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**MAKING OB WORK FOR ME**

**What Is OB and Why Is It Important?**

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**MAJOR TOPICS I’LL LEARN AND QUESTIONS I SHOULD BE ABLE TO ANSWER**

[**1.1THE VALUE OF OB TO MY JOB AND CAREER**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec1)

**MAJOR QUESTION:** *How can I use knowledge of OB to enhance my job performance and career?*

[**1.2HUMAN AND SOCIAL CAPITAL**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec2)

**MAJOR QUESTION:** *How can human and social capital affect my career opportunities and job performance?*

[**1.3RIGHT VS. WRONG—ETHICS AND MY PERFORMANCE**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec3)

**MAJOR QUESTION:** *Why do people fall into ethical lapses, even unwittingly, and what lessons can I learn from that?*

[**1.4APPLYING OB TO SOLVE PROBLEMS**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec4)

**MAJOR QUESTION:** *How can I apply OB in a practical way to increase my effectiveness?*

[**1.5STRUCTURE AND RIGOR IN SOLVING PROBLEMS**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec5)

**MAJOR QUESTION:** *How could I explain to a fellow student the practical relevance and power of OB to help solve problems?*

[**1.6THE INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1sec6)

**MAJOR QUESTION:** *How can the Integrative Framework help me understand and apply OB knowledge and tools—and improve my problem solving?*

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**winning at work**

**YOUR FUTURE**

Imagine you are about to walk in the door and start your first full-time job. It’s the job you’ve always wanted. Or if you are working now, imagine you’ve finally won the promotion you’ve worked so hard for, and you’re about to enter your new office or work area on a new floor. Both cases are full of excitement—your professional life has so much promise!

Now take stock of your existing knowledge, skills, experiences, and common sense. Even with these assets, wouldn’t you want to give yourself an even greater advantage and transform your knowledge and common sense into practical benefits at your job? After all, what value are your talents if you don’t apply them?

This is why we study OB.

**KNOWLEDGE IS NOT ENOUGH**

Expertise alone does not solve business problems. For decades, businesses have attributed their successes to the knowledge or technical expertise of their employees. The rationale was that if workers had the knowledge and necessary technical training, then results would automatically follow. But over time firms have realized that knowledge and training alone do not guarantee success. In recent years, business experts have called this disparity the *knowing-doing gap*.[1](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en1ch1) **The** [***knowing-doing gap***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo201) **identifies the gap between what people know and what they actually do.** For instance, everybody knows that treating people with respect is a good idea, but some managers don’t always do this. Closing such gaps is an important element of your own success at school, work, and home. This also is a major focus of OB and this book.

**THE LIMITS OF COMMON SENSE**

You may feel that common sense will go a long way toward solving most business and career challenges. But you’d be wrong. If common sense were all that mattered, businesses would be more successful and all managers would be effective, while you and other new employees would consistently be happy and perform at your very best. However, this certainly isn’t true of all employers and managers, and entry-level employees are often ill prepared and underperform.

**WHERE EMPLOYERS SAY NEW HIRES FALL SHORT**

*Fortune* published results from a Global Strategy Group study of 500 senior managers and executives. Only 65 percent of these business leaders found new employees “somewhat prepared” for success in business, while a significant percentage said new employees are “not prepared at all.” Jeffrey Holmes, a principal at architectural firm Woods Bagot and sponsor of the survey, confirmed these findings and said: “Companies need people who can synthesize information and apply it to business problems. . . . There’s less room for new hires who don’t have that ability. Technical skill is not enough.” This preference applies to both bachelors and masters students.[2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en2ch1)

**EMPLOYERS WANT PROBLEM SOLVING AND CRITICAL THINKING**

Regardless of your area of study, arguably the greatest benefit of your education is developing problem-solving and critical thinking skills. The Global Strategy Group survey of executives revealed that the most sought-after skills for all entry-level employees were problem solving (49%), collaboration (43%), and critical thinking (36%).[3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en3ch1) Building your skills in these areas is the overarching goal of this book.

**FOR YOUWHAT’S AHEAD IN THIS CHAPTER**

**You’ll learn how OB can drive your job and career success. We’ll explain why it’s important that you and your employers invest in building both your human and social capital. We’ll also explore how ethics are integral to long-term individual and organizational success and we’ll introduce a problem-solving framework you can use in a wide variety of situations at school, work, and life more generally. But what really powers this book is our Integrative 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.**

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**1.1THE VALUE OF OB TO MY JOB AND CAREER**

**MAJOR QUESTION**

**How can I use knowledge of OB to enhance my job performance and career?**

**THE BIGGER PICTURE**

**Are you uncertain about the value of organizational behavior (OB) and how it fits into your curriculum, or even into your professional life? Use that uncertainty to judge how well this section makes the case for the value of OB. You’ll see how OB knowledge and tools can enhance your personal job performance and career success. Look for the differences between what it takes to get hired versus promoted, and the importance of building your human and social capital. All of these topics affect your future.**

**The term**[***organizational behavior (OB)***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo261)**describes an interdisciplinary field dedicated to understanding and managing people at work.** This includes self-management. OB draws on research and practice from many disciplines to deal with how people behave at work, including:

• Anthropology

• Economics

• Ethics

• Management

• Organizational Theory

• Political Science

• Psychology

• Sociology

• Statistics

• Vocational Counseling

As you can see, OB is very much an applied discipline that draws from many sources; its value depends on its usefulness to your job and career. In that spirit, we wrote this book to make the material as applied and useful for you as possible.

Let’s begin by looking at how OB compares to your other courses and explain the contingency perspective, which is the fundamental premise of contemporary OB.

**How OB Fits into My Curriculum and Future Success**

Consider how OB fits in with other courses in your curriculum. Organizational behavior is an academic designation focused on understanding and managing people at work. This includes managing yourself, as well as others, up, down, and sideways. But unlike jobs associated with functional disciplines (like accounting, marketing, and finance), you will not get a job in OB.

So then, what is the benefit to learning about and applying OB? The answer is that the effective application of OB is critical for your success in all fields and across disciplines. As you’ll learn, technical knowledge associated with any given job is important, but what makes the difference is your ability to influence, get along with, and manage others. People skills! Applying OB knowledge and tools gives you job opportunities, sets you apart from your peers and competition, and contributes to your success. And an important part of your success is your 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.

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**A Contingency Perspective—The Contemporary Foundation of OBA** [***contingency approach***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo59) **calls for using OB concepts and tools as situationally appropriate, instead of trying to rely on “one best way.”** This means there is no single best way to manage people, teams, and organizations. The best or most effective course of action instead depends on the situation. A particular management practice that worked today may not work tomorrow. What worked with one employee may not work with another.

This is why the contingency approach is so central to OB. It is both pragmatic and demanding. Pragmatically, the user of the approach is not looking for any single approved or canned response but the one that will work most appropriately. Demanding, because the user of the approach must often work to find that appropriate solution. We will expand on the contingency approach later in this chapter.

Harvard’s Clayton Christensen puts it like this: “Many of the widely accepted principles of good management are only situationally appropriate.”[4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en4ch1) In other words, don’t use a hammer unless the job involves nails. You’ll learn in [Chapter 13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html), for instance, that there is no single best style of leadership. In this way, OB differs from many of your other courses in that answers are not always black and white, right or wrong, but instead the best answer (behavior) *depends on the situation*. The explicit consideration of the situation or environmental factors is fundamental to OB and is emphasized later in the chapter and throughout the book.

Accordingly, to be effective you need to do what is appropriate given the situation, rather than adhering to hard-and-fast rules. Organizational behavior specialists, and many effective managers, embrace the contingency approach because it helps them consider the many factors that influence behavior and performance within and among individuals, groups, and organizations. Whether you are a manager or employee, you need to consider many potential factors that can influence your performance and the performance of the people you may manage or affect. You also need to be aware of your own preferences or typical responses, and question them so as to do what the situation requires, rather than default to personal habit or organizational custom. Taking a broader, contingent perspective like this is a fundamental key to your success in the short and long term.

The following Example box illustrates how Google has applied the contingency approach and changed some of its benefits to more precisely meet employees’ preferences for work–life balance and parenthood.

**EXAMPLE**Google Search: “How Can We Keep Talented Employees?”

While Google’s talent is constantly being poached by its competitors, some employees simply quit, especially women. The company noticed that many women were leaving, or, more precisely, not returning after maternity leave. Some women of course choose to stay home after childbirth. However, Google realized that such employees were leaving at twice the average rate of all employees. It then explored the possibility that its policies might play a role.

**THE INDUSTRY STANDARD**Generally, the tech industry, Silicon Valley in particular, offers 12 weeks of paid time off for maternity leave and seven weeks for employees outside of California.

**NEW PLAN**Google’s response was to offer five months of full pay and full benefits! Better still, new mothers can split the time and take some before the birth, some after, and some later still when the child is older.

**NEW PLAN PLUS**Seven weeks of “new-parent” leave is now offered to all of its employees around the world. This enables new mothers *and fathers* the opportunity to manage their time and new joy/baby.[5](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en5ch1) Other companies expand these practices further still. Alston & Bird, an Atlanta-based law firm, provides employees $10,000 and 90 days of paid leave toward adoptions. Infertility issues are also covered by their health plan.[6](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en6ch1)

**YOUR THOUGHTS?**

1.If you alone could make policies at Google (or where you work), what would you do to keep valuable employees?

2.How could you apply the contingency approach to make these and other policies more effective?

3.What else would you do?

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**Uncommon Sense**At first glance the contingency perspective may look like simple common sense. But it’s different. It attempts to overcome the limits of common sense by not settling for traditional options if another solution may be more practical and effective. Similarly, understanding the Integrative Framework and 3-Stop Problem Solving Approach you’ll learn about later provides more insight than common sense alone. The goal of OB is to give you *more* than common sense and instead enhance your understanding of situations at work and guide your behaviors.

Moreover, common sense has three main weaknesses that you need to consider and avoid.

•**Overreliance on hindsight.** Common sense excels in well-known scenarios with predictable outcomes. But much of modern business involves uncertainty and adapting to change. In other words, common sense is especially weak in responding to the unknown or unexpected. And because it focuses on the past, common sense lacks vision for the future.

•**Lack of rigor.** If we are comfortable with our commonsense response, we may not apply the effort required to find the real problem when considering possible causes. This will likely result in not choosing the optimal course of action or solution. If you lack rigor, then you are unlikely to measure the right predictors and outcomes when solving problems.

•**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 our reasoning to others, let alone apply it to new situations.

In *Business News Daily*, Microsoft researcher Duncan Watts says we love common sense because we prefer narrative. “You have a story that sounds right and there’s nothing to contradict it.” Watts contrasts a more effective approach, as outlined in his book *Everything Is Obvious Once You Know the Answer: How Common Sense Fails Us*. He advocates using a scientific approach. “The difference is we test the stories and modify them when they don’t work,” he says. “Storytelling is a useful starting point. The real question is what we do next.”[7](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en7ch1)

One way that OB moves beyond the limitations of common sense is by its systematic and science-based approach to understanding people and how they behave at work. OB therefore can make you more attractive to potential employers and more effective once employed. Let’s explore this idea in more 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***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo148) **are the technical expertise and knowledge to do a particular task or job function,** such as financial analysis, accounting, or operations.

•[***Soft skills***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo346) **relate to our human interactions and include both interpersonal skills and personal attributes.**

Employers are increasingly aware of the importance of soft skills. “People rise in organizations because of their hard skills and fall due to a dearth of soft skills.”[8](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en8ch1) Maybe that’s why firms tend to weight soft skills so heavily when hiring for top positions. Recruiters rate interpersonal skills, cultural fit with the company, and leadership attributes as the top three selection criteria for MBA graduates.[9](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en9ch1)

Experts agree: Anyone can take a course in C11, but it’s not going to land you the job. . . . The most sought-after skill-sets for recruiters are becoming less and less about proficiency in specific [technical or job skills] and more about how you think . . . and work within the context of the team. Learning [the technical details or skills of a job] is the easy part. Having the mindset to apply it . . . [and social/psychological dexterity] are the critical skills.[10](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en10ch1)

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**TABLE 1.1**FOUR SKILLS MOST DESIRED BY EMPLOYERS

|  |  |  |
| --- | --- | --- |
| **SKILL** | **DESCRIPTION** | **THIS BOOK** |
| **1. Critical thinking** | Using logic and reasoning to identify the strengths and weaknesses of alternative solutions, conclusions, or approaches to problems. | Fundamental to this book and woven throughout. We designed features and exercises to help you think critically and apply your OB knowledge and tools. |
| **2. Problem solving** | Identifying complex problems and reviewing related information to develop and evaluate options and implement solutions. | Our problem-solving approach is used throughout the book. We repeatedly ask you to apply your knowledge for solving problems at school, work, and life. |
| **3. Judgment and decision making** | Considering the relative costs and benefits of potential actions to choose the most appropriate ones. | Integral to problem solving and success. We integrate judgment and decision making in all problem-solving content and devote an entire chapter to these soft skills. |
| **4. Active listening** | Giving full attention to what other people are saying; taking time to understand the points being made; asking questions as appropriate and not interrupting. | Key success factor at work. We address this directly in the chapters on influencing others and leadership. |

SOURCE: Adapted from M. Casserly, “The 10 Skills That Will Get You Hired in 2013,” Forbes, December 12, 2012, <http://www.forbes.com/sites/meghancasserly/2012/12/10/the-10-skills-that-will-get-you-a-job-in-2013/>; and M. Robles, “Executive Perception of the Top 10 Skills Needed in Today’s Workplace,” Business Communication Quarterly, 2012, 453–65.

The above quote comes from a study by CareerBuilder on the most desired skills for the top 10 jobs in 2013. [Table 1.1](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab1) shows the top four such skills, along with a brief explanation of how they are directly addressed in this book.

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

Soft skills are not job specific. **They are** [***portable skills***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo286), **more or less relevant in every job, at every level, and throughout your career**.[11](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en11ch1) All of these and many more soft skills represent OB topics covered in this book, whether in the personal or interpersonal domain:

**Personal attributes**

(build goodwill and trust; demonstrate integrity)

•**Attitudes** ([Chapter 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap02.html))

•**Personality** ([Chapter 3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap03.html))

•**Teamwork** ([Chapter 8](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap08.html))

•**Leadership** ([Chapter 13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html))

**Interpersonal skills**

(foster respectful interactions)

•**Active listening** ([Chapters 12](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap12.html) and [13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html))

•**Positive attitudes** ([Chapters 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap02.html) and [7](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap07.html))

•**Effective communication** ([Chapter 9](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap09.html))

**How OB Fits into My Career**

Hard skills are of course important, as they give you credibility. For instance, accountants need to understand debits and credits; finance people, net present value; and both need to understand cash flows. However, to be competitive and give employers what they want, you need to develop your soft skills as well. In fact, certain kinds of soft skills *increase* in importance over one’s career and help set you apart from your competition.[12](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en12ch1) To highlight this point, think about the criteria used for hiring workers versus promoting them.

•**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 imagine are most important?) Most of you will identify things like education, grades, interpersonal skills, and experience. In short, for most jobs you are selected for your technical skills, your ability to do the given job. Firms may assume you possess particular competencies needed to meet basic job responsibilities based on your education (say an accounting degree if you’re going to be an auditor or a finance degree if you’re going to be an analyst).

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

An understanding of OB can give you extremely valuable knowledge and tools to help “sell” yourself during job interviews. Applying this OB knowledge can also enhance your chances for promotions.

Roxanne Hori, an associate dean at Northwestern University’s Kellogg School of Management, 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 “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.”[13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en13ch1)

We make this point visually in [Figure 1.1.](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1fig1) 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. Just be aware that early in your career your bosses will be looking for more. They will evaluate your management potential, and their opinion affects your opportunities. So even in a line (non-management) position you need to know how to:

•Apply different motivational tools ([Chapter 5](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap05.html))

•Provide constructive feedback ([Chapter 6](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap06.html))

•Develop and lead productive teams ([Chapters 8](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap08.html) and [13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html))

•Understand and manage organizational culture and change ([Chapters 14](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap14.html) and [16](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap16.html))

Therefore, knowledge of OB is critical to your individual performance, your ability to work with and manage others, and your career success (promotions, pay raises, increased opportunities).

**FIGURE 1.1**RELATIVE IMPORTANCE OF DIFFERENT SKILLS BASED ON JOB LEVEL

SOURCE: Adapted from M. Lombardo and R. Eichinger, Preventing Derailment: What to Do Before It’s Too Late (Greensboro, NC: Center for Creative Leadership, 1989).

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**1.2HUMAN AND SOCIAL CAPITAL**

**MAJOR QUESTION**

**How can human and social capital affect my career opportunities and job performance?**

**THE BIGGER PICTURE**

**You’ve likely heard the expression—“It’s not what you know, but who you know” that determines whether you get a particular job. We argue that both matter, and that you and your employers benefit from investing in what you know and who you know.**

You may have older or retired relatives who worked the same job for all of their lives. But such “cradle-to-grave” careers are increasingly rare. The U.S. Bureau for Labor Statistics, examining a younger segment of the baby-boomer generation (born 1946–1964), finds that the average number of jobs was 11! Men had on average 11.4 jobs and women, 10.7. But we’re not all average. Twenty-five percent had 15 or more jobs and 12 percent had zero to four. The same study revealed that changes continue into middle age, where 33 percent of employees held jobs for less than a year![14](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en14ch1) It thus seems extremely unlikely you will experience a “cradle-to-grave” career with one company as in generations past. It therefore is extremely important that you continually develop your skills and your network. The first is part of your human capital and the second, part of your social capital.

**Human and Social Capital as Investments**

Just as individuals and companies invest in more traditional forms of capital (e.g., real estate, stocks, bonds, facilities, and equipment) to earn a positive future return, both employees and their employers invest in human and social capital with the intention of reaping future returns or benefits. This is good news to all of us, as we can continue to increase our value through such investments.

Human resource experts acknowledge this development, which is highlighted in the following comment: “In the modern knowledge-based and service-oriented economy, the success of many firms has shifted from acquisition of tangible (physical) resources to the accumulation of intangible (human) resources.”[15](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en15ch1)

In the ideal job environment, both employer and employee will invest in these two forms of capital, which is why we discuss them together. [Table 1.2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab2) lists some basic forms of human and social capital.

**A Closer Look at Human Capital**Remember that [***human capital***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo157) **is the productive potential of an individual’s knowledge, skills, and experiences.** *Potential* is the operative word in this intentionally broad definition. A present or future employee with the right combination of knowledge, skills, experience, and motivation represents human capital with the potential to give the organization a competitive advantage. For that reason today’s executives concern themselves with recruiting and retaining talented people, developing employees’ skills, keeping them fully engaged, and preparing for the day when valuable people retire or leave for another employer.[16](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en16ch1) Research also supports the benefits of human capital, such that employers who invest in employees’ human capital by building their skills, purposefully motivating them, and providing opportunities also enjoy lower turnover and improved financial outcomes.[17](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en17ch1)

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**TABLE 1.2**A BRIEF LIST OF VARIOUS FORMS OF HUMAN AND SOCIAL CAPITAL

|  |  |
| --- | --- |
| **HUMAN CAPITAL** | **SOCIAL CAPITAL** |
| Education | Social relationships |
| Experience | Family relationships |
| Knowledge, skills, and abilities | Relationships within current employer |
| Vision | Relationships within industry |
| Confidence and self-esteem | Professional memberships |
| Initiative and entrepreneurship | Goodwill |
| Adaptability and flexibility | Trust |
| Readiness to learn | Status |
| Reputation | Support from others |

SOURCE: Adapted in part from J. A. Felicio, E. Couto, and J. Caiado, “Human Capital and Social Capital in Entrepreneurs and Managers of Small and Medium Enterprises,” *Journal of Business Economics and Management*, 2012, 395–420.

The topic of a firm’s human capital arose when Tim Cook, for example, replaced Steve Jobs as the CEO of Apple. Many argue that it is not possible to actually replace Jobs, but Apple nevertheless needed a capable executive to replace the then-ailing icon. It helped that Cook had served as interim CEO three times previously when Jobs was dealing with cancer and was the chief of operations before taking the top spot full time. Add to that seven years of previous experience as senior and executive VP. And before Apple he also was a VP at Compaq computers (now part of Hewlett-Packard) and COO of Intelligent Electronics. Cook also worked in a paper mill and aluminum plant. Until Cook assumed the CEO role on a permanent basis in late 2011, few people knew who he was and even fewer recognized him or knew much about his background.[18](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en18ch1)

What does Steve Jobs’s successor’s résumé need to look like? What human capital characteristics are needed? Tim Cook’s résumé is quite varied and quite impressive. How well do you think his experience fits the needs of the CEO job at Apple?

The value of each employee’s individual human capital (e.g., knowledge, skills, and experience) accumulates to produce a company’s overall human capital.[19](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en19ch1) Think of the massive human capital that exists for companies such as Apple and Google. No wonder so many other companies continually attempt to poach their talent!

**A Closer Look at Social Capital**Recall that [***social capital***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo341) **is the productive potential resulting from relationships, goodwill, trust, and cooperative effort.** As described in [Table 1.2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab2), with social capital the focus shifts from the individual to social units (e.g., friends, family, company, group, club, or nation). Again, the word *potential* is key. But here the potential lies in your relationships with other people rather than in your own skills, abilities, and experience.

Author and speaker Joe Gerstandt said, “If you want more influence in your organizations, relationships will help you get there. . . . Having thousands of friends on Facebook isn’t the solution . . . social capital is about quality not quantity.”[20](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en20ch1) Think of social capital as a means for leveraging or utilizing the knowledge, skills, experience, and relationships of people you know. We’ve all been told “network, network, network” and “it’s not what you know but who you know.” These common sayings support the importance of the relationships that make up your social capital.

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Building social capital, by Identifying and building relationships with others, can improve your transition and performance at a new job.

Researchers and businesses continue to discover how social capital can improve operations. In a recent study in the journal *Human Relations*, Russell Korte and Shumin Lin looked at how new hires are brought up to speed. They found that when newly hired workers developed social capital with other team members in their work groups, there was a correlation with better job satisfaction and faster learning of their responsibilities and fitting in to the workplace culture. More than manager supervision, social capital was key to successful integration. Higher quality relationships with members of the work group translated into greater access to information and resources.[21](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en21ch1)

Companies are starting to realize the business potential in their employees’ relationships. The firm Ernst & Young (EY) gives preference in the selection process to candidates referred by existing employees. Riju Parakh, for example, submitted her résumé through normal channels. However, on the basis of the recommendation of a friend who works at EY, Riju’s résumé was fast-tracked—separated from the “pile of thousands” and inserted into the interview process—resulting in her being hired within three weeks. She said, “You know how long this usually takes . . . it was miraculous.” EY says employees now recommend approximately 45 percent of non–entry level hires—up from 28 percent in 2010.[22](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en22ch1) Other companies provide incentives and rewards for such recommendations, all as means for identifying and attracting talent contained in employees’ networks.

**How to Build Human and Social Capital**

How can you build these valuable assets? [Table 1.3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab3) provides several examples.You can also increase your human capital by building on strengths and overcoming weaknesses identified by completing the Self-Assessments in this book. Human capital can be either *specific* to your current job (e.g., knowledge of your company’s products) or more generic and serve you across jobs (e.g., Series 7 certification to sell financial products). Social capital can be either *internal* or *external* to your current organization.

**TABLE 1.3**WAYS OF BUILDING MY HUMAN AND SOCIAL CAPITAL

|  |  |
| --- | --- |
| **HUMAN CAPITAL** | **EXAMPLES AND PURPOSES** |
| **1. Training** | Software certification to gain knowledge and skills to improve performance in current job |
| **2. Work-based development opportunities** | Job rotation ([Chapter 5](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap05.html)), shadowing, and cross-functional project teams ([Chapter 8](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap08.html)) to build your knowledge and your relationships |
| **3. Learning activities outside of work** | Fluency gained in a second language to increase opportunities within and outside of current employer |
| **4. Career planning** | Opportunities identified inside or outside of your current place of employment and assessing your strengths and weaknesses |
| **SOCIAL CAPITAL** | **EXAMPLES AND PURPOSES** |
| **1. Internal** | Mentoring relationship to provide guidance and opportunities ([Chapter 13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html)) |
| Membership on a company softball team to build relationships outside of your work area |
| **2. External** | Conference attendance to meet people at other companies and learn of other job opportunities |
| Join local, industry-specific organizations to identify new customers |

SOURCE: Derived from T. W. H. Ng and D. C. Feldman, “The Effects of Organizational Embeddedness on Development of Social and Human Capital,” *Journal of Applied Psychology*, 2010, 696–712.

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**TAKE-AWAY APPLICATION—TAAP**

Using [Table 1.3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab3):

1.Think of your most desired job. Now describe what you could do to develop your human *and* social capital to make you a more attractive job candidate.

2.Assume you graduate this year and are fortunate enough to get a job interview with your most desired employer. Explain in terms of human *and* social capital how you would promote or sell yourself in that interview.

*Both* forms of capital are extremely important. We therefore strongly encourage you to take initiative—build your own human and social capital *and* look for employers that also will make such investments in you!

**How Self-Awareness Can Help You Build a Fulfilling Career**

To have a successful career, you need to know who you are and what you want. 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.”[23](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en23ch1) 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. This is essential to influencing others (which we discuss in detail in [Chapter 12](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap12.html)). People don’t trust fakes, and it is difficult to influence or manage others if they don’t trust you.

As professors, consultants, and authors, we couldn’t agree more. We are strong advocates of self-awareness, and to help you increase yours we include multiple Self-Assessments in every chapter. The Self-Assessments are an excellent way to learn about yourself, measure the extent to which you possess many of the OB topics we will discuss, and apply knowledge of both yourself and OB to school, work, and your personal lives. Put another way, the Self-Assessments are an interesting and especially effective way to make OB come alive and be practical for you. We therefore encourage you to go to the web, complete the assessments, and then answer the questions included in each of the Self-Assessment boxes.

Let’s start with you learning about your motivation to manage others, considering the strong case we made that working with and through others is critical for your near and long-term success. First, realize that many employees never manage others. Sometimes this is by choice; other times it is because they shouldn’t or never get the chance! But what about you? How motivated are you to manage others? Go to [connect.mheducation.com](http://connect.mheducation.com/) and take this Self-Assessment to learn your motivation for managing others. What you learn might surprise you. Surprised or not, understanding more precisely your motivation to manage others can guide your course selection in college and your job choices in the marketplace.

**SELF-ASSESSMENT 1.1How Strong Is My Motivation to Manage?**

Go to [connect.mheducation.com](http://connect.mheducation.com/) and when finished respond to the following:

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.

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**1.3RIGHT VS. WRONG—ETHICS AND MY PERFORMANCE**

**MAJOR QUESTION**

**Why do people fall into ethical lapses, even unwittingly, and what lessons can I learn from that?**

**THE BIGGER PICTURE**

**If you were asked, “Do you know right from wrong? Are you secure in your ethics?” you would likely 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 and enable you to reduce your risk. You’ll learn that even though most unethical behavior is not illegal, it still causes tremendous damage to people and businesses. Fortunately, the OB concepts and tools you pick up through this course will help you recognize and navigate ethical challenges. major question**

[***Ethics***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo116) **is concerned with behavior—right versus wrong, good versus bad, and the many shades of gray in between.** We present ethics here at the start of your OB journey and weave it 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 conduct business.**

3.**Unethical behavior also reduces cooperation, loyalty, and contribution, which of course hurts the performance of individuals, teams, and organizations.**

Ethics also gets priority because many OB topics have direct and substantial influence on the ethical conduct of individuals and organizations. Notably, reward systems ([Chapter 6](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap06.html)), decision making ([Chapter 11](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap11.html)), leader behavior ([Chapter 13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html)), and organizational culture ([Chapter 14](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap14.html)) all can powerfully affect ethical conduct at work. Let’s begin by describing the legal implications, frequency, causes, and solutions of unethical behavior at school and work.

**Cheating**

In 2013, Lance Armstrong made alarming public confessions of blood doping and performance enhancing drug (PED) use during his cycling career (legal charges were ultimately filed). Not long after, many professional baseball players also were accused of PED use. Studies revealed that 87 percent of undergraduate business students admitted to cheating on exams![24](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en24ch1) And research shows that pressure to perform starts early in life.

A survey of 787 youngsters ages 13 to 18 found that “44 percent of teens feel they’re under strong pressure to succeed in school, no matter the cost. Of those, 81 percent believe the pressure will be the same or worse in the workplace.”[25](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en25ch1)

Anonymous surveys by the Josephson Institute of over 23,000 students from private and public high schools across the United States found 59 percent admitted cheating on a test in 2009 and 51 percent in 2011. Thirty-two percent reported plagiarizing via the Internet in 2011, down from 34 percent in 2009. The Institute noted that for the first time in a decade, “students are cheating, lying and stealing less than in previous years.”[26](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en26ch1) What do you think the incidence is at your school? Now let’s explore other forms of unethical conduct and their legality, frequency, and solutions.

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Some of Armstrong’s actions will cause him legal troubles, but what effect will his cheating have on the sport of cycling? Other professional sports? What can be done to prevent cheating like Armstrong’s?

**Ethical Lapses—Legality, Frequency, Causes, and Solutions**

“The vast majority of managers mean to run ethical organizations, yet corporate corruption is widespread.”[27](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en27ch1) You likely recognize the names of some of the executives and scandals of the past few decades that bankrupted the companies they led, destroyed the lives of many employees, and caused enormous losses for investors and customers: Kenneth Lay and Jeff Skilling (Enron, 2001), Bernie Ebbers (WorldCom, 2002), and, of course, Bernie Madoff (Madoff Investment Securities LLC, 2009). None of these leaders acted alone.

To clarify, we are not indicting other employees—that is a matter for the courts. Our point is that each of these disgraced captains of industry led companies that in most cases employed thousands of other people. Surely these companies did not advertise for and hire thousands of criminally minded individuals to help the leaders in their criminal endeavors. The reality is that the degree of knowledge and involvement on the part of these other employees ranged from intense and detailed to little or none. So 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**Forms of unethical conduct and the degree of its consequences vary greatly. At the extreme we have highly publicized criminal acts of now-jailed executives like those noted above, forcing losses on employees, investors, and other stakeholders (e.g., suppliers) that sometimes reach billions of dollars! While these examples filled the 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.

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This means you should *not* rely on the legal system to manage or assure ethical conduct at work. For instance, FoxConn, Apple Computer’s number one supplier in China, has been in the spotlight for its highly publicized repugnant treatment of its 1.2 million Chinese employees—14-hour workdays, 6–7 days per week schedules, low wages, and retaliation for protesting.[28](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en28ch1) American Airlines pilots provided another example in 2012 when they created widespread slowdowns in flights to pressure the company in negotiations with their union. American’s on-time performance was 48 percent versus 77 percent for Southwest and 69 percent for Delta (on-time was 80 percent in the previous period). Such slowdowns had enormous costs and inconveniences for their thousands of customers.[29](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en29ch1) The following Example box provides another notable instance of how widespread unethical behavior has resulted in virtually no legal consequences.

**EXAMPLE**Wrong? Absolutely! Illegal? Seemingly Not.

Unethical behavior is rarely illegal. The Wall Street meltdown of 2008–2009 that caused the Great Recession has produced very few prosecutions and virtually no convictions. The US Department of Justice and the Securities and Exchange Commission keep surprisingly little related data. Why? “I can tell you why you wouldn’t keep the data,” said economics and law professor William Black: “Because it would be really embarrassing.” Of the more than 14,000 financial fraud cases during the period, only 17 involved CEOs and other executives, and only one of these was directly related to the financial crisis (a case against three Credit Suisse employees for inflating mortgage bond values). Eric Holder, the US Attorney General, said that 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.”[30](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en30ch1)

**YOUR THOUGHTS?**

1.What is your reaction?

2.If you think the executives (and perhaps other employees) of financial institutions should be punished, then describe what you think is appropriate.

3.Alternatively, if you think they should not be punished, then explain why.

**Why Ethics Matter to Me and My Employer**Criminal or not, it is important to realize that unethical behavior negatively affects not only the offending employee but also his or her coworkers and employer. Unethical behavior by coworkers (e.g., company executives) can make you look bad and tarnish your career. SAC Capital Advisors, for example, is one of the most successful hedge funds in recent years. But the fund and its founder, Steven Cohen, were dogged throughout 2012–2013 by suspicions of potential insider trading. Their troubles were in part due to the fact that many traders with ties to SAC have been convicted or pled guilty to insider trading. Before any formal charges were made against the firm itself or its founder, clients withdrew nearly $2 billion in assets.[31](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en31ch1) SAC investors ultimately withdrew even more money, over a billion dollars in fines were levied, and the fund was ordered to close.

To make this more personal, 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, or Madoff and Associates? While you certainly would find a way, it is safe to assume that you’d rather not have to make such explanations. Understanding ethics improves your job performance and increases your career opportunities and success. Research shows that “sustainable businesses are led by CEOs who take a people-centered, inclusive approach rather than a controlling, target-driven one. They are people who listen, who foster cultures in which employees are not scared to point out problems and in which staff feel they have a personal responsibility to enact corporate values, be they health and safety concerns or putting the client’s interests first.”[32](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en32ch1)

**Ethical Dilemmas**[***Ethical dilemmas***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo115) **involve situations with two choices, neither of which resolves the situation in an ethically acceptable manner.** Such situations surround us at school and work. They highlight the fact that choosing among available options is not always a pure choice between right versus wrong. As a result, many ethical dilemmas place us in an uncomfortable position. An excellent example is those who are responsible for determining which employees are downsized. When Audi of North America decided to relocate a large percentage of its operations from one part of the United States to another, one of the finance managers was responsible for “working the numbers” on how many people would be invited to relocate, how many would be terminated, and what types of severance packages to offer and to whom.

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All of this is necessary and, of course, is somebody’s responsibility. The problem however was that many of these people were friends and colleagues of the person doing these analyses. In other words, she had the “hit list” for weeks and was unable to share this information with the others, even as they worked side-by-side, had lunch, and did things socially in the meantime.

**EXAMPLE**The Whistleblower’s Dilemma

Whistleblowing often creates a particularly challenging type of ethical dilemma. People do wrong, bad, unethical, and even illegal things at work. And you and other employees may know that they did. The dilemma is what to do about it. Many times you’re tempted to reveal the behavior to management or to the authorities—blow the whistle. This seems like the “right thing to do.” Depending on the situation, you may even profit, but you might also pay.

Sherron Watkins became famous as the whistleblower that helped undo Enron. She now earns a living speaking about her experience and ethics more generally, which pays far less than jobs in the energy sector.

**WHISTLEBLOWING FOR PROFIT** Dodd-Frank legislation and some regulatory agencies provide incentives for whistleblowers. Some can receive up to 30 percent of any settlement, if regulators collect over $1 million due to the infraction.[33](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en33ch1) Bradley Birkenfeld, an ex-banker for UBS, was awarded $104 million for exposing how his bank helped US clients hide money in Swiss accounts. Cheryl Eckard was awarded $96 million for revealing manufacturing flaws in the production of some of Glaxo Smith Kline’s pharmaceuticals.[34](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en34ch1)

**THE COSTS** As a VP at Chase Bank, Linda Almonte and her team were 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.”[35](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en35ch1) 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.

**WHAT’S THE LESSON?** Don’t underestimate the likelihood and costs of retaliation. Codes of ethics that forbid retaliation are just empty words if unethical people aren’t held accountable. And a lack of accountability is the hallmark of corrupt organizations. “Doing the right thing” can be very costly.

**YOUR THOUGHTS?**

1.What can employers do to encourage and avoid punishing whistleblowers?

2.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 are in fact good people with good intentions. Instead of ill-intent, Bazerman and Tenbrunsel contend that cognitive biases (see [Chapter 4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap04.html)) and organizational practices “blind managers to unethical behavior, whether it is their own or that of others.”[36](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en36ch1) [Table 1.4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab4), which summarizes their findings, outlines causes of unethical behavior and what can be done to address that behavior as employees and managers.

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**TABLE 1.4**CAUSES OF UNETHICAL BEHAVIOR AT WORK AND WHAT TO DO ABOUT IT

SOURCE: Reprinted by permission of *Harvard Business Review*. “Ethical Breakdowns: Good People Often Let Bad Things Happen” by M. Bazerman and A. Tenbrunsel, April 2011. Copyright © 2011 by the Harvard Business School Publishing Corporation; all rights reserved.

**TAKE-AWAY APPLICATION—TAAP**

1.Think of the three most common forms of unethical behavior at school or where you work. Be specific.

2.Using [Table 1.4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab4), determine what the likely causes are for each.

3.Describe one thing that can be done to prevent or remedy each of the three most common unethical behaviors you noted in question 1. Use [Table 1.4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab4) for ideas/suggestions.

**What about Unethical Behavior in College and When Applying for Jobs?**A study of graduate students, including MBAs, in the United States and Canada found that peer behavior was by far the strongest predictor of why students cheated, followed by severity of potential penalties, and certainty of being reported.[37](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en37ch1) However, don’t be too quick to blame it on your lying, cheating classmates. The same researchers acknowledge that there are many other potential reasons for cheating, such as the perceived fairness in grading. It also is possible that students see different degrees of cheating—for instance, in homework assignments versus exams.

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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.”[38](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en38ch1)Can you imagine being a recruiter? If you believe these numbers, then it is likely that half of the people you interview are lying to you about something! Like cheating in school, many potential reasons for unethical behavior at work exist, beyond those listed in [Table 1.4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1tab4), such as:

1.One’s personal motivation to perform (“I must be number 1”)

2.Pressure from a supervisor via unrealistic performance goals along with threats for underperforming

3.Reward systems that incentivize bad behavior

4.Employees’ perception of no consequences for crossing the line[39](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en39ch1)

Some of the most unethical people don’t see themselves this way. The Enron executives, Ken Lay (until he died) and Jeff Skilling (to this day), emphatically claimed their innocence. And while a skeptic could find it hard to believe, they may truly believe this. We explore such self-serving bias in [Chapter 4](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap04.html). 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 ethical standards are dependent on the situation. Take [Self-Assessment 1.2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1self2) to learn about your own views. Knowing this will help you understand your view of ethics, as well as that of others.

**SELF-ASSESSMENT 1.2Assessing My Perspective on Ethics**

Go to [connect.mheducation.com](http://connect.mheducation.com/) and when finished respond to the following:

1.Are your views more idealistic or more relativistic?

2.What do you think about students cheating on homework assignments in school? What about them cheating on exams?

3.Are your answers consistent with your score? Explain.

4.Given your score, and assuming you’re a manager, what are the implications for how you would handle the unethical behavior of somebody you manage? What about the unethical behavior of your boss?

**What Can I Do about It?** You, like most everybody else, have or will likely witness either questionable or even blatantly unethical conduct at work. And when this happens you’ll likely think of many excuses for not confronting the unethical conduct. Excuses include the following: This is common practice, the incident is minor, it’s not my responsibility to confront such issues, and 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? Below are a few suggestions:

1.**It’s Business; Treat It That Way.** Ethical issues are business issues, just like costs, revenues, and employee development. Therefore, 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 everybody’s job. If you think something is questionable, then take action.

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Edward Snowden blew the whistle on the NSA’s monitoring of phone and Internet communications. His actions had a enormous impact on his own life, as well as policies and practices within and between companies, industries, and even countries!

3.**Challenge the Rationale.** Many issues occur despite actual policy against it. If this is the case, then ask: “If what you did is common practice or okay, 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 or customers, or, better still, during an interview on the evening news?”

4.**Use Your Lack of Seniority or Status as an Asset.** While many employees unfortunately use 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 to me that what you’ve done is out of bounds or could cause problems.”

5.**Consider and Explain Long-Term Consequences.** Of course, many ethical issues are driven by temptations and benefits in the short term. It therefore can be helpful to frame and explain your views in terms of long-term consequences.

6.**Solutions—Not Just Complaints.** When confronting an issue, you will likely be perceived as more helpful and taken more seriously if you provide an alternative course or solution. Doing so will also make it more difficult for the offender to disregard your complaint.[40](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en40ch1)

**What Role Do Business Schools Play?**To be clear, each of us as individuals is first and foremost responsible for our own ethical conduct. However, we also know that our conduct is shaped by the environment and people around us. Leaders have particular influence on the ethical policies, practices, and conduct of organizations. For instance, a recent study reported that 35 percent of all undergraduate degrees are in business, yet 75 percent of business schools do not require ethics courses![41](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en41ch1) If ethics are so important, then this disparity begs the question: “Why?”

The researchers asked this question and investigated what role the deans, leaders of business schools, played in this striking disconnect. They found that the gender and academic background of the deans, along with the private-public nature of the school, predicted the likelihood of requiring ethics courses. Female deans with a background in management were most likely to require ethics courses, while men with economics and finance backgrounds were least likely. Private and religiously affiliated schools were more likely than publics.[42](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en42ch1) What is the case at your school? Does it align with these findings?

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**1.4APPLYING OB TO SOLVE PROBLEMS**

**MAJOR QUESTION**

**How can I apply OB in a practical way to increase my effectiveness?**

**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 use the metaphor of taking a journey to explain how you can apply OB. The journey includes three stops:**[**Stop 1**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st1)**—define the problem;**[**Stop 2**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2)**—identify potential causes using OB concepts; and**[**Stop 3**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st3)**—make recommendations.**

We all encounter problems in our lives. **A** [***problem***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo299) **is a difference or gap between an actual and a desired situation.** Problems arise when our goals (desired outcomes) are not being met (actual situation). So it is important to carefully consider what your goal or desired outcome is in order to define the problem appropriately. In turn, [***problem solving***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo300) **is a systematic process of closing these gaps.**

For example, Jeff Bezos, CEO and founder of Amazon, famously downplays the importance of meeting quarterly numbers to please Wall Street. Instead, Bezos 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 profit margins and earnings per share.

Military operations often involve extremely complex problems and coordinating the efforts of many individuals. This White House photo depicts President Obama and the national security team monitoring the raid of Osama bin Laden’s compound. The decision and eventual action took place in the context of tremendous uncertainty and time pressure, and the outcome had (potentially) enormous consequences. Can you think of a problem you confronted that had similar characteristics?

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If you view problem solving as a journey, like we suggest in this book, then you need to know where you are and where you want to go. From a problem solving perspective, you could view this distance as a problem, as it represents a gap between your current and desired location. Identifying and selecting route is another part of the journey and problem solving process.

Problem-solving skills are increasingly important in today’s complex world. Loren Gary, associate director at Harvard’s Center for Public Leadership, echoes this conclusion: “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.”[43](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en43ch1) The understanding and application of OB knowledge and tools will help you do these very things.

To help you increase your personal performance and well-being at school, work, and home, we created an informal approach you can use today to apply OB tools and concepts to help you solve problems. It’s simple, practical, and ready for you to use now.

**A 3-Stop Journey**

We compare problem solving in OB to taking a journey. You choose a destination. You plan your route and identify which roads you’ll take and important stops along the way. Then you take the trip.

**Basics of the 3-Stop Approach**Our applied approach to problem solving proposes three activities or stops along the way:

[**Stop 1**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st1)**: Define the Problem.** The definition of the problem is closely linked to the desired outcome. Students and managers routinely make the same common mistake during Stop 1—they don’t spend enough time defining the problem. One reason for this is that most people identify problems reactively—after the fact—which causes them to quickly jump to conclusions. People make snap judgments or assumptions that lead to selecting the wrong causes and solutions for the problem at hand. All of us would likely benefit from the comment of Albert Einstein. He said: “If I were given one hour to save the planet, I would spend 59 minutes defining the problem and one minute resolving it.” Why don’t we take Professor Einstein’s advice?

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[**Stop 2**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2)**: Identify Potential Causes Using OB Concepts and Theories.** So far, you already have OB concepts like the contingency perspective, human and social capital, and ethics—and many more are coming. The more options you have to choose from, the more likely you will identify the appropriate cause(s) and response

[**Stop 3**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st3)**: Make Recommendations and (if Appropriate) Take Action.** In some workplace situations you will be making recommendations and in others you will also be implementing the recommendations. To be successful in [Stop 3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st3), it is necessary to define the problem appropriately and identify the likely causes.

**How This Problem-Solving Approach Develops Throughout the Book**As we introduce more OB concepts and tools, this approach will become richer and more useful. After all, there are many useful approaches to solving problems. As your knowledge deepens, you’ll see in [Chapter 11](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap11.html) that this approach is an abbreviated version of the rational approach to decision making. Along the way you’ll learn that the 3-Stop approach shows you how to effectively apply your OB knowledge to produce better performance for you, your team, and your organization.

**Tools to Reinforce My Problem-Solving Skills**

Because of the value of problem solving at school, work, and home, we created numerous opportunities for you to master this skill while applying OB. Each chapter, for instance, includes the following features:

•**Problem-Solving Applications**—A brief example or mini-case that presents a problem or challenge. You are asked to apply the 3-Stop approach to each.

•**Self-Assessments**—A validated instrument that allows students to immediately assess personal characteristics related to OB concepts, frequently with a personal problem-solving focus, and often followed by a Take-Away Application (TAAP) (see below).

•**Take-Away Applications (TAAPs)**—You are asked to apply what you just learned to your own life at school, at work, or socially.

•**End of Chapter Problem-Solving Application Case**—Full-length case that requires you to apply OB knowledge gained in that particular chapter to define the problem, determine the causes, and make recommendations.

How good are your problem-solving skills? To get you started, take [Self-Assessment 1.3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1self3) to measure your problem-solving skills. It will help you understand:

•What types of things you consider.

•How you think about alternative solutions.

•Which approach you prefer.

This self-awareness will help you learn about OB and apply it to improve performance. (**Tip:** Take this assessment again at the end of the course to see if your skills have increased.)

**SELF-ASSESSMENT 1.3Thinking and Problem Solving**

Go to [connect.mheducation.com](http://connect.mheducation.com/) and when finished respond to the following:

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.

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**1.5STRUCTURE AND RIGOR IN SOLVING PROBLEMS**

**MAJOR QUESTION**

**How could I explain to a fellow student the practical relevance and power of OB to help solve problems?**

**THE BIGGER PICTURE**

**Have you ever felt the solution to a problem was just beyond your reach? That you knew what the solution was but somehow you didn’t know it? Sometimes this is a matter of organizing or structuring the problem and its elements. In such situations OB can help. We show you some useful tools to help you organize and apply your OB knowledge as it grows throughout this book and course. These same tools can be applied to solve problems both more rigorously and effectively.**

Your ability to understand and apply OB knowledge and concepts is made easier by categorizing or organizing them. The first and most fundamental distinction is between elements that reside within individuals, like you, and those that are in the environment.

**The Person–Environment Distinction**

OB concepts and theories can be classified into two broad categories: person factors and environmental characteristics. The person–environment distinction integrates these categories.

•[***Person factors***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary1.html#iglo281) **represent the infinite number of characteristics that give individuals their unique identities.** These characteristics combine to influence every aspect of your life. In your job and career, these elements influence your goals and aspirations, the plans you make to achieve them, how you execute such plans, and your ultimate level of achievement. ([Part One](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/part01.html) of this book is devoted to person factors.)

This makes perfect sense, but as we all know in reality it isn’t so simple. *Things* get in the way, and these “things” often are environmental characteristics.

•[***Environmental characteristics***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo109) **consist of all the elements outside of ourselves that influence what we do, how we do it, and the ultimate results of our actions.** A potentially infinite number of environmental factors can either help or hinder you when trying to accomplish something (see the following Problem-Solving Application box). In either case, environmental characteristics are critically important to OB and your performance. [Parts Two](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/part02.html) and [Three](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/part03.html) of this book are devoted to such characteristics.

Hundreds, if not thousands, of studies have shown that many person–environment characteristics influence a host of important outcomes, such as job satisfaction, performance, and turnover. But this also begs the question—which is more important—the person or the situation?

**Which Influences Behavior and Performance More—Person or Environmental Factors?**Researchers and managers have debated the answer to this question for decades. Common versions of this debate revolve around the issues of “nature versus nurture” or whether “leaders are born or made.” These issues will be addressed in

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**solving application**

**Technology: An Environmental Characteristic That Greatly Impacts My Performance**

Technology is both helpful and detrimental to employee performance and well-being. To set the stage, consider that roughly two-thirds of all full-time workers own smartphones.[44](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en44ch1)

**What are the benefits?** More and more companies are using smartphones to save time and money. At Rudolph & Sletten, for example, a contractor located in Redwood City, California, workers use blueprint software on their iPads. “The digitized documents partly replace hundreds of pages of construction blueprints that need to be updated so often that student interns handle the monotonous work.” The company estimates that using digitized blueprints can save from $15,000 to $20,000 on a large building contract. This also leads to fewer construction errors because workers are using up-to-date blueprints. Coca-Cola Enterprises similarly uses mobile-centric devices to streamline the workday of its restaurant service technicians. The company estimates that the technology saves about 30 minutes a day.[45](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en45ch1)

**So what’s the downside of technology?** More and more people report working more hours because they use their smartphones after hours. This is why roughly two-thirds of US employees indicate that they work during vacations. “People are tired of always being plugged in,” says Tanya Schevitz, a spokeswoman for the Jewish cultural think tank Reboot.

**Do you get paid for this “overtime”?** Another problem concerns the payment of overtime. According to the Fair Labor Standards Act, employees receive overtime pay for any time spent working beyond 40 hours in a week. This can create a problem if employees access their mobile devices after hours. For example, a court allowed a class-action lawsuit filed by a Chicago police officer. He claimed that employees were using their work-issued BlackBerrys for police work after leaving their shifts, and they were not paid for the time they used the device. “They’re hourly wage earners,” says the officer’s lawyer. He concluded that “if you are going to make people work when they’re not on duty, you’ve got to pay them.”[46](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en46ch1)

**YOUR CALL*Let’s use the 3-Stop approach:***

[**Stop 1:**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st1)What problem is described in this example?

[**Stop 2:**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2)Identify two potential causes (be sure to link the causes to the problem you identified).

[**Stop 3:**](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st3)Make a recommendation aimed at the cause that you feel will improve or remove the problem.

[Chapters 3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap03.html) and [13](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap13.html), respectively, but the relative influence of person and environment characteristics on behavior and performance is fundamental to OB.

Many observers believe that some people are by their nature better suited than others to perform well at work (“born winners”). In contrast, others believe that some people are clearly better in *a given job or situation*. No particular person would outperform every other person in every possible job! Nobody is the best at everything. This common view is supported by research in psychology and OB. Notably, **the** [***interactional perspective***](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/glossary.html#iglo181) **states that behavior is a function of interdependent person and environmental factors.** Put another way, environments present various types of rewards and opportunities that people achieve or realize with diverse knowledge, skills, abilities, and motivations. Furthermore, “different people may perceive similar situations in different ways and similar people may perceive different situations in the same way.”[47](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en47ch1)

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**People and Environments Are Dynamic**It is important to note that neither people nor environments are static. People change, situations change, and the two change each other. To illustrate:

•People bring their abilities, goals, and experiences to each and every situation, which often changes the situation.

•Conversely, because situations have unique characteristics, such as opportunities and rewards, they change people. What you value in a job will likely differ between now and the time you are trying to make a move to senior management.

•It also is true that the current job market and employer expectations differ from those at the height of the technology bubble in the late 1990s or at the depths of the Great Recession in 2007–2009. In the first scenario, you changed, and in the second the environment changed.

•Finally, your manager—an environmental characteristic—can change what you do, how you do it, and your effectiveness. You in turn can impact these same characteristics in your manager.

The bottom-line implication for OB and your work life is that knowledge of one without the other is insufficient. *You need to understand the interplay between both person and environmental characteristics to be an effective employee, and especially an effective manager*.

**How Can I Use Person and Environmental Characteristics to Apply OB Knowledge?**It is helpful to classify what you learn about OB into two easily understood categories or buckets. This will assist you when trying to identify which OB concepts or theories are relevant to a particular problem because every new concept or theory you learn represents a possible cause of a problem. Consider the ever-common event of downsizing, also referred to as a reduction in force or RIF, rightsizing, reorganization, restructuring, trimming dead wood, elimination of redundancies, strategic realignment, or just cutting back.

Many companies restructure indiscriminately and cut large percentages of their employee ranks. Assume you and five of your coworkers, who all do the same job, are kicked off the island (downsized). You experienced the same event—all of you lost your jobs. Yet despite this it is likely that you and your coworker’s reactions will vary. For instance, while personally you are not delighted about losing your job, you might not feel too bad given that you didn’t like the job and were considering going to graduate school next year anyway. Two of your coworkers, however, may be devastated and depressed.

Nevertheless, because the event was the same for all of you (environmental characteristic), we can assume that the differences in everyone’s reactions were due to things about you as individuals (person factors), such as other job opportunities, how much each of you likes the job you just lost, your savings versus debt, and whether you have kids, mortgages, or a working spouse. The person–environment distinction therefore provides a means for classifying OB concepts and theories into causes of behavior.

**Levels—Individual, Group/Team, and Organization**

Another lens through which OB sees the world relies on organizational levels. OB distinguishes among three: individual, group, and organizational. The distinction between levels is fundamental to OB. (Note that it even provides the structure for this book, with separate parts on each level.)

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As an example of how being sensitive to these levels helps in considering real-world problems, consider the many reasons why people quit their jobs:

•Some people quit because their job just doesn’t fulfill what they value, such as challenging and stimulating work (an individual-level input).

•Others quit because of conflicts with their boss or they have nothing in common with their coworkers (a group/team level process).

•A faulty reward system (an organizational-level process) that unfairly distributes raises, bonuses, and recognition is another common reason people quit.

Understanding and considering levels increases your problem-solving effectiveness.

**Applying OB Concepts to Identify the Right Problem**

Nothing causes more harm than solving for the wrong problem. If you don’t define the problem accurately, then all subsequent problem-solving efforts are adversely affected. This happens because people end up focusing on a symptom or the wrong problem. It’s like a doctor treating your fever with aspirin instead of diagnosing and treating an underlying infection that caused the fever.

The distinctions we’ve just discussed allow you to see the current situation with more clarity. To illustrate, assume that many people in your department at work are quitting. What could be the cause of the problem? Of course, the fact that people are quitting doesn’t necessarily indicate a problem, but at the least it raises a red flag. Using the person–environment distinction allows you to consider unique individual factors as well as external factors that might be the source of the problem. And the structural levels of individual, group, and organization will allow you to look at each level for possible reasons.

For example, the reason for the turnover may become more apparent by applying these concepts as you look at the situation. Such considerations could include:

•**Person factors.** Do the people who quit share something in common? Is there anything in their personality that makes work difficult for them? What about their ages? Gender? Is the rate or level of turnover in your company greater than for your industry as a whole?

•**Environmental characteristics.** Have there been changes in the environment, such as a sudden increase in employment opportunities at better wages? Have the working conditions changed in any meaningful way?

•**Individual level.** Can you identify any change in how the company treats employees or what it expects of them?

•**Group/team level.** Have there been any changes or other causative factors in your work group, including your manager, that might make work less satisfactory? How does turnover in your group compare to other groups in the organization?

•**Organizational level.** Has the organization changed ownership, or rewritten company policies, or is it enforcing policies differently?

By going through such an exercise, you widen your focus and review a larger number of possible causes for the problem, increasing the likelihood you will identify the right problem.

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**1.6THE INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB**

**MAJOR QUESTION**

**How can the Integrative Framework help me understand and apply OB knowledge and tools—and improve my problem solving?**

**THE BIGGER PICTURE**

**You’re about to receive the single best tool for understanding and applying OB’s many concepts and tools—the Integrative Framework for Understanding and Applying OB. The framework also helps tremendously in improving your problem-solving abilities at school, work, and home. In the final section, we give you some practical and effective guidance on how to choose among alternative solutions to problems.**

We’re now ready to assemble a basic version of the Integrative Framework. [Figure 1.2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1fig2) illustrates this framework, which we will use throughout the book to help you organize, understand, and apply your knowledge as you acquire it. The Integrative Framework is also a crucial part of our problem-solving approach.

**A Basic Version of the Integrative Framework**

To assemble our framework, we use the Systems Approach as our foundation. It includes inputs, processes, and outcomes. The person–environmental distinction acts as inputs. Processes and outcomes are organized into the three levels of OB—individual, group, and organization. This framework implies that person factors and environmental characteristics are the initial drivers of all outcomes that managers want to achieve. This is the case because inputs affect processes, and processes affect outcomes. And since events are dynamic and ongoing, many outcomes will in turn impact inputs and processes. See [Figure 1.2.](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1fig2)

A recent study of 111 people over one week showed that taking time away from work led employees to feel rested (an outcome) and to [experience] higher levels of work engagement (a process). Such breaks also enabled them to recover better during the work day, and this reenergized them for their remaining work (an input).[48](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en48ch1)

**FIGURE 1.2**INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

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These time-sensitive relationships are shown as feedback loops in the Integrative Framework. Determining the causal relationships between inputs, processes, and outcomes often depends on a particular point in time—*an outcome at one point in time may be an input at another*.

As you work through this book you will notice that each chapter begins with a version of the Integrative Framework that helps introduce the concepts discussed in that particular chapter. Each chapter repeats the version of the framework at the end as part of the chapter review. If you take the cumulative effect of the content of each chapter, you’ll end up with the fully articulated Integrative Framework. We provide you with a version of this at the end of the book, in the Epilogue, if you’d like to get a more complete picture. The same complete framework is a useful tool for preparing for a comprehensive final exam.

By definition frameworks are simplifications of reality; they necessarily exclude information. This means that the Integrative Framework at the end of the book will not show every OB concept that might impact employee behavior and performance. But the basic elements of the Framework will help you understand and apply any OB topic you encounter. The following Example box does an excellent job of illustrating the value of the Integrative Framework and its components. Be sure to answer the “Your Thoughts?” questions, as these will show you how to apply your new OB knowledge and tools.

**EXAMPLE**Life Is Sweeter on Mars

Whether it is the well-known candy (M&M’s, Snickers, Lifesavers) or the similarly popular cat and dog foods (Whiskas and Pedigree), life is indeed sweet for the employees of Mars. The Integrative Framework can help us explain and understand why the 72,000 employees feel they have it so good, and why the company made the *Fortune*100 Best Companies to Work For in 2013.

**INPUTS**The environment at Mars lacks the perks touted by many tech companies—no foosball tables, no free gourmet lunches, and no premier health clubs. More than this, some of their practices seem not just old school but prehistoric. For instance, all employees, including the president. have to punch a time clock each day and are docked 10 percent if late. However, what Mars may seem to lack in style it makes up for with its culture. President Paul S. Michaels explains how the company aligns its values and practices by asking: “Does it add value for the consumer to pay for marble floors and Picassos?” If it doesn’t, then the company doesn’t provide it. The employees seem to love the place and have very positive relationships at work, as many families have three generations working at Mars. The culture seems to be one big family, albeit one of cats, dogs, and candy. At one facility more than 200 employees bring their dogs to work each day. (Leash rules apply.) This family-type environment flows from the founding Mars family that still tightly controls the company, and it is built on the “Five Principles of Mars”: quality, responsibility, mutuality, efficiency, and freedom. Employees not only recite but also live these principles.

**PROCESSES**While some practices seem frugal, the company reportedly awards bonuses of between 10 and 100 percent of employees’ salaries. The company also invests heavily in the community via its Mars Volunteers and Mars Ambassadors programs. In 2011, 9,600 employees volunteered 37,000 hours at 290 organizations!

**OUTCOMES**Mars posts a very low turnover rate (5 percent), which is a sign that employees are highly satisfied with their jobs. And the fact that the company has managed to grow consistently for decades and remain private is compelling evidence for its financial performance.[49](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en49ch1)

**YOUR THOUGHTS?**

1.What positive outcomes does Mars produce at the individual level?

2.What positive outcomes does Mars produce at the organizational level?

3.What inputs and processes help produce each of these outcomes?

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Let’s now consider the details of the Integrative Framework and apply it during [Stop 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2) of the 3-Stop approach to identify potential causes of a problem.

**Using the Integrative Framework for Problem Solving**

OB and problem solving go hand-in-hand. The concepts and tools you’ll learn can be applied to understand and overcome challenges in many arenas of your life.

When confronted with a problem, we recommend tackling it using what we call the 3-Stop Problem Solving Approach. It is simple and widely applicable. Using the Integrative Framework makes the 3-Stop approach even more effective.

You can use the Integrative Framework at all three stops of the problem-solving journey to add rigor, intelligently apply your OB knowledge, and in turn improve your performance: [Stop 1](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st1)—make sure you are identifying the right problem; [Stop 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2)—consider appropriate solutions; and [Stop 3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st3)—select the solution that seems most appropriate.

Your ultimate problem-solving success will be determined by the effectiveness of your recommendation and resulting solution. So let’s discuss this next.

**Selecting a Solution and Taking Action (if appropriate)**Selecting solutions is both art and science. Some managers like to rely largely on intuition (discussed in [Chapter 11](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap11.html)) and experience. While these approaches can work, others use more analytical or systematic methods to select a solution.

**EXAMPLE** Intel has long been famous for its data-driven decision-making practices. When employees encounter and notify their managers of problems, it is common if not expected that managers automatically reply: “Call me when you’ve worked through your 7-step,” referring to a companywide problem-solving process.

Intel’s selection process is so entrenched that employees use a common Power-Point template to fill in and ultimately present the relevant details of their proposed solutions. (Intel illustrates an organizational level–process approach that is similar to the rational approach to decision making we’ll discuss in [Chapter 11](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap11.html).)

**Don’t Forget to Consider Constraints**Pragmatically, most people lack the time, knowledge, or access to data to routinely follow such a rigorous procedure. Therefore, your ultimate selection most often requires you to consider various constraints—time, money, your own authority, and information—which can occur at different levels. We therefore close this chapter with some practical pointers on how to select the best solution among the alternatives you generated in [Stop 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2).

**Applied Approaches to Selecting a Solution**

You can save yourself time and grief with this practical advice (from renowned problem-solving professor and expert Russell Ackoff): First decide how complete of a response you are looking for. Do you want the problem to be *resolved, solved*, or *dissolved*?

•**Resolving** problems is arguably the most common form for managers and simply means choosing a satisfactory solution, one that works but is less than ideal. Putting on a bald and badly worn tire fixes a flat, but it certainly is less than ideal.

•**Solving** problems is the optimal or ideal response. For instance, you could buy a brand new, high-quality, full-size spare to keep in your trunk (not the typical “donut” or the “run-flats” that manufacturers frequently provide).

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•**Dissolving** problems requires changing or eliminating the situation in which the problem occurs. Keeping with our example, the city you live in could build and utilize effective public transportation and thus remove the necessity of having cars (and tires) altogether.[50](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en50ch1)

Making this decision then helps guide your choice among alternatives. It helps you determine what is needed, if it is realistic, and, accordingly, what level of effort and resources to use (e.g., money and time).

**Basic Elements for Selecting an Effective Solution**

After deciding whether to resolve, solve, or dissolve your identified problem, you then need to select the most effective solution. A problem-solving expert says: “The essence of successful problem solving is to be willing to consider real alternatives.”[51](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/notes.html#en51ch1) To help you choose among alternatives identified in [Stop 2](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html?create=true#ch1st2), we combed through the many books and articles written on the topic and distilled these three common elements:

1.**Selection criteria.** Determine the basis (criteria) for the decision, such as its effect on:

•Bottom-line profits

•You and classmates or coworkers

•Reputation with customers or the community

•Your own values

•The ethical implications

2.**Consequences.** Consider the consequences of each alternative, especially the trade-offs between the pros and the cons, such as:

•Who wins and who loses

•Ideal vs. practical options

•Perfection vs. excellence

•Superior results vs. satisfactory results

3.**Choice process.** Decide who will be involved in choosing the solution. (If more than one person is involved, then you need to agree on the method. Will it be by vote? Public or secret? Unanimous or simple majority?):

•You

•Third party

•Team

Whatever the case, it is important to consider the necessary resources, including which people will be key sources of support for (and resistance to) your ultimate selection. Consider who can help and who can hurt your efforts—“what’s in it for them?”

Putting it all together, the OB knowledge and tools you’ll learn in this book will help tremendously in selecting and implementing your “best” solution given the situation you face. Let’s conclude with a brief scenario that will enable you to “test drive” your new tools.

## what did i learn?

You learned that OB is an interdisciplinary field that focuses on understanding and managing people at work. The same rich collection of OB tools and insights that can help you succeed at work can also help at school and at home. Your understanding of the practical value of OB knowledge was increased further with the Integrative Framework for Understanding and Applying OB and the 3-Stop Problem Solving Approach. Reinforce your learning with the chapter’s Key Points listed below. Next, consolidate your learning using the Integrative Framework, shown in [Figure 1.3.](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1fig3) Then, challenge your mastery of the material by answering the chapter’s Major Questions in your own words.

### Key Points for Understanding [Chapter 1](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html)

You learned the following key points.

### [1.1THE VALUE OF OB TO MY JOB AND CAREER](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec1)

•OB is an interdisciplinary and applied field that involves managing the behaviors of individuals, groups/teams, and organizations.

•The practical benefits of OB are based on the contingency approach, which says that the best or most effective approach requires one to apply the appropriate knowledge and tools to a given situation, rather than relying on one best way across all situations.

•OB is far more than common sense. Common sense has limits and inherent pitfalls that OB knowledge and tools help you avoid and overcome.

•OB helps you enhance your attractiveness to employers, as they want employees who have both hard and soft skills.

**FIGURE 1.3**INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB

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### [1.2HUMAN AND SOCIAL CAPITAL](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec2)

•Human and social capital are critically important aspects of your career success in the short and long term.

•Career success has two dimensions or types: objective and subjective.

•OB helps you increase your self-awareness and achieve your job and career goals.

### [1.3RIGHT VS. WRONG—ETHICS AND YOUR PERFORMANCE](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec3)

•Ethics is concerned with behavior—right vs. wrong, good vs. bad, and the many shades of gray in between. Unethical behavior thus has many forms and causes.

•The vast majority of unethical conduct at work is not illegal.

•Unethical conduct negatively affects the individual targets, the perpetrators, coworkers, and potentially entire organizations.

•Employees often encounter ethical dilemmas, or situations where none of the potential solutions are ethically acceptable.

•Whistleblowers are rarely protected and often suffer substantial emotional and professional costs.

### [1.4APPLYING OB TO SOLVE PROBLEMS](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec4)

•A problem is a difference or gap between a current and a desired situation.

•Problem solving is a systematic means for closing such differences or gaps.

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•The 3-Stop Approach to Problem Solving involves defining the problem, using OB concepts and theories to understand the problem, and making recommendations and action plans to solve the problem.

### [1.5STRUCTURE AND RIGOR IN SOLVING PROBLEMS](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec5)

•The person–environment distinction is a fundamental way to organize, understand, and apply OB concepts.

•Person factors represent the vast number of characteristics that give individuals their unique identities.

•Environmental characteristics consist of all the elements outside of ourselves that influence what we do, how we do it, and the ultimate results of our actions.

•Workplace behavior occurs at three levels—individual, group/team, and organizational.

### [1.6THE INTEGRATIVE FRAMEWORK FOR UNDERSTANDING AND APPLYING OB](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1sec6)

•The Integrative Framework for OB is a tool that helps you to organize, understand, and apply your knowledge to solve problems.

•The systems approach is used to create the Integrative Framework for OB. Person and environment factors are inputs, and the processes and outcomes are organized into individual, group/team, and organizational levels.

•Apply the Integrative Framework to the 3-Stop Approach to Problem Solving to help you define problems, identify their causes, and generate recommendations.

### The Integrative Framework for [Chapter 1](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html)

In this chapter we introduced our first application of the Integrative Framework, showing the basic structure of inputs, processes, and outcomes (see [Figure 1.3](https://jigsaw.vitalsource.com/books/1259631788/epub/OPS/xhtml/chap01.html#ch1fig3)). The basic framework shown here will help you organize new concepts, theories, and tools as they are introduced, as well as help you retain and apply them. Accordingly, we’ll use the Integrative Framework at the end of each chapter as an aid to review and apply what you’ve just learned.

If you want a preview of all that you’ll learn, then take a quick look at the full Integrative Framework at the end of this book (in the Epilogue). We think you’ll be quite impressed with how much you will have learned! In addition to its usefulness as a study aid, the Integrative Framework is a fundamental tool to use in the 3-Stop journey of problem solving. And beyond the course, the same framework can help you understand and manage behavior in many different organizational contexts (e.g., clubs, sports teams, and other social groups).