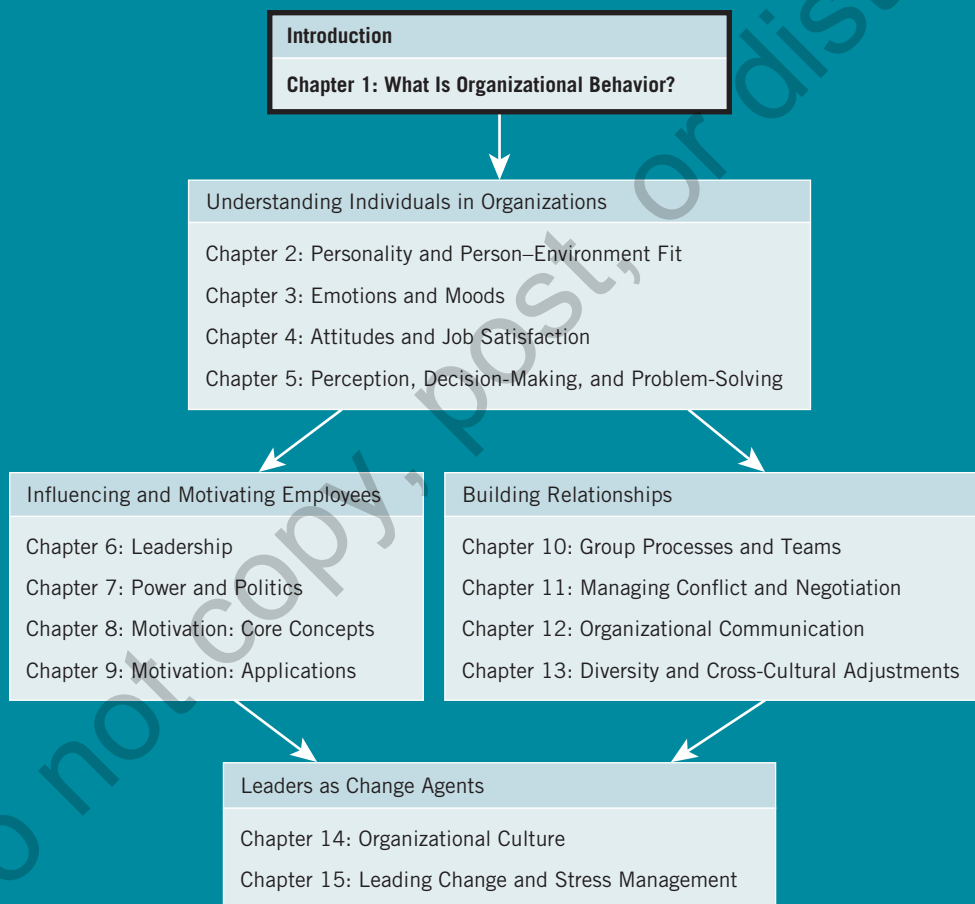


# INTRODUCTION



## WHAT IS ORGANIZATIONAL BEHAVIOR?

## Learning Objectives

After studying this chapter, you should be able to do the following:

- 1.1: Define the concept of organizational behavior (OB).
- 1.2: List and give examples of the four sources of information used in evidence-based management (EBM).
- 1.3: Define critical thinking and explain the critical thinking skills leaders need.
- 1.4: Discuss five types of outcome variables studied in OB.
- 1.5: Compare the levels of analysis in OB research.
- 1.6: Develop plans for using OB research to improve employee job performance.

## A CRISIS IN ORGANIZATIONS?

What do the leaders of Juul, McDonald's, and Papa John's have in common? They were all fired from their boards of directors.

Historically, CEOs are fired for lack of company performance. This is what happened with Juul. The CEO of Juul, Kevin Burns, was let go during the media attention to the company's marketing practices and rising pressure from regulators regarding the health risks of e-cigarettes. The company became a lightning rod for media attention and began pulling e-cigarette flavors from the market in response to the reports.

Recently, CEOs are getting fired for ethical reasons. Some examples of these reasons are sexual misconduct, fraud, bribery, and insider trading.

In November 2019, Steve Easterbrook was fired as the CEO of McDonald's. He had been running the company since 2015. However, the board stated that he violated company policy and "demonstrated poor judgment involving a recent consensual relationship with an employee." Easterbrook had been doing a great job as CEO. He modernized the look of McDonald's restaurants and added popular digital menu boards. The company began using high-tech methods such as artificial intelligence to improve drive-thru performance and increase sales.

Scandals now account for more departures than poor financial performance. This may reflect changes in vigilance by the government, society, and pressures from the Me Too movement to hold managers accountable.

In addition to sexual harassment, racial insensitivity was another reason for CEO failure to maintain integrity in a diverse environment. Another leader that was fired by his board was Papa John's chairman and founder, John Schnatter, who stepped down as CEO following backlash for using a racial slur during a conference call.

## What Is Going on With CEO leadership?

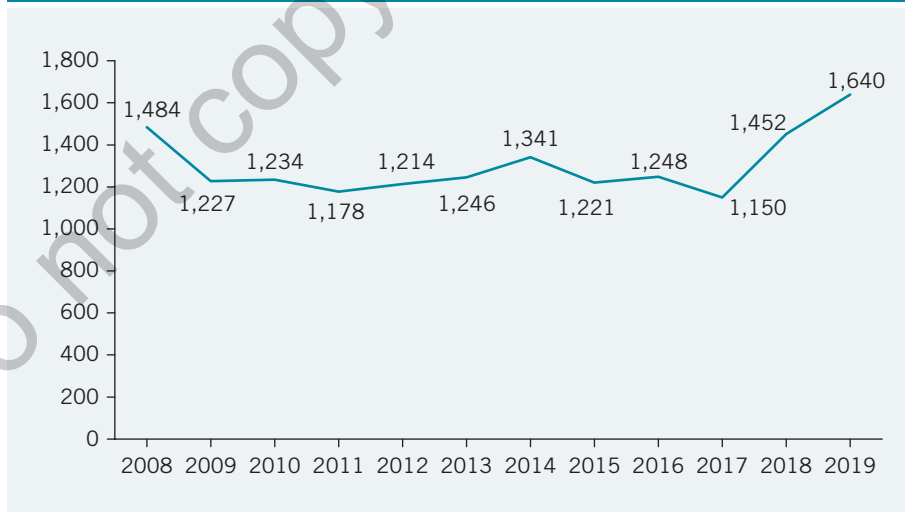
According to a study conducted by PwC (formerly PricewaterhouseCoopers), a record 17.5% of CEOs at the world's 2,500 largest companies departed their jobs during 2018, a 3% increase from 2017. Most of these were planned retirements, but in 20% of the situations, the CEOs were forced out.

During August 2019, there were 159 CEO changes, the highest monthly total on record, according to a study done by consulting firm, Challenger, Gray & Christmas. The study looked at CEO changes for companies that have been in business for at least 2 years, with a minimum of 10 employees. The data for CEO departures for the past 10 years is shown in Figure 1.1. Note that the level of departures in 2018 was as high as in 2008—the year of the banking crisis and Great Recession.

The trend continued into 2020. CEO turnover increased 37%, from the 160 who left their posts in December to 219. The January 2020 total was 39.5% higher than the 157 CEOs who left their posts in the same month in 2019.<sup>1</sup> According to Andrew Challenger, Vice President of Challenger, Gray, & Christmas,

January is typically a busy month for CEO turnover, as companies make leadership changes after assessing business conditions at the end of the fiscal year. January is the beginning of the fiscal year for many companies, and a good time to make decisions about the direction of the company.<sup>2</sup>

**Figure 1.1** CEO Departures From 2008–2018



*Source:* Based on data reported in Challenger, Gray, & Christmas (2019). September CEO turnover report.

David Waddell from Yahoo Finance's *The First Trade* agrees: “We seem to be having a leadership recession, be it political or corporate.” Waddell thinks that with rising uncertainty on the trade and political fronts, companies could be looking for a different type of CEO.

The CEO leadership crisis indicates that there is a great need for future leaders to understand the nuances of human behavior. There is also an increasing need for leaders to behave ethically. The field known as Organizational Behavior (OB) addresses these and other leadership challenges.

*Sources:* Based on Challenger, Gray, & Christmas (2019). September CEO turnover report. <http://www.challengergray.com/press/press-releases/2019-september-ceo-turnover-report-highest-ytd-quarterly-totals-record>; Fitzgerald, M. (2019). CEO departures on pace for a record year. <https://www.cnbc.com/2019/10/09/ceo-departures-on-pace-for-a-record-year.html>; Sozzi, B. (2019). Juul, eBay CEOs just got axed: Clearly there is a big leadership crisis in America. <https://finance.yahoo.com/news/juul-e-bay-ce-os-just-got-axed-clearly-there-is-a-big-leadership-crisis-in-america-155610750.html>; Wiener-Bronner, D. (2019). McDonald's CEO Steve Easterbrook steps down. <https://www.cnn.com/2019/11/03/business/mcdonalds-ceo-steve-easterbrook-steps-down/index.html>

## WHAT IS ORGANIZATIONAL BEHAVIOR?

### Learning Objective 1.1: Define the concept of organizational behavior (OB).

**Organizational behavior (OB)** is defined as the study of individuals and their behaviors at work. It is a multidisciplinary and multilevel research area that draws from applied psychology, cultural anthropology, communication, and sociology. This textbook draws upon all of these areas with a focus on applied social psychology. Social psychologists study the behavior of individuals in groups, so it makes sense that the study of how leaders influence people and their OB is grounded in this field of psychology.

OB is a relatively young field in comparison to areas in the field of medicine—and even psychology from which it draws. There were management practices in place since the early 1900s with Frederick Taylor's approach to “scientific management,” which was the study of how work could be designed to make production work (particularly assembly lines) more efficient.<sup>3</sup> Most scholars agree, however, that OB originated with the human relations movement<sup>4</sup> ignited by the Hawthorne studies (conducted between 1927 and 1932), which led to a focus on the role of human behavior in organizations. The Hawthorne studies were two studies conducted by Australian-born psychologist Elton Mayo at the Western Electric Company near Chicago.<sup>5</sup>

Mayo spent most of his career at Harvard University and was interested in how to increase productivity in assembly lines. The first study was designed to examine the effects of lighting in the plants on worker productivity. However, the research team had a surprise. Productivity *increased* rather than decreased when the lights were being dimmed. Perplexed by this finding, researchers interviewed the workers and learned that they appreciated the attention of the research team and felt that they were receiving special treatment. The productivity then *declined* after the researchers left the plant. This has been called the **Hawthorne effect** and refers to positive responses in attitudes and performance when researchers pay attention to a group of workers. The emergence of strong feelings of

affiliation and trust due to the interactions and trust among the workers resulted in what Mayo called *spontaneous collaboration*.<sup>6</sup>

The second Hawthorne study was designed to investigate a new incentive system. However, instead of the incentive system increasing workers' production, the social pressure from peers took over and had more impact on worker productivity than pay increases. Workers formed into small groups and set informal standards for production, requiring coworkers to reduce their production so pay was more equal among the group members.

The Hawthorne researchers concluded that the human element in organizations was more important than previously thought, and they learned that workers want attention. This is still relevant today. For example, recent studies demonstrate that when employers provide gifts to employees (termed *empathy wages*), it elicits feelings of gratitude from them.<sup>7</sup> The human relations movement followed the Hawthorne studies, and OB emerged as a distinct field of study in the 1950s. The term *organizational behavior* first appeared in 1957 in a book by Chris Argyris, *Personality and Organization: The Conflict Between System and the Individual*.<sup>8</sup> Today, OB researchers have PhDs from psychology departments (in the area of industrial and organizational psychology) and business schools. They teach from the research base on OB and conduct research that addresses important challenges facing organizational leaders today.

## Disciplines Contributing to Organizational Behavior

There are several disciplines that contribute to the study of OB. Studies of individual differences such as personality (Chapter 2 of this textbook) draw from the fields of psychology and specifically industrial and organizational psychology. These fields also contribute to our understanding of human performance. Individual reactions to work, such as emotions and attitudes, not only draw from psychology research but also from social psychology. Motivation theory has been influenced by psychology as well as economics. Understanding decision-making (Chapter 5) draws from economic theory. Research on leaders as influencers and motivators (Section III) draws from applied social psychology. **Applied social psychology** is the study of how people interact in groups and addresses significant challenges facing leaders as organizations use teams to get things done (Chapter 10). Trends such as the need to compete in a global marketplace, organizational restructuring, and rapid changes in technology have resulted in the need to lead through change. Research in the areas of sociology and anthropology helps us understand organizational culture and leading change. OB is an applied field of study aimed at problem-solving for organizational leaders. Thus, OB is a multidisciplinary field that draws upon the best ideas and research from several disciplines.

The goal of OB as a field is to improve the functioning of the organization and how employees experience their work. For example, OB researchers study how job satisfaction affects employee well-being. Another example is how a leader's vision affects follower motivation and performance toward goals. A third example is how perceptions of politics at work might lead to an employee quitting the organization (this is called *turnover*). Low productivity and turnover cost organizations millions of dollars. Beyond the impact on costs, employee well-being is a major concern for forward-thinking organizations today. OB researchers develop guidelines that directly address such challenges. Based on research, leaders can make better decisions to make their organization more effective and better places to work. It's important for OB researchers to translate their evidence into practical guidelines for managers to follow. Next, the journey from theory to practical applications is discussed.

## From Theory to Practice

OB is an applied science, so first it is necessary to briefly review what science is all about. The goals of science—any science—are as follows:

1. **Description:** What does the process look like?
2. **Prediction:** Will the process occur again? If so, when?
3. **Explanation:** Why is this happening?
4. **Control:** Can we change whether this happens?

For example, the forecasting of extra workers needed for a toy store during the holiday season is an important process for ensuring the best customer service. Human resource managers understand how many customers will visit the store based upon prior holiday seasons (in other words, a theory) and can describe their need for extra workers. This theory is also high on explanation since the store managers have some understanding of why customers visit their store and when volume increases. Prediction is important because managers need to project with some accuracy how many extra seasonal workers they will need to hire to ensure that customers will be served and not have long wait times at the cash registers. However, hiring forecasts are not always accurate, resulting in unhappy customers or the hiring of too many seasonal workers who wait idly for customers to visit. In this example, the science is moderate for prediction. For control, one could say that the science is low because there are many reasons why customers may not visit the store that are outside of the organization's control (e.g., customers may be able to purchase the toys online). This example illustrates why theories are so important to applied science. The better the initial understanding of how many workers will be needed, the better the store manager should be able to predict how many seasonal workers to hire for the season and for how long. Theories are important to OB as a science since theory is translated to management practice.

The phrase “there is nothing as practical as a good theory” has been attributed to social psychologist Kurt Lewin. Theories build upon prior research and extend into new areas of importance to leaders. A researcher generates hypotheses about human behavior in organizations and then gathers data to test them. Research eliminates the guesswork about what will work (or not work), and this helps leaders solve the problems they face every day. The ability to translate research into practice has been termed **evidence-based management (EBM)**.

## EVIDENCE-BASED MANAGEMENT

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### **Learning Objective 1.2: List and give examples of the four sources of information used in evidence-based management (EBM).**

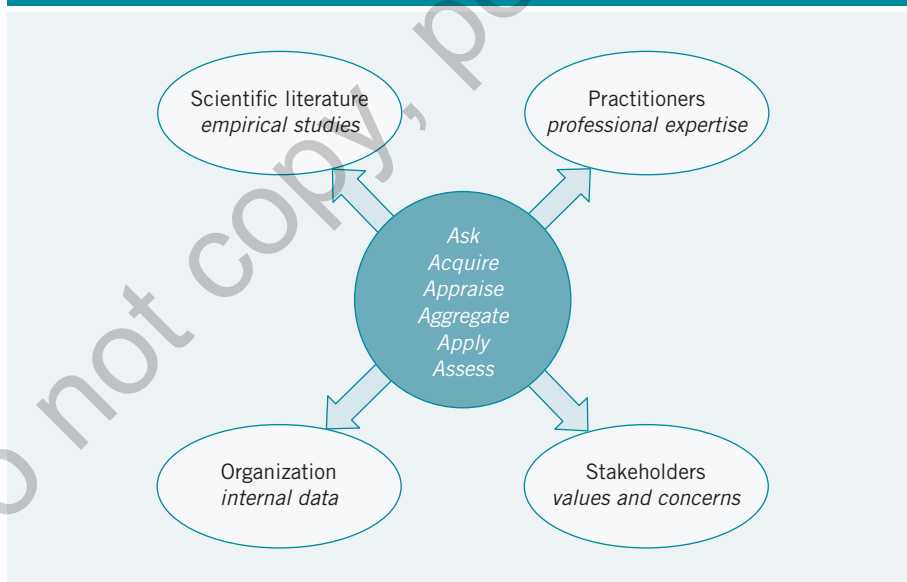
The term *evidence-based* was originally employed in the field of medicine to guide how doctors make decisions regarding patient care. EBM improves a leader's decisions by disciplined application of the most relevant and current scientific evidence. Although many definitions of EBM are available, this is the most frequently quoted and widely used:<sup>9</sup>

EBM means making decisions about the management of employees, teams, or organizations through the conscientious, explicit, and judicious use of four sources of information, as shown in Figure 1.2. Examples of these sources follow for a manager addressing the problem of having too many employees quit their jobs.

1. **The best available scientific evidence**—for example, the manager reads research published on OB on the reasons why people quit their jobs
2. **The best available organizational evidence**—for example, the manager conducts exit interviews with people who have recently quit their jobs
3. **The best available experiential evidence**—for example, the manager asks other managers to provide their intuition regarding what causes people to quit the organization
4. **Organizational values and stakeholders' concerns**—for example, the impact on the Human Resources department that must constantly post jobs and recruit employees to replace the ones who have quit. Other stakeholders are the employees who experience reasons to quit their jobs.

How can a leader use these sources of evidence to make better decisions? First, leaders must have the ability (basic skills and competencies), motivation (behavioral beliefs,

**Figure 1.2 Sources of Information Used in EBM**



*Source:* Barends, E., Rousseau, D. M., & Briner, R. B. (2014). Evidence-Based Management: The basic principles. Amsterdam: Center for Evidence-Based Management.



behavioral control, and normative beliefs), and opportunity (support that overcomes barriers) to practice EBM.<sup>10</sup> For example, EBM was applied to an operational problem in a hospital. This research concluded that the “fit” between the decision maker and the organizational context enables more effective evidence-based processes.<sup>11</sup>

Leader involvement at all levels is essential for EBM to work in practice,<sup>12</sup> as well as collaboration with researchers.<sup>13</sup> A review of EBM concluded that there have been creative applications of the principles that have informed managers and that collaborations between researchers and managers have created new knowledge.<sup>14</sup> In today’s world of information overload from the news media and social media, people seem to hunger for evidence-based information. For example, some of the most watched TED talks are based on social science research. The knowledge found in TED talks has had far more reach than the original published work would ever have had.<sup>15</sup>

## RESEARCH IN ACTION

### Using Evidence to Increase Donations to Universities

Universities are interested in increasing donations from their alumni. Donations from former students help fund important building projects, upgrade existing facilities, support student organizations, and increase student scholarships. A report from *Giving USA* states that the total contributions to higher education were \$46.73 billion in 2018, a 7.2% increase from the previous year. That’s a lot of support for universities. Alumni donations have remained relatively stable at about 25% of total donations since 2009.

How could a university increase donations from former students? Alumni often have strong emotional connections to their alma mater and fondly remember their experiences during their time there. Fundraisers want to tap into these positive feelings when they ask for donations. Can evidence-based management help?

A team of researchers at Texas A&M University followed EBM principles to learn how to increase annual giving from former students. They wondered if directed donations would increase the propensity to give and the amount of the donation. Here are the steps they followed:

1. *Best available scientific evidence*— Researchers reviewed the literature on fundraising. Some laboratory experiments suggested that directed giving would increase donations.
2. *Best available organizational evidence*— Since directed giving allows the donor to target their gifts to specific organizations or functions, fundraisers believe that donors would like to give to the specific school or college they graduated from rather than a general fund.
3. *Best available experiential evidence*— Researchers hypothesized that directed giving would increase donations. Expert opinions expressed in the articles found in the literature review suggested that it would.
4. *Organizational values and stakeholder concerns*—Universities need to increase giving to have the funds to help faculty provide a better learning experience. Donations support student organizations and increase scholarships. Students are also stakeholders—this means you!



To determine if directed giving works, researchers employed EBM with a field experiment. A *field experiment* enables researchers to rule out alternative explanations for findings and establish cause-and-effect relationships. Prospective donors were presented with either an opportunity to donate to the unrestricted Annual Fund or an opportunity to donate to the Annual Fund and direct some or all of their donation toward the academic college from which they graduated. For example, business school graduates could have their entire donation go to increase scholarships for business students.

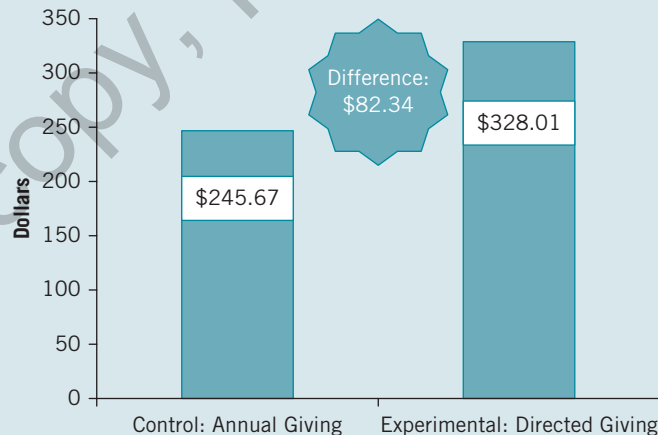
The experiment consisted of two groups: Annual Fund Only and Directed Giving. Both groups were sent emails explaining the mission of Texas A&M University and asking for support for its initiatives through a monetary donation. The emails sent were identical, including the subject line, with one exception: The Directed Giving group was also given the option of

sending their gift to the college from which they had graduated. The control group did not have this option. For the control group, the email ask only gave the Annual Fund as the recipient of donations.

The research showed that directed giving did not determine whether a person gave. However, the amount of the donation was significantly larger when the donor could specify the college where their donation went. In other words, people gave more when they knew that their money was going to the college from which they had graduated. As Figure 1.3 shows, they gave an average of \$82.34 more when they could direct their money to their college.

The application of EBM in this field experiment clearly showed that having a choice in giving mattered. Overall, the Association of Former Students raised approximately \$40,000 more by allowing for choice through directed giving.

**Figure 1.3 Average Donations for Annual Fund Giving Compared to Directed Giving**



*Source:* Based on data reported in Eckel, C. C., Herberich, D. H., & Meer, J. (2017). A field experiment on directed giving at a public university. *Journal of Behavioral and Experimental Economics*, 66, 66–71.

(Continued)

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### Discussion Questions

1. Explain why people are more likely to give money when they know their donation will go to a specific college. How could universities make donations even more specific? Provide an example.
2. How can the implications for practice based on the field experiment be extended? For example, what guidelines would you provide to volunteers who make phone calls to ask for donations?
3. What are the strengths of using field experiments to solve organizational challenges? What are the weaknesses?
4. Design an experiment to increase a different voluntary activity such as donations to a blood bank using EBM principles.

**Sources:** Adapted from Eckel, C. C., Herberich, D. H., & Meer, J. (2017). A field experiment on directed giving at a public university. *Journal of Behavioral and Experimental Economics*, 66, 66–71; Hazelrigg, N. (2019). Larger donations, fewer donors. <https://www.insidehighered.com/news/2019/06/20/donations-colleges-are-number-donors-down>; Schmidt, W. (2019). 4 ways to drive donations like universities. <https://www.classy.org/blog/alumni-donors/>

The following standards may be applied by leaders using EBM to ask questions and challenge their thinking about their organizations:<sup>16</sup>

1. **Stop treating old ideas as if they were brand new.** This has resulted in a cynical workforce that may view innovations from leaders as short-term fads (e.g., employees may not see any difference between the “empowerment” trend in the 1980s and the “engagement” trend of today). Progress cannot be made by treating old ideas as new ones.
2. **Be suspicious of “breakthrough” studies and ideas.** Question whether some new ideas in management are groundbreaking, and be wary of claims about new management principles that may be overstated.<sup>17</sup> For example, a breakthrough idea in the 1980s was *management by walking around (MBWA)*. The idea seemed like a good one: Managers should walk around performing random work checks and networking with employees. But some employees viewed this as micromanaging by a boss that did not trust them. Other employees wondered, “Doesn’t my boss have anything to do?” Today, with many employees who work from home, the idea may not even be useful since employees are not in the same location as their manager.<sup>18</sup>
3. **Develop and celebrate collective brilliance.** In theory, a diverse collection of independent decision makers (although not expert) makes better predictions on the average compared to an expert decision maker. This is the premise of James Surowiecki’s best-selling book *The Wisdom of Crowds*.<sup>19</sup> Have you watched the TV game show *Who Wants to Be a Millionaire?* In a sense, this is how the “ask the audience” choice on the game show works, based on the premise of developing and using collective brilliance. A contestant can choose to ask the audience for

help answering a question, and the audience votes. The contestant then sees the percentage of people who chose each answer. It's interesting to see that often the audience is right. The contestant is thus gathering the collective brilliance of a random group of decision makers.

4. **Emphasize drawbacks as well as virtues.** An interesting example of this is the marketing of a McDonald's dessert named "Sundae Bloody Sundae" as a Halloween promotion for two-for-one sundaes. The term *Bloody Sunday* was used to describe a massacre that resulted in 19 deaths in Northern Ireland on January 30, 1972. The promotion was heavily criticized in social media posts. Clearly, a marketing person at McDonald's believed that the promotion was clever, but there was a lack of pointing out the drawbacks to the ad, which resulted in terrible press and Twitter posts calling the ad "an epic #prfail."<sup>20</sup>
5. **Use success (and failure) stories to illustrate sound practices but not in place of a valid research method.** For example, Circuit City went bankrupt in 2009 but was rated a "great company" in the now-classic book *Good to Great*.<sup>21</sup> An updated analysis done by McKinsey of great companies in business books revealed that Circuit City struggled to outperform the Standard & Poor's 300 stock index.<sup>22</sup> The lesson here is that no matter how great a company is, care must be taken not to simply copy what they do in today's changing business environment.
6. **Adopt a neutral stance toward ideologies and theories.** An example of this is that most management "gurus" are from North America (e.g., Peter Drucker, Tom Peters, Ken Blanchard). In a global world, EBM demands that we question whether ideology developed in North America applies abroad. EBM would also suggest that we search for theories developed overseas to locate experts from other countries with important ideas. It is important to think critically when we encounter ideology and theory.

In making important organizational decisions, the leader may include information gathered from one or all four of the sources described previously in the definition of EBM. This can result in a lot of information. So, how can a leader sort through it all and determine what is most relevant to the problem at hand? The answer lies in **critical thinking**, a process that has been developed for over 2,500 years, beginning with the ancient Greeks and the Socratic method, which is the process of learning by questioning everything. Critical thinking skills are applied to sort through all of the information gathered and then prioritize it (and even discard evidence that appears to be invalid or irrelevant to the problem).

## WHAT IS CRITICAL THINKING?

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### **Learning Objective 1.3: Define critical thinking and explain the critical thinking skills leaders need.**

Critical thinking "calls for persistent effort to examine any belief or supposed form of knowledge in the light of evidence that supports it and the further conclusions to which

it tends.”<sup>23</sup> Critical thinking is a mode of thinking about a problem we face in which the problem solver improves the quality of the process by applying rigorous standards. The process has been described as having three interrelated parts:

1. the *elements of thought* (reasoning),
2. the *intellectual standards* that applied to the elements of reasoning, and
3. the *intellectual traits* associated with a cultivated critical thinker that result from the consistent and disciplined application of the intellectual standards to the elements of thought.<sup>24</sup>

Critical thinking requires the decision maker in an organization to apply a complex skill set to solve the problem at hand. A set of guidelines for critical thinking is shown in Table 1.1.<sup>25</sup> Critical thinking is, in short, self-directed, self-disciplined, self-monitored, and self-corrective thinking. It requires rigorous standards of problem-solving and a commitment to overcome the inclination to think that we have all the answers.<sup>26</sup> One study demonstrated that students’ attitudes toward and beliefs about critical thinking skills are related to their GPA due to effective argumentation and reflective thinking.<sup>27</sup>

When it comes to asking questions, some of the best ideas come from a book by Ian Mitroff called *Smart Thinking for Crazy Times: The Art of Solving the Right Problems*.<sup>28</sup> Mitroff warns us about solving the wrong problems even though leaders solve them with great precision in organizations. This happens because they don’t ask the right questions. So, what questions should a manager be asking? Here’s a list of basic questions facing all organizations (and ones we should be asking frequently):

**Table 1.1 Critical Thinking Skills**

Logic	<ul style="list-style-type: none"> <li>• Rely on reason</li> <li>• Weigh the evidence</li> </ul>
Reflection	<ul style="list-style-type: none"> <li>• Examine assumptions</li> <li>• Recognize biases</li> </ul>
Dual processing	<ul style="list-style-type: none"> <li>• Consider different points of view</li> <li>• Be willing to start over when new evidence suggests it is necessary</li> </ul>
Attention to detail	<ul style="list-style-type: none"> <li>• Research many sources</li> <li>• Be comprehensive</li> </ul>
Decision-making	<ul style="list-style-type: none"> <li>• Make tentative decisions</li> <li>• Develop contingency plans</li> </ul>

Source: Kurland, D. (2000). Critical thinking skills.

- What businesses are we in?
- What businesses should we be in?
- What is our mission?
- What should our mission be?
- Who are our primary customers?
- Who should our customers be?
- How should we react to a major crisis, especially if we are, or are perceived to be, at fault?
- How will the outside world perceive our actions?
- Will others perceive the situation as we do?
- Are our products and services ethical?

Throughout this textbook, you will be presented with critical thinking questions. These questions will help you pause, reflect on what you have read, and evaluate the information to refine your critical thinking skills.

**Critical Thinking Questions: Why does asking these questions improve employee buy-in for the implementation of plans? Are there other questions you feel are important to ask?**

### Applying Critical Thinking to Theories in Organizational Behavior

One of the most influential books in OB is *The Human Side of Enterprise* by Douglas McGregor (1960). This book was influential because it presented the idea that leader behaviors are influenced by the leaders' fundamental assumptions and beliefs about human nature. Most managers are not aware of their underlying assumptions; thus, their influence on behavior is pervasive yet hard to detect. These assumptions are divided into pessimistic (Theory X) and optimistic (Theory Y) views of human nature.

**Theory X** leaders assume that people are basically lazy, don't like to work, and avoid responsibility. This type of manager's related behaviors includes being directive, engaging in surveillance, and coercion. In contrast, **Theory Y** leaders assume that people are internally motivated, like to work, and will accept responsibility. These managers' related behaviors are to allow discretion and participation and the encouragement of creativity on the job.

McGregor's book was voted the fourth most influential management book of the 20th century in a poll of top management scholars. McGregor's theory continues to hold an important position in OB research due to the implication that it is important for leaders to understand their subconscious fundamental assumptions about how human beings relate to work.

**Critical Thinking Questions: Why do you think that Theory X/Y has had such a strong influence on understanding leadership? Can you think of other assumptions that managers may hold in their subconscious mind that influence how they treat their followers?**

## OUTCOMES IN ORGANIZATIONAL BEHAVIOR

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### Learning Objective 1.4: Discuss five types of outcome variables studied in OB.

In the preceding example, Theory Y is the independent variable. Worker motivation is the dependent variable (i.e., it *depends* on the independent variable: leader behavior). Since OB is an applied science, the outcome variables studied are typically variables that leaders are interested in improving. There are five broad groups of outcome variables studied: performance, work-related attitudes, employee well-being, motivation, and employee withdrawal.

#### Performance

Productivity (or **job performance**) is one of the most important outcomes in OB. Performance can be actual performance as collected in organizational records (e.g., the number of forms correctly processed in an insurance company), or it may be rated by supervisors or peers (e.g., the supervisor rates the employee's work quality on a scale of 1 to 7, with 1 being poor and 7 being outstanding). **Organizational citizenship behavior (OCB)** is the worker's willingness to go above and beyond what is required in their job description to help others at work.<sup>29,30</sup> OCB is performance beyond the expectations of a person's job description—extra-role performance. OCB is enhanced by the climate within an organization (human relations, innovation, and achievement motivation).<sup>31</sup> While OCB is often studied as an important performance outcome variable, it has been shown that OCB predicts outcomes as well. A large-scale review of the OCB literature found that OCB predicts employee performance, reward-allocation decisions, and a variety of withdrawal-related criteria (employee turnover intentions, actual turnover, and absenteeism).<sup>32</sup>

#### Attitudes

An attitude is a person's general disposition toward something. Social scientists measure all types of attitudes by asking questions and using response scales (known as Likert scales), which often range from Strongly Disagree to Strongly Agree. Answer the questions in Table 1.2, which is based on a measure of a person's attitudes toward environmental protection. What is your attitude toward the environment? Did you find yourself agreeing or disagreeing in response to the questions?

Measuring work-related attitudes is an important aspect of OB research, and **job satisfaction** has long been studied as an outcome variable. Measures of job satisfaction are common and date back to the 1930s. Another example of a job attitude is loyalty to an organization, known as **organizational commitment**, which is another key attitude that has proven to be important because it is related to job satisfaction and is one of the strongest predictors of turnover.<sup>33,34,35</sup> Organizational commitment is an employee's relationship with the organization for which they work.<sup>36</sup> In other words, OB researchers can measure a person's loyalty, and this predicts whether or not they will quit in the future. Also, a lack of loyalty results in people being absent from work more often. Uncommitted workers are less motivated and perform at lower levels.<sup>37</sup> Research shows that employees

**Table 1.2 Attitude Toward the Environment**

Instructions: Answer the following questions using the scale below by circling the response that best represents your attitude toward the environment.

Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
1. We are approaching the limit of the number of people the Earth can support.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
2. When humans interfere with nature, it often produces disastrous consequences.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
3. Humans are severely abusing the environment.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
4. Plants and animals have as much right as humans to exist.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
5. Despite our special abilities, humans are still subject to the laws of nature.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
6. The Earth is like a spaceship with very limited room and resources.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
7. The balance of nature is very delicate and easily upset.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree
8. If things continue on their present course, we will soon experience a major ecological catastrophe.				
Strongly Disagree	Mildly Disagree	Unsure	Mildly Agree	Strongly Agree

Source: Adapted from Shoukry, S. H., Saad, S. G., Eltemsahi, A. M., & Abolfotouh, M. A. (2012). Awareness, attitude, and concerns of workers and stakeholders of an environmental organization toward the environment. *SAGE Open*, October-December, 1–10.

who are told that they aren't on the "fast track" for promotions have lower organizational commitment.<sup>38</sup> That is, the identification of "rising stars" motivates the chosen ones, but this selectivity can undermine the loyalty of others not viewed as having high potential. Organizations might consider more inclusive approaches that emphasize different types of career paths.

Another contemporary outcome variable that is gaining research attention is **employee engagement**.<sup>39</sup> Employee engagement can be defined as "a relatively enduring state of mind referring to the simultaneous investment of personal energies in the experience or performance of work."<sup>40</sup> Employees who are enthusiastic about their work become totally immersed in daily job activities.<sup>41</sup> In Chapter 4, you will learn more about these and other work attitudes and how they are studied in OB research.



## Employee Well-Being

In addition to job satisfaction, researchers are also interested in other indicators of **employee well-being**. Some studies examine outcomes such as emotional exhaustion, psychosomatic health complaints, and physical health symptoms.<sup>42</sup> Recent research has shown that leaders not doing their job (i.e., passive leadership) undermines employee well-being because having a weak leader increases role stress and depletes employees' psychological resources for coping with the stress.<sup>43</sup> Another study found that being asked to do an illegitimate task predicted lower employee well-being (lower self-esteem and job satisfaction with increased anger and depression). An illegitimate task is one that is outside of the boundaries of a person's job: "For example, an administrative assistant asked to care for an executive's child, while the executive attends a meeting may be feeling 'this is not my job!'"<sup>44</sup> The recommendations from these two studies for leaders seem clear: Being passive will affect your followers' well-being negatively, but so will assigning tasks that are inappropriate. Well-being has emerged as an important outcome variable in OB, and recent research has extended this to the concept of thriving.

## Thriving

**Thriving** is defined as "the psychological state in which individuals experience both a sense of vitality and learning."<sup>45</sup> Vitality reflects a feeling of being alive. Learning is the person's belief that they are growing and improving. Thriving reduces job burnout and reports of health problems (and fewer visits to the doctor). Leaders play an important role by inspiring their followers, which helps them to thrive and reduces burnout.<sup>46</sup> Thriving also predicts job performance above other attitude measures (job satisfaction and organizational commitment).<sup>47</sup> Organizations can promote thriving in their employees by allowing them to make their own decisions regarding their work, providing information about the organization's mission, reducing rude behavior, providing feedback, and fostering a climate that supports diversity.<sup>48</sup> Thriving is related to psychological safety in which employees feel that they can offer innovative ideas without being criticized.<sup>49,50</sup> Thus, by increasing the opportunities for employees to thrive, leaders can tap into the potential of employees and unleash their creativity. This is particularly the case when employees trust the organization and feel connected to others in their work environment through strong relationships.<sup>51</sup>

Research on thriving is a relatively new area of OB. However, a review of 73 independent samples (21,739 employees) concluded that thriving is an important component of employee well-being at work.<sup>52</sup> Results showed that thriving at work is associated with employee engagement. Thriving is also related to supportive relationships with coworkers and supervisors. The review supports the findings that thriving reduces feelings of stress and burnout and is related to organizational commitment. The review supported the relationship between thriving and job performance as well.

## Motivation

Classic views on motivation describe both extrinsic and intrinsic motivation as being equally important. *Extrinsic motivation* is based on the rewards from the organization's compensation system such as pay and bonuses. *Intrinsic motivation*, on the other hand, is related to the value of the work itself.<sup>53</sup> As with attitudes, motivation has been studied as

an outcome variable but also as an independent variable that predicts productivity. **Pro-social motivation** assesses the degree to which employees behave in a way that benefits society<sup>54</sup>—in other words, how much employees are motivated to behave in ways that help other people. For example, an employee may have prosocial motivation to coach a newly hired coworker who is floundering during the first few weeks on the job. The effects of prosocial motivation are strong, and employees are proactive at work even when their supervisors discourage prosocial behaviors.<sup>55</sup> Thus, the motivation to help others may result in employees going against the negative behavior of their managers. These findings have implications for understanding how best to motivate employees. You will learn more about motivation and rewards in Chapters 8 and 9.

### Employee Withdrawal

As noted earlier, an employee quitting the organization is costly in terms of the money and time spent to recruit, hire, and train replacements. There is much research in OB on the reasons why employees think about quitting (**turnover intentions**) and actual **turnover**.<sup>56</sup> The availability of outside employment opportunities is a factor, but thoughts of quitting may be related to other outcomes such as lower job satisfaction and engagement. Moreover, if the economy improves and the job market improves with it, workers may eventually leave for other opportunities. Another costly form of employee withdrawal is **absenteeism**, since workers may not come to work when they are dissatisfied and there are few alternative jobs available.

**Critical Thinking Questions: Is employee productivity the most important outcome variable? If not, what outcome(s) do you think is (are) more important?**

## LEVELS OF ANALYSIS IN ORGANIZATIONAL BEHAVIOR

### Learning Objective 1.5: Compare the levels of analysis in OB research.

Individual behavior in an organization may be influenced by processes at different levels in the organization. There are four different levels of analysis:

- Individual
- Team
- Organizational
- Industry

The most basic level is the **individual level**. For example, an individual's personality and experiences would explain much of their behavior, and differences in these variables among people would help explain why people behave differently. Other differences in people's behavior

occur at the dyad (or two-party) level. An example would be the behavior of a mentor and a protégé. Still other sources include group- and **team-level** influences on individual behavior. An example would be a team that has high-performance norms that encourage a team member to perform at their best. Additional influences on individual behavior may come from the **organizational level**. For example, in organizations with strong cultures, the cultural characteristics can have a profound influence on an individual member's behavior (you will learn more about organizational culture in Chapter 14). There is also the **industry level** of analysis where comparisons are made across different industries, which is more typical for research in strategic management than OB. However, this level is included here to provide a complete listing of levels of analysis in organizational research. All levels may influence employee performance in organizations, and this is discussed in the next section.

## HOW OB RESEARCH INCREASES EMPLOYEE PERFORMANCE

### Learning Objective 1.6: Develop plans for using OB research to improve employee job performance.

The chapters in this book will address all the levels that may influence individual behavior and will show how processes at one level may affect processes at another level. For example, a positive organizational culture may increase the commitment of individuals to their work and, in turn, their performance. Table 1.3 provides examples of hypotheses at the different levels of analysis discussed previously. This table illustrates how OB research at all levels may help leaders improve employee performance. There are many influences on employee performance including the economy. See the “What’s #Trending in OB?” box for a discussion of how the gig economy is influencing organizational behavior and productivity.

**Critical Thinking Question:**  
Which level(s) do you think has/have the most influence on individual behavior in organizations and why?

**Table 1.3 Examples of How Organizational Behavior Research Relates to Performance**

Level	Example Organizational Behavior Hypothesis
Individual	The personality characteristic of conscientiousness is positively related to employee performance.
Dyad	High-quality relationships with bosses lead to higher employee performance.
Group and team	Team conflict is negatively related to employee performance.
Organizational	A strong, positive organizational culture is positively related to employee performance.
Industry	Employee performance is higher in the financial services industry compared with government organizations.
Economy	Employee performance is higher when the economy is doing poorly.

## WHAT'S #TRENDING IN OB?

### Organizational Behavior in the Gig Economy

The future of work may look very different from how it does today. The economy has had a significant influence on OB in recent years. The *gig economy* (also known as freelancing) has arisen as a major workforce trend. Why do they call this “gig”? The gig economy is a free-market system in which organizations of all sizes hire independent contractors instead of full-time workers. This describes the emerging work model where freelancers are employed and paid per job (or gig), often through a website or app such as Uber and Lyft drivers. Another example of gig employment is when research participants are paid by answering surveys at online marketplaces such as MTurk. Gig work is performed on a fixed-term contract basis on demand. The gig economy has grown rapidly in the United States, from 10% of the work done in 2005 to 36% in 2019 (this is 55 million gig workers). An industry report provided by Upwork and the Freelancers Union found that gig workers are working a lot—a total of one billion hours per week in 2018. It is projected that the gig economy will be 50% of the workforce by 2027 if the trend continues.

The gig economy is growing because it benefits both organizations and workers/contractors. Organizations value the flexibility of hiring workers on a contract or part-time basis to meet their workloads. Organizations save costs in terms of fringe benefits provided to full-time workers—a study conducted by MetLife reported that only 4% of gig workers received employer-paid medical insurance and only 5% had an employer-sponsored retirement plan. Gig workers benefit from flexible work hours and the ability to take vacations when they want. Some gig workers are supplementing their income with a second job. Another challenge for gig employees

is that they must be disciplined and they must market themselves. To thrive in the gig economy, these workers must be proactive and resilient in managing their careers.

Working in the gig economy may not be for everyone. The work is often transient, and workers may move from job to job without building work experience since they perform many different jobs that may not be related. In addition, the work is often performed alone without connections to others. Some feel like strangers to other coworkers since they are not permanent employees. For example, a survey conducted by Deloitte showed that nearly half of gig workers feel lonely and disconnected from other people.

Are gig workers happy? Despite the anxieties of being lonely and not having medical and retirement benefits, the study conducted by MetLife found that almost half (47%) of gig workers reported that they gain fulfillment and self-worth from freelancing. Forty-five percent of them said they have more job satisfaction compared to their prior non-gig work. The study also supported the idea that the gig economy will continue to grow: 67% of full-time employees in the survey stated that they are interested in gig work instead of their current jobs. Another study conducted by Statista found that 81% of part-time gig employees enjoy “being their own boss” and being able to set their own work schedules. They also value being able to work from anywhere—you often see gig workers in coffee shops working on their laptop computers. In sum, gig workers value freedom and the ability to do work that is consistent with their values—where they want and when they want.

(Continued)

(Continued)

### Discussion Questions

1. Discuss the influence of technology on the rise of the gig economy. What other forces do you think have given rise to this level of gig workers?
2. Do you agree that the trend of gig workers will continue to grow? Discuss the pros and cons of gig work for (a) organizations and (b) employees.
3. Would you consider gig work instead of full-time employment after you graduate? (If you are currently employed full-time, would you switch?) Explain your reasons.

**Sources:** Ashford, S. J., Caza, B. B., & Reid, E. M. (2018). From surviving to thriving in the gig economy: A research agenda for individuals in the new world of work. *Research in Organizational Behavior*, 38, 23–41. <https://doi.org/10.1016/j.riob.2018.11.001>; Deloitte (2016). Evolving workforce survey. <https://www2.deloitte.com/content/dam/Deloitte/us/Documents/about-deloitte/us-dlife-evolving-workforce-survey.pdf>; Duffin, E. (2019). Leading reasons for doing freelance work in the United States in 2019. <https://www.statista.com/statistics/530887/top-ten-reasons-for-freelance-work-us/>; MetLife (2019). The gig economy: Opportunities, challenges, and employer strategies. <https://www.metlife.com/employee-benefit-trends/ebts-gig-economy-2019/>; Milenkovic, M. (2019). The future of employment: 30 telling gig economy statistics. <https://www.smallbizgenius.net/by-the-numbers/gig-economy-statistics/>; Stoddard-Graham, L. (2019). The gig economy is here to stay: Here's how everyone can benefit. [https://qz.com/work/1736119/the-gig-economys-here-to-stay/?utm\\_campaign=Metlife-2019Q1-B3&utm\\_medium=qz-paid&utm\\_source=facebook](https://qz.com/work/1736119/the-gig-economys-here-to-stay/?utm_campaign=Metlife-2019Q1-B3&utm_medium=qz-paid&utm_source=facebook); Swaniker, P. (2018). The gig economy is here to stay but it is not without risks: Here's what you need to know. <https://medium.com/@PeterSwaniker/the-gig-economy-is-here-to-stay-but-its-not-without-risks-here-s-what-you-need-to-know-9e5efdb8ad93>

## PLAN FOR THIS TEXTBOOK

There are numerous challenges facing leaders of organizations today. Most organizations are experiencing rates of change unlike anything we have seen in the past.<sup>57</sup> External pressures have been created from mergers, downsizing, restructuring, and layoffs as organizations strive to remain competitive or even survive. Other external forces are global competition, product obsolescence, new technology, government mandates, and demographic changes in the workforce itself. The rise of the gig economy will present new opportunities and challenges for leaders.

Leaders must effectively communicate to followers, peers, and bosses. Managing poor performance is one of the most challenging tasks a manager must do. As noted at the beginning of this chapter, the changes organizations have undergone have resulted in followers who are filled with cynicism and doubt about their leaders and organization.<sup>58</sup> Ethics scandals in business have fueled the perception that leaders have lost the credibility to lead their organizations in a principled way.

By now, you have realized that OB is a problem-focused discipline aimed at making organizations more effective. Your ability as a leader will be enhanced through knowledge of the theory and applications from OB research. Each chapter in this book will review the essential and most current theory and research and relate them to how you can develop your leadership skills. At the end of each chapter, there are tools for your “toolkit,” where you will directly apply the theories through cases and exercises. At the end of this chapter, Toolkit Activity 1.1 is a personal leadership development plan where you can apply the

concepts and research covered in the textbook to your own development as a leader by setting goals and specific behavior strategies to meet them. For example, a student who set a specific goal to improve their coaching of other students they tutor in accounting would formulate specific coaching behaviors and commit to engaging in them once per week. To gain feedback, the student would have the tutored students rate their coaching behavior by providing a yes or no answer to the following statement after each tutoring session: My tutor provides specific knowledge that has improved my accounting performance. Since leaders are expected to be coaches, this process should help the student improve their coaching skills for the future.

The figure on the opening page of Section I shows an overview of the entire book and how the material is tied together to impact the challenges of shaping organizational culture and leading change. Leadership is a theme that runs throughout the book, with each chapter concluding with implications for leaders. This introductory chapter has provided an overview of EBM and critical thinking that should be applied to all the following chapters. Next, the importance of understanding individuals in organizations is covered in Chapters 2 through 5, including personality, emotions and moods, job attitudes as well as perception, and decision-making. The next section addresses the leader's role as an influencer and motivator (Chapters 6 through 9). First, leadership is covered, highlighting evidence-based recommendations for you to follow to become effective. Organizations are political entities, and the role of power and politics is discussed in Chapter 7. The role of leaders as motivators is covered next in Chapters 8 and 9. Following this, the role of leaders as relationship builders is covered in Chapters 10 through 13, which builds upon the core leadership theories covered in Chapter 6 (leadership). Section IV addresses the topics of teams, conflict, organizational communication, diversity, and leading across cultures. Finally, the role of leaders as change agents is discussed in Chapters 14 and 15, which cover organizational culture, leading change, and stress management. As you read this book, refer back to this figure as a map of how to organize the vast amount of theory and research on OB that has been generated for decades. It won't seem so overwhelming if you can place the material in the four broad groupings as shown in the figure. This textbook generally follows the levels of analysis noted in the current chapter: individuals, dyads (leadership and influence), groups, and organizations. It will not address the industry level.

## LEADERSHIP IMPLICATIONS: THINKING CRITICALLY

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The goal of this book and your OB course is for you to become a more effective leader in organizations. To accomplish this, you will need to learn to think critically about the material you encounter. This may go against your intuition, which tells you to “see what you want to see” and confirm what you already believe. For example, you may think that OB is just all “touchy-feely” stuff that has no practical value. Try to keep an open mind and overcome any biases or preconceived ideas you may have about leadership or management. As you complete the chapters in this textbook, ask yourself the following questions:

- Do the theories help you understand behavior in organizations?
- How well does the framework predict behavior in organizations?



- What are alternative explanations for the outcomes predicted by the theory?
- How well does the theory consider the effects of context (i.e., situations) on outcomes?
- Does the theory consider multiple levels of analysis?
- How strong is the evidence presented?
- How can leaders apply the research to improve outcomes in organizational behavior such as employee job performance and well-being?

A critical thinking filter has already been applied to the OB literature since this book includes the most relevant and evidence-based theory and research. You will need to think critically yourself and decide whether this approach will be a useful one for you to adopt into your leadership skill set. Throughout this textbook, you will be challenged to apply your own critical thinking skills based upon your own experiences with behavior in organizations and your study of this book. This is the **evidence-based approach** to learning OB. For example, Toolkit Activity 1.2 tests your experiential evidence—what you already know about OB. To aid in this process, you will find Critical Thinking Questions to challenge you to think critically about the material throughout the book. You may choose to read further from the Suggestions for Further Reading or conduct your own research on topics you find particularly interesting. Complete the activities in the Toolkit sections to apply the material to your own leadership development. In this chapter, the activity is for you to start a Personal Leadership Development Plan where you can log the most useful approaches and develop plans to track your progress. The Case Studies found at the end of each chapter encourage you to apply organizational science to a real-world problem. For this chapter, the case study describes how Google uses EBM to make decisions regarding the challenges of managing people in the organization. By studying the chapters and completing the activities and case study questions, this book should serve as a point of departure for your growth as you become an effective organizational leader with a comprehensive understanding of behavior in organizations.

## KEY TERMS

absenteeism, 17	individual level, 17	prosocial motivation, 17
applied social psychology, 5	industry level, 18	team level, 18
critical thinking, 11	job performance, 14	Theory X, 13
employee engagement, 15	job satisfaction, 14	Theory Y, 13
employee well-being, 16	organizational behavior (OB), 4	thriving, 16
evidence-based approach, 22	organizational citizenship	turnover, 17
evidence-based management	behavior (OCB), 14	turnover intentions, 17
(EBM), 6	organizational commitment, 14	
Hawthorne effect, 4	organizational level, 18	



## TOOLKIT ACTIVITY 1.1: PERSONAL LEADERSHIP DEVELOPMENT PLAN

As you study the evidence-based research in this textbook, use the following development plan to tie the concepts to specific action plans and measurable outcomes that you find most useful.

Name: \_\_\_\_\_

Date: \_\_\_\_\_

### Leadership Development Plan

Goal	Connection to Course	Behavior Strategies and Frequency (fill in below)	Measurable Outcome
1	1A	1B	• 1C.1
		1B	• 1C.2
2	2A	2B	• 2C.1
		2B	• 2C.2
3	3A	3B	• 3C.1
		3B	• 3C.2

### Plan Detail

Complete the following for each of the goals listed previously.

1. **Goals:** This section is where you enter your development objectives. These objectives should be written so they read as goals you desire to achieve—for example, “I want to improve my team communication skills.”

**A. Connection to course material:** This section is where you tie each of your development objectives into the material you learned in this course. This will reinforce course material and help translate it into practice. For example, you would write a few paragraphs relating the exercises or material on communication to why you find that your listening skills need development. Be specific (e.g., cite exercises, articles, material from text or lecture). Fill out this chart: 1A to 3A.

**B. Behavior strategies and frequency:** This section is the “how” portion. How will you achieve your goals?

How often will you perform these tasks? This is the heart of your development plan. You should create specific strategies that will push you toward the completion of your goals—for example, “Practice active listening once a day.” Fill out this chart for each goal: 1B to 3B.

### GOAL: 1B

Time Frame	Behavior Strategy to Practice	Time Required
All the time	<input type="checkbox"/>	
Weekly	<input type="checkbox"/>	
Biweekly	<input type="checkbox"/>	
Monthly	<input type="checkbox"/>	

## GOAL: 2B

Time Frame	Behavior Strategy to Practice	Time Required
All the time	<input type="checkbox"/>	
Weekly	<input type="checkbox"/>	
Biweekly	<input type="checkbox"/>	
Monthly	<input type="checkbox"/>	

## GOAL: 3B

Time Frame	Behavior Strategy to Practice	Time Required
All the time	<input type="checkbox"/>	
Weekly	<input type="checkbox"/>	
Biweekly	<input type="checkbox"/>	
Monthly	<input type="checkbox"/>	

**Measurable outcome:** This section helps you measure your success toward each goal.

**Note:** You can have more than three goals in your plan. Just be sure to complete all sections.

### Discussion Questions

1. If you are achieving your goal, how would you notice the change in your leadership?
2. Specifically, what will improve?
3. How will you measure it? Develop or find a metric—for example, “I will have the person I listen to fill out an evaluation of my listening skills, rating them on a 1 (poor) to 5 (excellent) scale” (1C to 3C).

## TOOLKIT ACTIVITY 1.2: ASSESSING YOUR EXPERIENTIAL EVIDENCE BASE

Some students think OB is common sense. Are the following statements true or false? The answers follow.

	True	False
1. A happy worker is a productive worker.	_____	_____
2. Larger teams perform better because there are more people to do the work.	_____	_____
3. Performance appraisals have high accuracy.	_____	_____
4. People perform better when asked to do their best.	_____	_____
5. When trust is broken with your leader, it is best to take the blame and apologize.	_____	_____

	True	False
6. Money is the best motivator.	_____	_____
7. Leaders should treat everyone the same in their work group.	_____	_____
8. A work group can be “moody.”	_____	_____
9. Group spirit improves team decisions.	_____	_____
10. Conflict in organizations should be minimized.	_____	_____
11. Models developed in the United States will work anywhere.	_____	_____
12. It’s best to commit to a course of action and follow through no matter what.	_____	_____

### Answers

1. True. What is important is what the worker is happy about, but generally, happier people are more productive. You’ll learn why in Chapter 4.
2. False. In fact, larger teams underperform due to increased conflict, free riding, and other group dysfunctions. Research shows that there is an optimal group size for high performance, and you will learn what it is in Chapter 10.
3. False. There are several perceptual biases that can affect how a leader evaluates followers. You need to be aware of them so you can guard against these errors, and you will know about them after reading Chapter 5.
4. False. While this seems intuitive, people achieve higher performance when the leader gives them a specific goal rather than a “do your best” goal. You will read more on the motivating properties of goals in Chapter 8.
5. False. Research on trust repair shows that admitting guilt may not be the best strategy. You will learn what the research shows you should do in Chapter 6.
6. False. While this may surprise you, pay may decrease intrinsic motivation. You will learn about how to best reward employees in Chapter 9.
7. False. Research on the leader–member exchange (LMX) model of leadership shows that effective leaders treat each follower differently based upon their skills, motivation, and need for development on the job. You will read more about this in Chapter 6.
8. True. What? Yes, it can. Multilevel research has shown that negative affect (a “blue” mood) can be aggregated to the group level—and it affects group functioning. You will learn more about this in Chapter 3.
9. False. While cohesion can be a positive force in teams, it does not always result in the best decisions. Too much group spirit can result in groupthink and impair a group’s decision-making. You will read about this and other group dysfunctions in Chapter 10.
10. False. Research shows that some conflict can be healthy since it can generate interest and challenge for followers. In Chapter 11, you will learn more about how to harness conflict and channel it toward increased motivation.
11. False. Research on cultural differences indicates that we need to consider cultural

values before we generalize research findings from one country to another. You will learn about cross-cultural differences in Chapter 13.

### Discussion Questions

1. How did you do? Were you surprised by some of the research evidence on these topics?
2. Which of these topics are particularly of interest to you? Why?

12. False. While it is important to commit to goals, research shows that escalation of commitment to a failing course of action is a decision trap. Learn how to avoid this and other traps in Chapter 5.

OB research takes the guesswork out of being an effective leader! So keep reading!

### CASE STUDY 1.1: EVIDENCE-BASED MANAGEMENT: PEOPLE ANALYTICS AT GOOGLE

Google is obsessed with data. Did you know that Google tested out new shades of blue for advertisement links? They experimented using real clicks by users, and Google learned that the purple-blue links were more enticing than green-blue links. They apply evidence-based management (EBM) principles to guide decisions about their product. But does Google apply such experimentation with the people who work for the company (referred to as “Googlers”)?

Google is on the cutting edge of *people analytics*, and it is essential for their ability to attract and retain the best talent in the high-tech sector. People analytics is a data-driven approach that informs decisions about OB that result in policies and initiatives. For example, when Google is faced with a challenging problem such as the loss of top-performing employees, they want to know why. Instead of having managers discuss their opinions, Google uses an analytical approach based upon data gathering and statistics that results in better solutions.

One of the most famous people analytics projects at Google is Project Oxygen. Google’s challenge was that their highly trained and self-motivated engineers questioned whether they needed managers. Googlers believed that managers did more harm than good. Google launched Project Oxygen to prove that managers don’t make a difference (this was their hypothesis). To accomplish the goal, they hired several PhD researchers who conducted

surveys and interviews with employees about their managers. The team discovered that there was less turnover on teams with the best managers. The team also documented a statistical relationship between high-scoring managers’ behaviors and employee satisfaction. So, they concluded that managers did matter and then conducted another study to learn what Google’s best managers did.

Here’s what they found. Project Oxygen identified eight behaviors shared by high-scoring managers:

1. They are good coaches.
2. They empower their team and do not micromanage.
3. They express an interest in, and concern for, team members’ success and personal well-being.
4. They are productive and results oriented.
5. They are good communicators that listen and share information.
6. They help employees with career development.
7. They have a clear vision and strategy for the team.
8. They have key technical skills that help them advise their team.

Google has a people analytics mindset that influences all decisions related to people. They emphasize the collection of good data, appropriate statistical analysis, and telling a story using the data. For example, they learned that the optimal number of interviews for new hires is four—additional interviews did not improve hiring effectiveness. This saves time and reduces the cost of hiring.

One of the most unique areas within Google's people analytics is PiLab, which conducts experiments to determine the best ways to motivate employee productivity. In one experiment, the lab improved employee well-being using experiments to reduce the number of calories consumed by employees in the cafeterias (they learned that reducing the size of the plates worked). They look at the rewards

that result in the most employee satisfaction. Google has an interest in keeping employees happy—they know that innovation comes from people in the high-tech industry, and this translates to the bottom line. Google parent company Alphabet made \$12.6 billion in 2018, which is about \$158,000 per Googler.

The people analytics team at Google was founded to ensure all people decisions are informed by data. The team began by understanding the people problems that needed to be addressed and the organizational context. Today, the people analytics team develops and maintains a wide set of data and metrics. They test hypotheses, run experiments, review academic research, build models, and use science to make work better for Googlers.

### Discussion Questions

1. How does Google use EBM? Describe the type(s) of evidence Google used in their research for Project Oxygen.
2. Develop a plan for a people analytics approach to addressing the problem of how to improve the coaching behavior of managers. Be sure to describe the type of data you would collect, note how you would analyze it, and how you would tell the story.
3. Recently, Google has encountered issues with employees not trusting the transparency of upper management, and many Googlers have left (<https://www.cnbc.com/2019/12/31/google-veterans-the-company-has-become-unrecognizable.html>). Explain how the people analytics team might address this issue.

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