of OB to your job and career.
- LO 1-2** Identify factors that influence unethical conduct and how it affects performance.
- LO 1-3** Utilize OB to solve problems and increase your effectiveness.
- LO 1-4** Explain the practical relevance and power of OB to help solve problems.
- LO 1-5** Utilize the Organizing Framework for Understanding and Applying OB.
- LO 1-6** Apply the Organizing Framework to the 3-Step Problem-Solving Approach.
- LO 1-7** Describe the implications of OB knowledge and tools for you and managers.

In this chapter you'll learn that the study and practice of OB often organizes the workplace into three levels—the individual, the group or team, and the organization. We therefore structured this book the same way—Part One is devoted to individual-level phenomena (job satisfaction), Part Two to groups and teams (team cohesiveness), and Part Three to the organizational level (innovation). Make sure you read the final section of Chapter 1 for a preview of the many concepts you'll learn in the book. You'll also find a summary and application of the Organizing Framework for Understanding and Applying OB and the 3-Step Problem-Solving Approach. These are fundamental tools we created not only to help you learn more effectively, but also to help you apply and realize the true value of OB for you personally.

Winning at Work

Your Future

Your future starts with your next job, whether it is your very first or your tenth. Once you've identified a desirable job to apply for, the challenge becomes—how do you get that job? Part of the answer is to give employers what they want, and as you'll learn employers want employees who possess and effectively use OB knowledge and tools.

Employers Want OB

This is supported by the findings of countless surveys, such as one by ManpowerGroup with thousands of employers, which found 61 percent rate people (OB) skills as the most important trait in new hires.¹ Research by the National Association of Colleges and Employers (NACE) routinely shows the three skills most valued by employers are critical thinking, problem solving, and teamwork.² Building your skills in these areas and others is the overarching goal of this book. The Applying OB box later in this chapter differentiates and describes hard and soft skills in greater detail, but what we cover here is how to emphasize these on your resume.

Talking to Robots

As you likely know, many companies use applicant tracking software (ATS) that not only organizes the hundreds or even thousands of applications received, but also makes them searchable. ATS scans for key words inserted by humans, scores them accordingly, and then pares the applications based on these scores. This means you need to put points on the board with the robot. Even if you are indeed the best candidate, if you're not seen—no interview, no offer, no job. And for the human eyes that ultimately review your resume, some estimates suggest a recruiter spends approximately 6 seconds reviewing your resume.³ So, what can you do?

First, it is your responsibility to communicate to the prospective employer (both their ATS robots and humans) what you can do for them. Tell them in direct and specific terms what they want to know and what you can do for them.

Use Their Language and Tell Them What You Can Offer

1. *Use the Same Language.* You are well served to use the same words a prospective employer uses in their job ads. To ensure your spellings match theirs consider writing things in multiple forms. Your degree, for instance, "I have a bachelor's in management (BS in management)," includes two different versions and increases likelihood of being "picked."
2. *Identify Key Skills for the Job.* If the most important skills are not listed or evident in the job posting, then what do you do? Ask! Whomever you can communicate with simply ask, "I know the posting notes a number of important skills, but what are the two or three that are most important?"
3. *Don't Overlook Other Key Words.* Your skills of course matter, but also do your research and include key words for important customers, how they are served, as well as key products and services.
4. *Don't Just List or Tell—Illustrate!* Better than simply listing are descriptions of how you've used these at school (team

projects, practice, sports, or clubs) and/or work (internships, full-time jobs, or volunteer work). Problem solving, critical thinking, creativity, teamwork, collaboration, communication, active listening, self-awareness, attention to detail, strategic thinking.

5. *Your Commitment to Development.* Be sure to include training or workshops (outside of school) you've done, as it will show you are aware of the importance of these skills and are committed to developing them.
6. *Position Matters.* Like real estate, location matters so be thoughtful as to where you put key words. Education-related information is obvious enough, in the education section, but others depend on the resume format you choose. For instance, skills-based resumes are now more popular compared to old-school chronological resumes, especially if you don't have much experience yet or are changing careers.
7. *Don't Overlook the Cover Letter.* This is an opportunity to include and highlight the most important key skills, if you've identified them as suggested in #1 above.
8. *What's in a Name?* A lot! Just as you expect to be addressed by your name in an interview, assume the ATS and humans who ultimately get involved in the hiring process also value names. Specifically, be sure to include the company name and job title. Don't be generic, such as: "I want to join a company that _____," or "I want to contribute to a valuable company . . ." ⁴

Bottom line: Whether your major or job experience is accounting, finance, marketing, IT/IS, or something else, the fact is that jobs increasingly require OB knowledge and skills. "Everyone has to work across silos," says Becky Frankiewicz, president of Manpower Group North America. And since OB skills "are not usually taught in business schools or undergraduate programs, they are qualities that you have to burnish on your own, preferably in the early stages of your career."⁵

What's Ahead in This Chapter

You'll learn how OB can drive your job and career success. You'll grasp the difference between hard and soft skills and the value of developing both, as well as the importance of self-awareness. We'll show how ethics are integral to long-term individual and organizational success, and we'll introduce a problem-solving approach you can use in a wide variety of situations at school, at work, and in life. What really powers this book is our Organizing Framework for Understanding and Applying OB, which we introduce mid-chapter. This framework will help you organize and apply OB concepts and tools as you learn them. To show you the power of the Organizing Framework, we conclude the chapter with a preview of the many concepts, theories, and tools you will learn. We then show you how to apply this knowledge using our 3-Step Problem-Solving Approach. We think you'll be intrigued by this glimpse into all you will learn in this book and course. Let's get started!

1.1 USE KNOWLEDGE OF OB TO ENHANCE YOUR PERFORMANCE AND CAREER

THE BIGGER PICTURE

Are you uncertain about the value of organizational behavior (OB) and how it fits into your school curriculum or your professional life? This section will explain how OB can be valuable to you. You'll see how OB knowledge and tools go far beyond common sense and can enhance your personal job performance and career success. For instance, you will learn what it takes to get hired versus what it takes to get promoted, the importance of both hard and soft skills, and the role of self-awareness in your success.

LO 1-1

Describe the value of OB to your job and career.

The term **organizational behavior (OB)** describes an interdisciplinary field dedicated to understanding and managing people at work. To achieve this goal, OB draws on research and practice from many disciplines, including:

- Anthropology
- Economics
- Ethics
- Management
- Organizational theory
- Political science
- Psychology
- Sociology
- Neuroscience
- Vocational counseling

From this list you can see that OB is very much an applied and broad discipline that draws from many sources. Throughout this book we will help you see the relevance and value of OB for your own job and career.

Let's begin by looking at how OB compares to your other courses, explaining the contingency perspective, which is the premise of contemporary OB, and exploring the importance of both hard and soft skills.

How OB Fits into My Curriculum and Influences My Success

Organizational behavior is an academic discipline focused on understanding and managing people at work. This includes managing yourself and others both inside and outside the organization, but unlike jobs associated with functional disciplines, such as accounting, marketing, and finance, you will not get a job in OB.

What then is the benefit of learning about OB? The answer is that the *effective application* of OB is critical to your success in all disciplines of work and all job levels. As you'll learn, technical knowledge associated with any given job is important, but your ability to influence, get along with, manage, and get things done through others is what makes the difference. Put more simply—people skills!



Our professional lives are extremely busy and challenging and effectiveness will require a host of both hard and soft skills. Your understanding and application of OB concepts and tools will help you meet the many challenges, perform better, and create more attractive opportunities throughout your career.

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Applying OB knowledge and tools gives you opportunities, sets you apart from your peers and competition, and contributes to your success. An important part of your success is ability to know which tools to use and under what circumstances. This is described as a contingency approach to managing people and is the foundation of contemporary OB.

A Contingency Perspective—The Contemporary Foundation of OB

A contingency approach calls for using the OB concepts and tools that best suit the situation, instead of trying to rely on “one best way.” This means there is no single best way to manage people, teams, or organizations. A particular management practice that worked today may not work tomorrow. What worked with one employee may not work with another. The best or most effective course of action instead depends on the situation.

Harvard’s Clayton Christensen put it this way: “Many of the widely accepted principles of good management are only situationally appropriate.”⁶ Put differently, don’t use a hammer unless the job involves nails. You’ll learn in Chapter 13, for instance, no single leadership style is best and works in all situations. This makes OB very different from many of your other courses in that answers here are rarely black and white, right or wrong, but instead the best answer—the most appropriate behavior—*depends on the situation*. Directly considering situational factors is fundamental to OB and is emphasized throughout this book.

Therefore, to be effective you need to understand and do what is appropriate given the situation, rather than adhering to hard-and-fast rules or defaulting to personal preferences or organizational norms. Organizational behavior specialists, and many effective managers, embrace the contingency approach because it helps them consider the many factors that influence the behavior and performance of individuals, groups, and organizations. Taking a broader, contingent perspective like this is a fundamental key to your success in the short and the long term.

Effectively applying the contingency approach requires self-awareness, which means knowing your own skills, abilities, values, weaknesses, strengths, preferences, and fit with the environment. It also includes knowing how others see you in terms of these same factors. Not surprisingly, self-awareness is key to your success in both the short and long term.⁷ The following Applying OB box explains in some detail what self-awareness is and how to build it.

To help increase your self-awareness we include multiple Self-Assessments in every chapter. These are an excellent way to learn about yourself and see how you can apply OB at school, at work, and in your personal life. Go to Connect, complete the assessments, then answer the questions included in each of the Self-Assessment boxes.

Let’s start with your motivation to manage others. Many employees never manage others. Some choose not to and some don’t get the chance, but what about you? How motivated are you to manage others? Go to connect.mheducation.com and Self-Assessment 1.1 to learn about your motivation for managing others. What you learn might surprise you. Surprised or not, more precisely understanding your motivation to manage others can guide your course selection in college and your job choices in the marketplace.



A central feature of almost any successful development program is self-awareness. Knowing who you are and knowing your preferences are important considerations in personal development.

Lana Isabella/Moment/Getty Images

Self-Awareness Can Help You Build a Fulfilling Career

Employers Care—So Should You. The Stanford Graduate School of Business asked the members of its Advisory Council which skills are most important for their MBA students to learn. The most frequent answer was self-awareness.⁸ Self-awareness has been identified as one of the key attributes of successful leaders, as they tend to get along better with others and their companies are more profitable.⁹

Key to Your Development. Larry Bossidy (former CEO of Honeywell) and Ram Charan (world-renowned management expert) said it best in their book *Execution*: “When you know yourself, you are comfortable with your strengths and not crippled by your shortcomings. Self-awareness gives you the capacity to learn from your mistakes as well as your successes. It enables you to keep growing.”¹⁰

Influencing Others. They also argue that you need to know yourself in order to be authentic—real and not fake, the same on the outside as the inside. Authenticity is essential to influencing others, which we discuss in detail in Chapter 12. People don’t trust fakes, and it is difficult to influence or manage others if they don’t trust you (trust is covered in Chapter 8). The implication is that to have a successful career you need to know who you are, what you want, *and* how others perceive you.

Experience + Power (does not equal) Self-Awareness. Unfortunately, some people’s experience and success lead them to be overconfident about their abilities and become less self-aware. Making matters worse, the same research revealed the more senior the leadership

position the greater the overconfidence, and only 10 to 15 percent of employees actually meet the criteria of self-awareness, despite nearly all believing they are!¹¹

Building Your Self-Awareness. Research and practice provide excellent practical guidance:

1. Practice mindfulness daily. We’ll explore mindfulness in detail in Chapter 7, but for our purposes here mindfulness involves purposefully focusing your attention on the here and now, yourself, the environment, and those around you in the present moment.
2. Take timeouts. Even if it is just a minute or two, stop what you are doing and do nothing. Don’t check your phone, e-mails, or go talk to a coworker. Self-awareness requires time and space, and when you’re working under (time) pressure you are most likely to go with your habits and usual ways of thinking, feeling, and acting. This is why true timeouts can foster self-awareness.
3. Keep a diary of strengths and weaknesses. Make and periodically revise a list of your strengths and weaknesses.
4. Take self-assessments. Many tests exist, for example the Myers-Briggs, that measure various personal characteristics and help you learn about yourself. Better still, there are multiple self-assessments in every chapter of this book.
5. Keep ears open, mouth shut. In other words, listen! Self-awareness requires insight and some of the best insights come from others. Seek feedback, listen, and learn.¹²

SELF-ASSESSMENT 1.1

CAREER READINESS

How Strong Is My Motivation to Manage?

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.1 in Connect.

1. Does this instrument accurately assess your potential as a manager? Explain.
2. Which of the seven dimensions do you think is likely the best predictor of managerial success? Which is the least? Explain.
3. The instrument emphasizes competition with others in a win-lose mentality. Describe the pros and cons of this approach to management.

“OB Is Just Common Sense” As professors and consultants we often hear, “OB is just common sense.” We can easily refute this inaccurate claim, but instead we simply say—“Even if it is common sense it certainly isn’t common practice!” If common sense were all that mattered, managers would always treat employees fairly, businesses would never make “stupid” decisions, and you and other employees would make very few mistakes. Everyone would perform better and be happier.

Moreover, common sense is largely based on experience or logic, both of which have limits, and it suffers three major weaknesses you need to be aware of and avoid:

- **Overreliance on hindsight.** Common sense works best in well-known or stable situations with predictable outcomes—what worked before should work again. But modern business situations are complex and uncertain and require adapting to change, which are exactly the conditions under which common sense is likely to fail. And because it focuses on the past, common sense lacks vision for the future.
- **Lack of rigor.** People comfortable with common-sense responses may not apply the effort required to appropriately analyze and solve problems. If you lack rigor, and aren’t especially thorough or precise, then you are unlikely to define the problem accurately, identify the true causes, or recommend the right courses of action.
- **Lack of objectivity.** Common sense can be overly subjective and lack a basis in science. In such cases we are not always able to explain or justify our reasoning to others, which is a sign that common sense lacks objectivity.

OB is a scientific means for overcoming the limits and weaknesses of common sense. The contingency approach in OB means you don’t settle for options based simply on experience or common practice if another solution may be more effective. The goals of OB are to give you *more* than common sense, enhance your understanding of situations at work, and guide your behaviors. This in turn will make you more attractive to potential employers and more effective once hired. Let’s explore this idea in greater detail, beginning with the importance of possessing and developing both hard and soft skills.

Employers Want Both Hard and Soft Skills

Most of us know the difference between hard and soft skills.

- **Hard skills** are the technical expertise and knowledge required to do a particular task or job function, such as financial analysis, accounting, or operations.
- **Soft skills** relate to human interactions and include both interpersonal skills and personal attributes.

Susan Vitale, chief marketing officer for iCIMS, an HR software provider described them this way: “Hard skills are what you do, and soft skills are how you do it.”¹³ Research has long showed people may excel based on hard skills but they often fail because of soft skills.¹⁴ Maybe that’s why firms tend to weigh soft skills so heavily when hiring. The *Future of Jobs* report by the World Economic Forum provides compelling supporting evidence. They found the most sought-after skills for graduates in 2020 are problem solving, critical thinking, creativity, and people management.¹⁵

What do you notice about these four skills? Which are hard skills? None! Instead, all are soft skills, the skills you need to interact with, influence, and perform effectively when working with others.

This is a good news/bad news story. The good news—all of these skills are key topics in this book and can be developed. The bad news is 33 percent of recruiting professionals feel candidates’ skills in these areas have declined in the past five years.¹⁶ “Many claim that college grads are lacking in people skills and have trouble solving problems and thinking creatively. . . . Having a college degree and technical skills isn’t enough to land their first job.”¹⁷

TABLE 1.1 Four Skills Most Desired by Employers for Workforce 2020¹⁸

SKILL	DESCRIPTION	THIS BOOK
1. Problem solving	Identifying complex problems and reviewing related information to develop and evaluate options then implement solutions.	Our problem-solving approach is used throughout the book. We repeatedly ask you to apply your knowledge to solve problems at school, at work, and in life.
2. Critical thinking	Using logic and reasoning to identify the strengths and weaknesses of alternate solutions, conclusions, or approaches to problems.	Critical thinking is fundamental to this book and woven throughout. We designed features and exercises to help you think critically and apply your OB knowledge and tools.
3. Creativity	Applying new ideas, processes, and technology to improve products, services, and other outcomes.	Creativity is a function of person and situation factors and can result in new processes and outcomes. All of these are fundamental elements of OB and described in more detail later in this chapter and throughout the book.
4. People management	Motivating, developing, and influencing others to meet individual, group, and organizational goals.	OB is people management which means every chapter provides knowledge and tools to make you a more effective people manager.

Table 1.1 shows four sought-after skills, along with a brief explanation of how we directly address them in this book.

One key aspect of soft skills is that they are *not* job specific. Instead they are **portable skills, more or less relevant in every job, at every level, and throughout your career.**¹⁹ All of these and many more soft skills are represented by OB topics covered in this book, whether as personal attributes or interpersonal skills:

Personal attributes

(with which you build goodwill and trust and demonstrate integrity)

- **Attitudes** (Chapter 2)
- **Personality** (Chapter 3)
- **Teamwork** (Chapter 8)
- **Leadership** (Chapter 13)

Interpersonal skills

(with which you foster respectful interactions)

- **Active listening** (Chapters 12 and 13)
- **Positive attitudes** (Chapters 2 and 7)
- **Effective communication** (Chapter 9)

The takeaway for you? Good interpersonal skills can make a candidate with a less-marketable degree an appealing hire, while a lack of people skills may doom a college grad to unemployment, low pay, or otherwise undesirable and limited opportunities.²⁰

How OB Fits into My Career

Hard skills are of course important. Accountants, for instance, need to understand debits and credits, financial analysts must calculate net present value, and both need to understand cash flows. However, to be competitive and give employers what they want, you must develop soft skills too. Some soft skills will even *increase* in importance over your career and help set you apart from the competition. To highlight this point, think about the criteria used for hiring workers versus promoting them.

How to Ace Your Next Interview

Everyone knows that jobs are won or lost during interviews. Here are a few simple tips to help you finish on top.

1. **Create an elevator pitch.** Imagine you're in the elevator with the interviewer and have only 60 seconds to sell yourself. Select your three best-selling points (strengths) and *concisely* explain how each would benefit the company. Stay focused—keep your pitch short and meaningful.
2. **Finish strong.** At the end of the interview state and show your enthusiasm for the opportunity. Also restate your one or two best-selling points and how they will benefit the company.
3. **Prepare for situational questions.** Anticipate questions like, “Why do you want this job?” and, “Tell me about a time when you had a conflict at work and what you did about it.” Be prepared to answer them by describing the situation, your behavior, and the resulting impact. Also consider describing what you learned in that situation.
4. **Make your research social.** Reach out to your network *privately* (you don't want everyone to know you're looking) and learn whether anyone has worked for or interviewed with your target company. Learn about the person you're interviewing with on LinkedIn—education, past jobs, positions within the target company. Glassdoor.com and other sites can be a wealth of information on employee experiences and compensation.
5. **Don't trip up on the money.** It's generally best to wait until you have a formal offer in hand before discussing pay. If asked about your salary requirement during the interview, respond by saying, “Are you making me an offer?” The answer will likely be, “No, not yet.” But if the interviewer persists, say, “I would prefer to have all the details in hand in order to determine what would be most appropriate and fair. Once I have those, I will happily discuss compensation.”²¹

What It Takes to Get Hired Regardless of where you are in your career today, ask yourself: What criteria were used to hire you for your first job? What factors did your hiring manager consider? (If your first job is still ahead of you, what factors do you think will be most important?) You and most of your peers will identify things like college major, GPA, and internship or other experience. In short, for most jobs you are selected for your technical skills, your ability to do the given job. Whatever the selection criteria, you need to perform during the interview process in order to receive the offer. The Applying OB box provides some useful insights on how to ace interviews.

What It Takes to Get Promoted Now ask yourself what criteria are used for promotions? Of course, performance in your current job is often a primary consideration. However, you and many other employees may fail to realize that your perceived ability to get things done through others and to manage people will be another important deciding factor. If you and three of your coworkers are all vying for an open management position, then it's likely all four of you perform at a high level. This means performance isn't the only



An understanding of OB can provide extremely valuable knowledge and tools to help “sell” yourself during job interviews.

Chris Ryan/OJO Images/age fotostock

deciding factor—all of you are top performers. Instead, it may be your perceived ability to directly or indirectly manage others!

Roxanne Hori, an associate dean at New York University's Stern School of Business, echoes this argument: "Yes, your knowledge of the functional area you're pursuing is important. But to succeed longer term . . . having strong team skills and knowing how to build and manage relationships were seen as just as important." One executive she interviewed suggested that students should "take as much organizational behavior coursework as possible . . . because as you move into leadership roles, the key skills that will determine your success will be around your ability to interact with others in a highly effective fashion."²² As authors of this book, we agree, but more importantly we hope after learning the power of OB you'll agree too.

Some career experts, such as Chrissy Scivicque, the CEO of a career coaching and training firm and writer for *Forbes* and *The Wall Street Journal*, go so far as to say that most people have the technical skills to succeed at higher-level jobs. And even if some new technical knowledge is needed it generally is easy to learn. However, as you rise through the hierarchy your job generally will require a more developed set of soft skills, such as communication, emotional intelligence, ethics, and stress management.²³

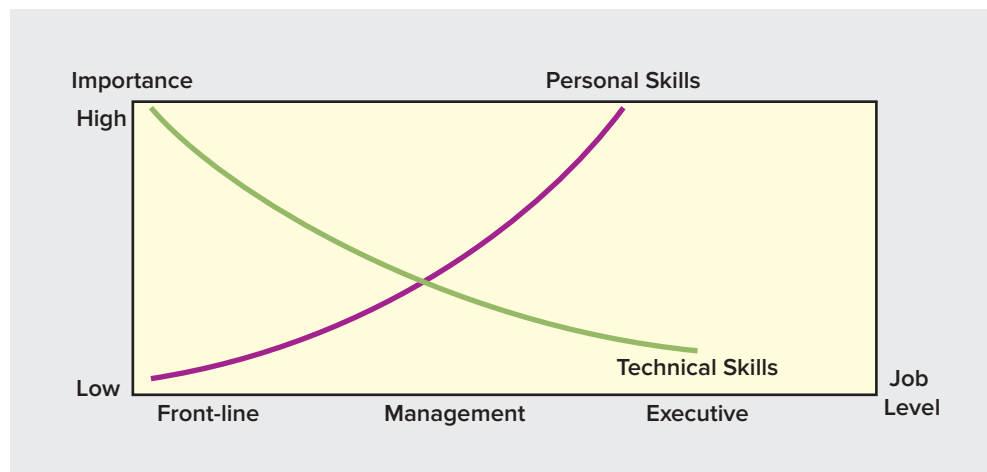
We make this point visually in Figure 1.1. It illustrates how technical or job-specific skills decline in importance as you move to levels of higher responsibility, while personal skills increase.

Performance Gives Me Credibility Performance matters because it gives you credibility with your peers and those you may manage. Be aware that early in your career your bosses will be looking for more than your job performance. They also will evaluate your management potential, and their opinion will affect your future opportunities. So even in a non-management position you need to know how to:

- Apply different motivational tools (Chapter 5).
- Provide constructive feedback (Chapter 6).
- Develop and lead productive teams (Chapters 8 and 13).
- Understand and manage organizational culture and change (Chapters 14 and 16).

Knowledge of OB, therefore, is critical to your individual performance, your ability to work with and manage others, and your career success (promotions, pay raises, increased opportunities). As you may already know, ethics can similarly make or break you at every step of your career, which is why we cover it next.

FIGURE 1.1 Relative Importance of Different Skills Based on Job Level



SOURCE: Lombardo, Michael, and Robert Eichinger. *Preventing Derailment: What To Do Before It's Too Late*. North California: Center for Creative Leadership, 1989.

1.2 RIGHT VS. WRONG—ETHICS AND MY PERFORMANCE

THE BIGGER PICTURE

If you were asked, “Do you know right from wrong? Are you secure in your ethics?” of course you would answer yes to both questions. What’s interesting is that most people who suffer ethical lapses also answer yes. OB can teach you about the drivers of unethical behavior, and in the process improve your awareness while enabling you to reduce your risk. You’ll learn that even though most unethical behavior is not illegal, it still causes tremendous damage to people, their jobs and careers, and their employers. Fortunately, the OB concepts and tools you learn through this course will help you recognize and navigate ethical challenges.

Ethics guides our behavior by identifying right, wrong, and the many shades of gray in between. We will weave discussions of ethics throughout the book for three key reasons.

1. Employees are confronted with ethical challenges at all levels of organizations and throughout their careers.
2. Unethical behavior damages relationships, erodes trust, and thus makes it difficult to influence others and conduct business.
3. Unethical behavior reduces cooperation, loyalty, and contribution, which hurts the performance of individuals, teams, and organizations.

Ethics also gets priority because many OB topics have a direct and substantial influence on the conduct of individuals and organizations. Notably, reward systems (Chapter 6), decision making (Chapter 11), leader behavior (Chapter 13), and organizational culture (Chapter 14) all can powerfully challenge our ethical standards at work. Let’s begin by describing cheating, a common form of unethical conduct at school and work.

Cheating

Cheating is a persistent part of reality in sports, school, and business. For instance, with some regularity it seems a marathon runner either enters a race somewhere after the start line or cuts the course (Rory O’Connor in London 2018), a ball is doctored to provide unfair advantage (Cameron Bancroft of the Australia National cricket team), or an individual athlete throws games or shaves points. An investigation of professional tennis revealed a “tsunami” of fixed matches (hundreds) in the 2000s.²⁴ Then there was the systematic use and cover-up of performance enhancing drugs (PEDs) rampant in major league baseball in the early 2000s, Lance Armstrong and his seven Tour de France victories, and more recently the Russian Olympic team.²⁵ PEDs are even used by card players! The world champion bridge player Geir Helgemo tested positive for banned substances and was suspended for one year and required to forfeit his title, awards, and points.²⁶

Student Cheating If cheating is common in sports, it is rampant in high school and college. Fifty-one percent of high school students participating in a national survey reported cheating on exams. And besides typical school cheating, such as looking on another student’s paper, using a cheat sheet, or plagiarism, countless examples exist of students sharing answers via social media, text messages, Bluetooth technology, and various devices.²⁸ Sixty-two percent of U.S. college students reported knowledge of another student using a connected device to cheat on an assignment, exam, or project.²⁹

LO 1-2

Identify factors that influence unethical conduct and how it affects performance.



Some describe cheating in marathons as rampant. Large races, like the Boston Marathon, can have nearly forty thousand competitors. And in some marathons hundreds have been accused of cheating in some fashion, from falsifying qualifying times to riding a bicycle twice during one race!²⁷

Marty Schwalm/MediaNews Group/Boston Herald/Getty Images

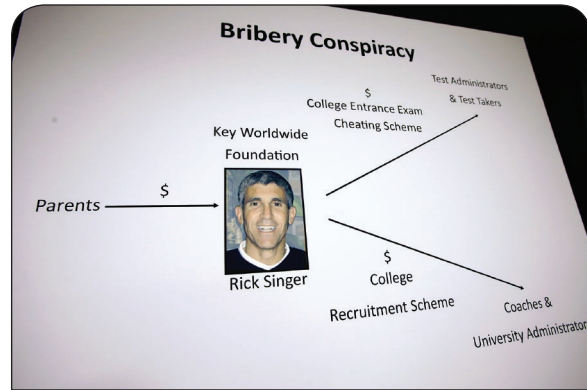
And then there is contract cheating, paying someone else to do your work. Countless websites advertise these services, and this type of cheating is at epidemic proportions according to some.³⁰ A survey of students worldwide found 16 percent paid for at least one assignment during their college studies.³¹ Well-intentioned or not, some services can get students in trouble, such as twelve Texas Christian University students who were suspended for using the Quizlet app to cheat on exams.³² These are just a few examples and statistics of a very long list of cheating in grade school and college, increasingly assisted by technology. What percentage of students at your school do you think cheat on homework assignments? Exams? Take-home finals?

Administrators, Teachers, and Parents Too Cheating isn't limited to students. T.M. Landry, a college prep school in rural Louisiana, which received incredible recognition for sending underprivileged students to elite universities, was caught falsifying transcripts and college application materials.³³ This is just another example of systematic and illegal efforts by schools and school systems to falsely elevate performance.³⁴ Temple University's business school dean was dismissed for submitting inaccurate data (e.g., GPA, admissions, and GMAT scores) to improve the school's rankings.³⁵

We now know some number of parents, college admissions consultants, counselors, coaches, and many others also engage in cheating, as revealed by the college admissions scandal unveiled in early 2019. William Singer, the college consultant at the center of the scandal, facilitated admissions for scores of students to numerous universities, such as the University of Southern California, Stanford, and Yale. Parents paid him nearly \$25 million for his services, which included bribes to administrators, counselors, and coaches; faking student profiles, sometimes as elite athletes for sports they didn't even play; and having other people take SAT and ACT exams. Dozens of people have been charged with a host of crimes—money laundering, fraud, racketeering, and obstruction of justice—with many pleading guilty.³⁶

If winning a game or receiving good grades are strong temptations, then of course people cheat to get ahead at work too, and sometimes misconduct seems contagious and infects an industry. A notable example is the emissions and fuel economy cheating perpetrated by numerous automakers—VW (including Audi and Porsche), Nissan, Mitsubishi, Suzuki, and Subaru. These companies engaged in widespread systematic falsification of measures of fuel economy to meet and beat various environmental standards.³⁷

These examples highlight the frequency and destructiveness of cheating. Now, let's explore other forms of unethical conduct and their legality, frequency, causes, and solutions.



Students aren't the only ones who cheat in high school and college, Tracey and Michael Landry, founders of T.M. Landry College Prep in Louisiana, were accused of orchestrating a very intricate scheme to get the school's students into some of the most elite universities. William Singer, a college consultant, implemented his own elaborate and far-reaching practices to ensure his clients' (parents) children admission to colleges of their choice.

(Left) Brian Snyder/Reuters/Newscom; (right) Steven Senne/AP Images

Ethical Lapses—Legality, Frequency, Causes, and Solutions

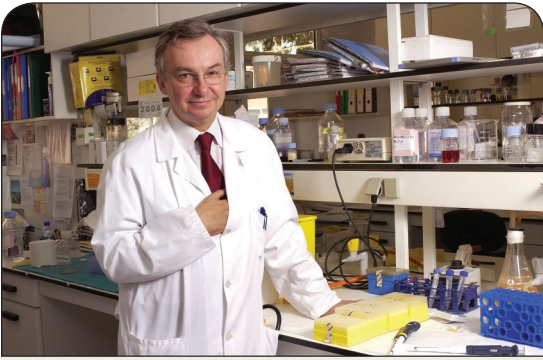
The vast majority of founders, leaders, and managers mean to run ethical organizations, yet corporate corruption is widespread. Some of the executives whose unethical behavior bankrupted the organizations they led, destroyed the lives of many employees, and caused enormous financial losses for employees, investors, and customers in the last few decades are:

- Michael Milken (Drexel Burnham Lambert, 1990)
- Kenneth Lay and Jeff Skilling (Enron, 2001)
- Bernie Ebbers (WorldCom, 2002)
- Bernie Madoff (Madoff Investment Securities LLC, 2009)
- Hisao Tanaka (Toshiba, 2015)
- Sepp Blatter (FIFA, 2015)
- Shigehisa Takada (Takada, 2017)
- Elizabeth Holmes (Theranos, 2018)

Indictments and verdicts are a matter for the courts, and our point is that each of these disgraced executives led companies or organizations that in most cases employed thousands of other people. Surely these organizations did not advertise for and hire the criminally minded to assist the leaders in their unethical endeavors. Most employees probably knew little or nothing about any unethical or illegal activities, while others were deeply involved. How does the work environment produce unethical conduct, sometimes on an extreme scale, from people who are otherwise good, well-intentioned, and on the right side of the law? Knowledge of OB helps you answer this question.

Unethical Does Not Mean Illegal While extreme examples of unethical and illegal conduct make headlines, they are the exception. The truth is that very few unethical acts are illegal, most are not punished in any way, and even if illegal, few are prosecuted.

This means you should *not* rely on the legal system to manage or assure ethical conduct at work. For instance, conflicts of interest are very common across industries and most are not illegal. *The New York Times* reported that Dr. Jose Baselga, a top cancer researcher, didn't disclose millions of dollars in compensation received from pharmaceutical companies for whom he conducted and published research related to their drugs. Dr. Baselga also served on the boards of these same companies, was an editor for one that published this work, and promoted the benefits of these drugs at conferences. Worse still,



Dr. Jose Baselga was accused of numerous conflicts of interest related to his research.

Eligio Paoni/Contrasto/Redux Pictures

some of this occurred while he was president of the Association of Cancer Research which made policies regarding researcher conflicts, and he was the chief medical officer at Sloan Kettering where some of the research was conducted.³⁸

Southwest Airlines mechanics provided another example in 2019 when they created widespread slowdowns in flights to pressure the company in negotiations with their union. The mechanics slowed their work and grounded planes in the name of safety concerns, causing the cancellation of approximately 100 flights per day for several weeks.³⁹ Such actions are not uncommon and rarely judged illegal, but they do raise ethical concerns given the costs and inconveniences to customers. The nearby OB in Action box provides another notable instance of how widespread unethical behavior has resulted in virtually no legal consequences.

Why Ethics Matters to Me and My Employer Criminal or not, unethical behavior harms not only the offending employee but also his or her coworkers and employer. Unethical behavior by your coworkers, including company executives, can make *you* look bad and tarnish *your* career.

OB in Action

Wrong? Absolutely! Illegal? Seemingly Not.

Zero. That is the number of senior Wall Street Executives that went to jail because of the 2008–2009 financial crisis. This is baffling to many, as Wall Street firms were central to the creation, packaging, and sales of faulty financial products that cost millions of people their homes, jobs, and savings. It is estimated that \$30 trillion of the world's wealth was destroyed during the crisis, in large part due to the behaviors of financial institutions overseen by executives. Put simply, the crisis would not have happened without the firms and their leaders. Many of the biggest firms were saved by the government in what became known as “too big to fail.”⁴⁰

Although over 300 people were convicted in relation to the crisis, most of these were community bankers, mortgage lenders, and real estate brokers and developers. The lack of consequences for the Wall Street executives is perhaps even more astounding when over \$150 billion in fines were levied and paid by their firms. Put differently, their firms were fined enormous sums of money, which means the firms were held accountable but the executives who led them were not. This contrasts with other countries, notably Iceland, which is far smaller than the U.S., but prosecuted the CEOs of three large banks and 23 other bankers.⁴¹

Two central figures in the U.S. during the crisis had telling and damning comments. Eric Holder, the U.S. attorney general at the time, said the conduct that led to the crisis was “unethical and irresponsible.” And “some of this behavior—while morally reprehensible—may not necessarily have been criminal.”⁴² Ben Bernanke, the chair of the Federal Reserve Bank during the financial crisis, said, “. . . more corporate executives should have gone to jail for their misdeeds . . . since everything that went wrong or was illegal was done by some individual, not by an abstract firm.”⁴³

YOUR THOUGHTS?

1. If you think executives (and perhaps other employees) of financial institutions should be punished for their roles in the crisis, describe what punishment you think is appropriate.
2. If you think they should not be punished, explain why.
3. Is it appropriate for the firms to pay fines, but for the executives to avoid consequences? Justify your answer.



Steven A. Cohen's SAC Capital Advisors eventually shut down after numerous employees pled guilty and/or were convicted of misconduct. But this didn't stop Cohen, and he simply opened another firm (Point72 Asset Management) and continued trading. (Left) Seth Wenig/AP Images; (right) Suzanne DeChillo/Redux Pictures

SAC Capital Advisors, for example, was one of the most successful hedge funds in the 2000s. But the fund and its founder, Steven A. Cohen, were dogged throughout 2012–2016 by suspicions of insider trading, and many traders with ties to SAC were convicted. Before any formal charges were made against the firm itself or its founder, clients withdrew nearly \$2 billion in assets.⁴⁴ SAC investors ultimately withdrew even more money, nearly \$2 billion in fines were levied, and the fund was ordered to close.

That didn't stop Cohen, however, who reopened the company as a “family office,” named Point72, and traded only his personal fortune. He ultimately settled charges brought against him personally, without admitting guilt, which resulted in his paying no personal fines and being banned only from trading other people's money for two years.⁴⁵ In early 2018 his ban completed, Cohen opened a new fund and began to raise and invest other people's money again.⁴⁶

“Point72” and Steven A. Cohen are infamous. The financial returns of his former firm SAC Capital were legendary. Many of the most senior people in the firm were convicted or pled guilty to financial crimes. How about others in the firm who were perhaps uninvolved or even unaware of the insider trading?

To make this more real for you, imagine you are interviewing for a job. How would you explain your past employment history if it included jobs at SAC, Enron, Countrywide, MF Global, Madoff Investment Securities, Takada, or Theranos? It certainly is possible and even likely that you did nothing wrong. However, it *is* likely you would always be concerned about what others thought or suspected about your involvement. Would suspicions remain in the back of your future colleagues' minds? Sometimes ethical choices are clear—right or wrong—but sometimes they are more complicated and pose dilemmas.

Ethical Dilemmas *Ethical dilemmas* are situations with two choices, neither of which resolves the situation in an ethically acceptable manner. Such situations surround us at work and school and highlight that choosing among available options is not always a choice between right and wrong. Since such dilemmas are so frequent and potentially consequential, we include an Ethical/Legal Challenge feature at the end of each chapter that asks you to consider what you might do if confronted with difficult ethical choices at work.

An excellent example is the #MeToo movement. The women who have and will come forward are confronted with a true dilemma—speak out about the inappropriate, unacceptable, and in some instances illegal behavior they have experienced, or say nothing and take a chance the behavior will continue with themselves and/or others. The first choice can be



Martin Shkreli earned a dubious reputation for purchasing existing pharmaceuticals with little competition, and then hiking the prices hundreds or even thousands of percent. Even while in prison on fraud and other charges, he is rumored to be attempting to run a pharmaceutical company, illegally.⁵⁰

(Left) Craig Ruttle/AP Images; (right) Ryan Remiorz/The Canadian Press/AP Images

devastating to their jobs, careers, and reputations, and the second allows the bad behavior to continue.⁴⁷ The stories in the headlines have seemingly wrecked the careers of the many famous and often wealthy men implicated,⁴⁸ but what we don't yet know and maybe never will is what will happen to the opportunities and careers of the accusers and victims? What costs will be borne by them? Similar considerations are highlighted in the OB in Action box related to whistleblowers.

An eternal dilemma confronts pharmaceutical companies. On the one hand they need to make a profit to reward shareholders and invest in research and development; however, in many instances how much profit is "enough"? What about denying life-saving medicines to those who cannot afford them? What about charging widely different prices for the same product to different patients based on their insurance or country? The difficulty with such dilemmas at least in part has contributed to some of the very public scandals related to drug pricing in recent years.⁴⁹

OB in Action

The Whistle-Blower's Dilemma

Whistle-blowing often creates a particularly challenging type of ethical dilemma. People do wrong, unethical, and even illegal things at work, and you and other employees know about the misconduct and may have even witnessed it firsthand. The dilemma is what to do about it—should you keep quiet or do you notify management or the authorities? Sharing your knowledge may indeed seem like the "right thing to do," and depending on the situation you may even profit, but it might cost you dearly.

Whistle-blowers can have many motives. Some are inspired by their personal sense of fairness or morality, while others may act out of greed or revenge. The Government Accountability Project (GAP) is a whistle-blower protection organization, whose director, Tom Devine, makes recommendations for those inclined to speak out.

1. Think of Yourself. What are the potential benefits and costs to you personally?
2. Test Internally. Raise the Issue within the organization before going to the authorities or media. Most organizations have mechanisms in place (such as hotlines) and chains of command. Use them, even if you don't expect them to work.
3. Recognize That It Will Be Personal. Many organizations will attack you and your character, regardless of what they do about the issue. Retaliation often occurs, and not just by the accused and offending individual(s), but by others too.⁵¹ HR and legal departments are there to "protect" the organization, not you.

Whistle-Blowing for Profit The Dodd-Frank Act of 2010 and some regulatory agencies provide incentives for whistle-blowers who report financial fraud which is both illegal and unethical. Some can receive up to 30 percent of any settlement if regulators collect more than \$1 million due to the infraction.⁵² The largest awards to date were paid in 2018 when \$83 million were paid to three whistle-blowers from Merrill Lynch who reported the misuse of funds.⁵³

The Costs Although whistle-blower protection laws exist, they often do not sufficiently protect employees. For instance, a vice president at Chase Bank, Linda Almonte, was asked to review more than 20,000 past-due credit card accounts before they were sold to another company. Almonte's team reported back to her that nearly 60 percent contained some sort of major error, including discrepancies about the amount or whether the court had indeed ruled for the bank. Concerned, Almonte went up the chain of command, flagging the errors and encouraging management to halt the sale. Instead, the bank fired Almonte and completed the deal.⁵⁴ Nobody would hire her, which ruined her professionally and financially. She and her family ultimately moved to another state, where they lived in a hotel while she continued to look for work.

Ultimately, Chase was ordered to pay \$200 million in fines and restitution. The company also settled a suit for an undisclosed amount with Almonte.⁵⁵

What's the Lesson? Doing the right thing is just that, doing the right thing. While it is noble, doing the



Protesters calling for the protection of whistleblowers.

Christophe Forestier/Alamy Stock Photo

right thing can also be very costly. Losing your job or suffering other forms of retaliation are unfortunately common, and there isn't much recourse. Suing your employer, even if legitimate, rarely results in future job offers for the whistle-blower.

YOUR THOUGHTS?

1. What can employers do to encourage whistleblowers?
2. How can organizations ensure that whistleblowers are protected, other than simply making it a policy (just words)?
3. What can you do as an individual employee when you witness or become aware of unethical conduct?

What Causes Unethical Behavior? Harvard professor Max Bazerman and Ann Tenbrunsel of the University of Notre Dame have studied ethical and unethical conduct extensively. They concluded that while criminally minded people exist in the workplace, most employees are good people with good intentions. Bazerman and Tenbrunsel contend that instead of ill intent, cognitive biases and organizational practices “blind managers to unethical behavior, whether it is their own or that of others.”⁵⁶ Table 1.2 summarizes their findings and outlines causes of unethical behavior as well as what we can do to address that behavior as employees and managers.

Many possible reasons for unethical behavior at work exist, beyond those listed in Table 1.2, such as:

1. Personal motivation to perform (“I must be No. 1”).
2. Pressure from a supervisor to reach unrealistic performance goals along with threats for underperforming.
3. Reward systems that honor unethical behavior.
4. Employees’ perception of little or no consequences for crossing an ethical line.⁵⁷

What about Unethical Behavior in College and When Applying for Jobs? A study of graduate students in the United States and Canada, including MBAs, found that

TABLE 1.2 Causes of Unethical Behavior at Work and What to Do About It

ILL-CONCEIVED GOALS	MOTIVATED BLINDNESS	INDIRECT BLINDNESS	THE SLIPPERY SLOPE	OVERVALUING OUTCOMES
Description:				
We set goals and incentives to promote a desired behavior, but they encourage a negative one.	We overlook the unethical behavior of another when it's in our interest to remain ignorant.	We hold others less accountable for unethical behavior when it's carried out through third parties.	We are less able to see others' unethical behavior when it develops gradually.	We give a pass to unethical behavior if the outcome is good.
Example:				
The pressure to maximize billable hours in accounting, consulting, and law firms leads to unconscious padding.	Baseball officials failed to notice they'd created conditions that encouraged steroid use.	A drug company deflects attention from a price increase by selling rights to another company, which imposes the increases.	Auditors may be more likely to accept a client firm's questionable financial statements if infractions have accrued over time.	A researcher whose fraudulent clinical trial saves lives is considered more ethical than one whose fraudulent trial leads to deaths.
Remedy:				
Brainstorm unintended consequences when devising goals and incentives. Consider alternative goals that may be more important to reward.	Root out conflicts of interest. Simply being aware of them doesn't necessarily reduce their negative effect on decision making.	When handing off or outsourcing work, ask whether the assignment might invite unethical behavior and take ownership of the implications.	Be alert for even trivial ethical infractions and address them immediately. Investigate whether a change in behavior has occurred.	Examine both "good" and "bad" decisions for their ethical implications. Reward solid decision processes, not just good outcomes.

SOURCE: Bazerman, Max H., and Ann E. Tenbrunsel. "Ethical Breakdowns: Good People often Let Bad Things Happen. Why?" *Harvard Business Review* 89, no. 4 (April 2011). <https://www.hbs.edu/faculty/Pages/item.aspx?num=39125>.

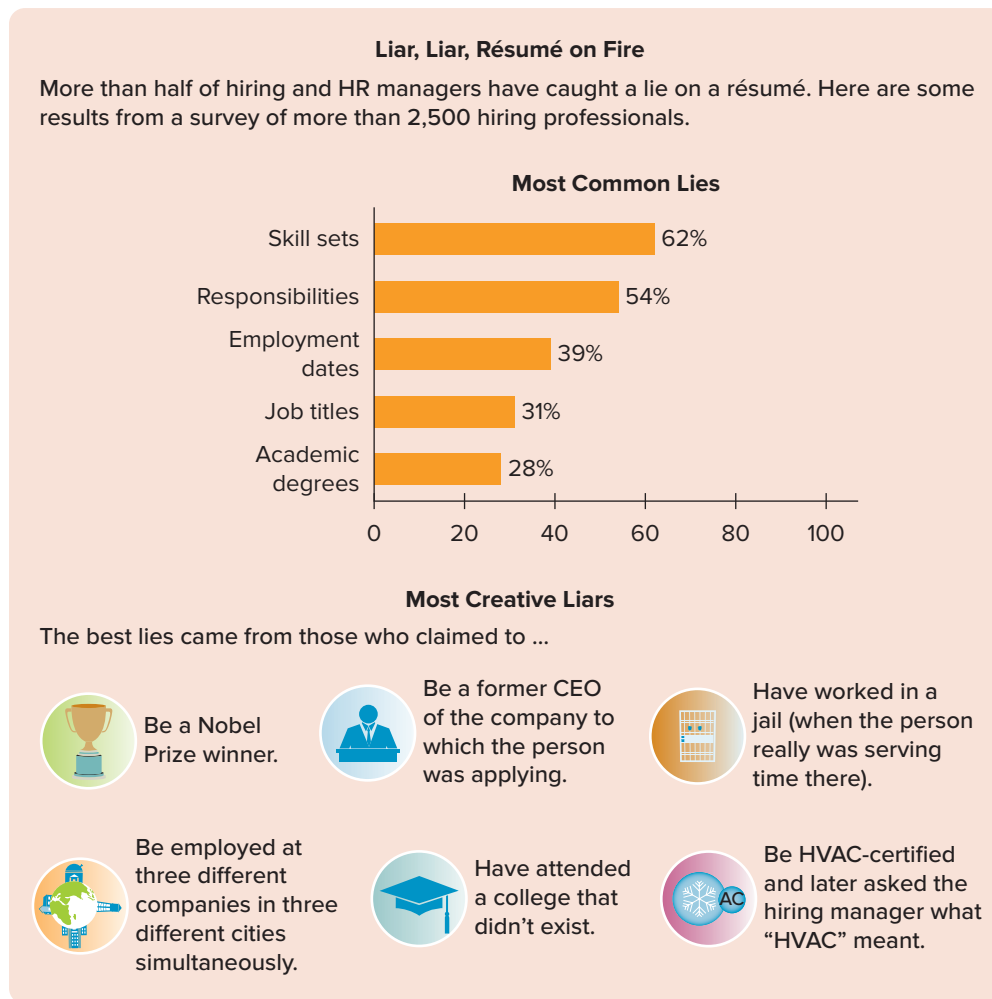
peer behavior was by far the strongest predictor of student cheating, followed by severity of penalties and certainty of being reported.⁵⁸ Students are more likely to cheat if their classmates cheat, and/or they think the probability of being caught is small, and if caught the penalties will not be severe.

However, don't be too quick to blame this bad behavior on your lying, cheating classmates. The same researchers acknowledge that there are many other potential reasons for cheating, such as perceived unfairness in grading. It also is possible that students see different degrees of cheating—for instance, in homework assignments versus on exams.

As for job hunting, an analysis of 2.6 million job applicant background checks by ADP Screening and Selection Services revealed that "44 percent of applicants lied about their work histories, 41 percent lied about their education, and 23 percent falsified credentials or licenses."⁵⁹ Sadly, it's seemingly getting worse. More recent data shows 85 percent of employers caught false information on resumes or applications, up from 66 percent five years earlier.⁶⁰

Figure 1.2 highlights some of the most common and most outrageous lies told on resumes. Can you imagine being a recruiter? If you believe these numbers, more than half the people you interview could be lying to you about something!

FIGURE 1.2 Examples and Prevalence of Lies on Resumes



SOURCE: Gurchiek, Kathy. "Liar, Liar, Resume on Fire." *SHRM*, September 2, 2015. <https://www.shrm.org/resourcesandtools/hr-topics/talent-acquisition/pages/lying-exaggerating-padding-resume.aspx>.

Employers are getting more sophisticated and thus are more likely to catch you by utilizing skills assessments as part of the hiring process for some jobs. Also coding or design skills can be assessed using simple behavioral questions during an interview. If dates and facts on your social media sites don't align with your resume and other communications, this may also raise a red flag. Background checks are another way "alternative facts" are revealed, including not just contacting the references you provided, but perhaps even colleagues from past employers too. Finally, keep in mind you're never off the hook for the false information provided during the hiring process.⁶¹ Many news stories describe high-level individuals who have been called out and terminated.

Whether at work or school, some people don't see their actions as unethical. Despite being convicted, the top two executives at Enron proclaim their innocence to this day, Jeff Skilling as well as Ken Lay until he died. Nevertheless, it will be helpful for you to learn more specifically about your own ethical tendencies. Some people view ethics in ideal terms, which means that ethical principles or standards apply universally across situations and time. Others, however, take a relativistic view and believe that what is ethical depends on the situation. Take Self-Assessment 1.2 to learn about your own views.

Assessing My Perspective on Ethics

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.2 in Connect.

1. Are your views more idealistic or more relativistic?
2. What do you think about students cheating on homework assignments in school? What about cheating on exams?
3. Are your answers consistent with your score? Explain.
4. Suppose you're a manager. What does your score imply about the way you would handle the unethical behavior of someone you manage? What about your boss's unethical behavior?

What Can You Do about It? You have or likely will witness questionable or even blatantly unethical conduct at work and you may be tempted to think, *This is common practice, the incident is minor, it's not my responsibility to confront such issues, or loyal workers don't confront each other.* While such rationalizations for not confronting unethical conduct are common, they have consequences for individuals, groups, and organizations. What can you do instead? Here are a few suggestions:

1. **Recognize that it's business and treat it that way.** Ethical issues are business issues, just like costs, revenues, and employee development. Collect data and present a convincing case against the unethical conduct just as you would to develop a new product or strategy.
2. **Accept that confronting ethical concerns is part of *your* job.** Whether it is explicit in your job description or not, ethics is everyone's job. If you think something is questionable, act.
3. **Challenge the rationale.** Lapses occur despite policies against them. If this is the case, then ask, "If what you did is common practice or OK, then why do we have a policy forbidding it?" Alternatively, and no matter the rationale, you can ask, "Would you be willing to explain what you did and why in a meeting with our superiors, customers, or during an interview on the evening news?"
4. **Use your lack of seniority or status as an asset.** While many employees rely on their junior status to avoid confronting ethical issues, being junior can instead be an advantage. It enables you to raise issues by saying, "Because I'm new, I may have misunderstood something, but it seems that what you've done may be out of bounds or could cause problems."
5. **Consider and explain long-term consequences.** Many ethical issues are driven by temptations and benefits that play out in the short term. Frame and explain your views in terms of long-term consequences.
6. **Suggest solutions—not just complaints.** When confronting an issue, you will likely be perceived as more helpful and be taken more seriously if you provide an alternate course or solution. Doing so will also make it more difficult for the offender to disregard your complaint.⁶²

Now that you have a good understanding of the importance of ethics at school and work, we'll turn our attention to using OB to solve problems. The ability to apply OB to solve problems is a major part of what makes this knowledge so valuable.

1.3 OB AND PROBLEM SOLVING

THE BIGGER PICTURE

Now that you know that OB is not just common sense, the challenge is to find a way to organize and apply its many concepts and theories. In this section, we explain how you can apply OB to effectively solve problems at work, at school, and in your life. We use a 3-Step Problem-Solving Approach.

A problem is a difference or gap between an actual and a desired state or outcome, and **problem solving** is a systematic process for closing such gaps.

Problem-solving skills are increasingly needed in today's complex world. Loren Gary, former associate director at Harvard's Center for Public Leadership, supports this assertion: "The ability to identify the most important problems and devising imaginative responses to them is crucial to superior performance in the modern workplace, where workers at all levels of the organization are called upon to think critically, take ownership of problems, and make real-time decisions."⁶³

For example, Jeff Bezos, CEO and founder of Amazon, has long downplayed the importance of meeting quarterly numbers to please Wall Street investors. He instead defines his problem as delivering superior service to customers, today, tomorrow, and forever. His problem-solving efforts are thus more likely to focus on innovative products and delivery times than on profit margins and earnings per share.

To help increase your personal performance and well-being at school, work, and home, we created an informal approach to apply OB tools and concepts to solving problems. It's simple, practical, and ready to use now!

LO 1-3

Utilize OB to solve problems and increase your effectiveness.

A 3-Step Approach

There are many approaches to problem solving, and knowing this, it was important for us as professors and authors to provide an approach that is both practical and effective across a variety of situations. The 3-Step Approach presented in this book is the result of our combined consulting experience of applying our knowledge of OB to help real-world employees and organizations solve problems. Our intent is to help you apply your OB knowledge and tools to boost your own effectiveness in school, at work, and in life.

Basics of the 3-Step Approach Here are the three steps in our applied approach to problem solving.

Step 1: Define the problem. Most people identify problems reactively—after they happen—which causes them to make snap judgments or assumptions. These are often plagued by a reliance on common sense and result in defining the problem incorrectly, which in turn leads to identifying inaccurate causes and



Few CEOs have faced more scrutiny in the recent past than Facebook's Mark Zuckerberg. He has been challenged over concerns about privacy, sharing and selling access and data, and allowing the platform to influence election outcomes.

Saul Loeb/Getty Images

ineffective solutions. All of us could benefit from Albert Einstein's comment, "If I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it." Let's take Professor Einstein's advice and learn how to improve our ability to define problems throughout this course and in your professional life.

- **Define problems in terms of desired outcomes, then test each one by asking, "Why is this a problem?"** First think of what you want, what is the desired outcome or state, then compare it to what you have or the current situation. It is important to resist snap judgements and quickly conclude you "know" the problem and underlying causes. You are better served to start with available facts and details. Then ask yourself, "Why is this gap a problem?" For example, suppose you are disengaged from your work. How do you know this? What is the evidence? Perhaps you no longer go out of your way to help your coworkers and stop responding to e-mails after work hours. You've defined your problem using evidence (or data). Now ask, "Why is this a problem?" Because when you are engaged, your coworkers benefit from you sharing your knowledge and experience. Coworkers and customers benefit from your responsiveness and willingness to respond to e-mails on their timeline, even when it isn't necessarily convenient for you (after hours). We find that asking "why" multiple times helps refine and focus your definition of the problem.

Step 2: Identify potential causes using OB concepts and theories. Essential to effective problem solving is identifying the appropriate underlying causes. So far you have OB concepts like the contingency perspective and ethics—and many more are coming—to use as potential causes. The more knowledge you have to choose from, the more likely you will identify the appropriate cause(s) and recommendation(s). To improve your ability to accurately identify potential causes, we provide the following tip for Step 2.

- **Test your causes by asking, "Why or how does this cause the problem?"** Once you have confidently defined the problem in Step 1—disengagement—you need to identify potential causes (Step 2). Ask, "Why am I disengaged?" One common reason, backed by science, is that you perceive you were evaluated unfairly in your recent performance review. "Why or how did this cause disengagement?" If you feel unappreciated for what you've done, then you are unmotivated to go the extra mile to help your coworkers or customers. Asking "why" multiple times and following the line of reasoning will lead you to define and identify problems and causes more accurately.

Step 3: Make recommendations and (if appropriate) take action. Whether planning and/or implementing recommendations, it is important to map or link recommendations to the causes and problems. The following is a simple and helpful suggestion.

- **Map recommendations onto causes.** Be certain to link recommendations to causes which are linked to the problem. The rationale is good recommendations address the causes, and when causes are removed or improved the underlying problem is solved or at least mitigated. Returning to our engagement example, the perceived fairness of performance reviews can be improved if managers use multiple raters, such as peers and the employee him- or herself (you'll learn about multiple raters in Chapter 6). Now, map or link this recommendation to the cause (an unfair performance review) to ensure it is appropriate and will effectively address the cause identified in Step 2 and the problem defined in Step 1. Fixing the cause eliminates the problem.

How This Problem-Solving Approach Develops Throughout the Book As you learn more OB concepts and tools, the 3-Step Approach will become richer and more useful. Later, in Chapter 11, you'll learn this approach to problem solving is an abbreviated version of the rational approach to decision making.

Tools to Reinforce My Problem-Solving Skills

Because of our strong belief in the value of problem solving at school, work, and life more generally, we created numerous opportunities throughout the book to help you master this skill by applying OB. Each chapter, for instance, includes the following features:

- **Problem-Solving Application Mini-Cases**—These mini-cases present a problem or challenge for you to solve. You are asked to apply the 3-Step Approach to each.
- **Self-Assessments**—Validated instruments allow you to immediately assess your personal characteristics related to OB concepts, frequently with a personal problem-solving focus (see below).
- **End-of-Chapter Problem-Solving Application Cases**—The full-length cases require you to apply the OB knowledge gained in a particular chapter to define the problem, determine the causes, and make recommendations.
- **Ethical/Legal Challenge**—Mini-cases present provocative ethical dilemmas in today's workplace. You are asked to consider, choose, then justify different courses of action.

How good are your problem-solving skills? For a preliminary idea complete Self-Assessment 1.3 which measures your problem-solving skills and will help you understand:

- What types of things you consider when solving problems.
- How you think about alternate solutions to problems.
- Which approach you prefer when solving problems.

Tip: Take this assessment again at the end of the course to see whether your skills have improved.

SELF-ASSESSMENT 1.3

CAREER READINESS

Assessing Your Problem-Solving Potential

Please be prepared to answer these questions if your instructor has assigned Self-Assessment 1.3 in Connect.

1. What do items 1–3 tell you about your ability to define problems?
2. Do your scores on items 4–6 match your perceptions of your ability to generate effective solutions?
3. Using the individual items, describe the pros and cons of your tendencies toward implementing solutions.

1.4 STRUCTURE AND RIGOR IN SOLVING PROBLEMS

THE BIGGER PICTURE

When struggling to solve a problem, have you ever felt the solution was beyond your reach? Sometimes the solution is a matter of organizing or structuring the problem and its elements. OB can help. We'll show you useful tools to assist in organizing and applying your OB knowledge as it grows. You can use these same tools to solve problems more rigorously and more effectively.

LO 1-4

Explain the practical relevance and power of OB to help solve problems.

It's easier to understand and apply OB if you categorize or organize your knowledge as you learn it. The first and most fundamental distinction is between elements that are related to you and those related to the situation.

The Person–Situation Distinction

OB concepts and theories can be classified into two broad categories—person factors and situation factors. The person–situation distinction is foundational to OB.⁶⁴

- **Person factors** are the infinite characteristics that give individuals their unique identities. These characteristics combine to influence every aspect of your life. In your job and career, they affect your goals and aspirations, the plans you make to achieve them, the way you execute such plans, and your ultimate level of achievement. Part One of this book is devoted to person factors.

This is simple and makes perfect sense, but as we all know reality is seldom simple. *Things* get in the way, and these “things” often are situation factors.

- **Situation factors** are all the elements outside us that influence what we do, the way we do it, and the ultimate results of our actions. A potentially infinite number of situation factors can either help or hinder your efforts and outcomes, such as job satisfaction, performance, and turnover.⁶⁵ This is why situation factors are fundamental to OB and critically important to your performance. Parts Two and Three of this book are devoted to situation factors.

Which Influences Behavior and Performance More—Person or Situation Factors? Researchers and managers have debated for decades whether person or situation factors are more influential. They ask, for instance, about the relative impact of “nature versus nurture” and whether leaders are “born or made.” We address these debates in Chapters 3 and 13, respectively.

Many believe that some people are *by their nature* better suited than others to perform well at work (“born winners”). In contrast, others believe some people are clearly better in *a given job or situation*. No particular person could outperform every other person in every possible job! No one is the best at everything.

This second view is supported by research in psychology and OB. The **interactional perspective** states that behavior is a function of interdependent person and situation factors.⁶⁶ The following quotation captures this reality: “Different people may perceive similar situations in different ways and similar people may perceive different situations in the same way.”⁶⁷