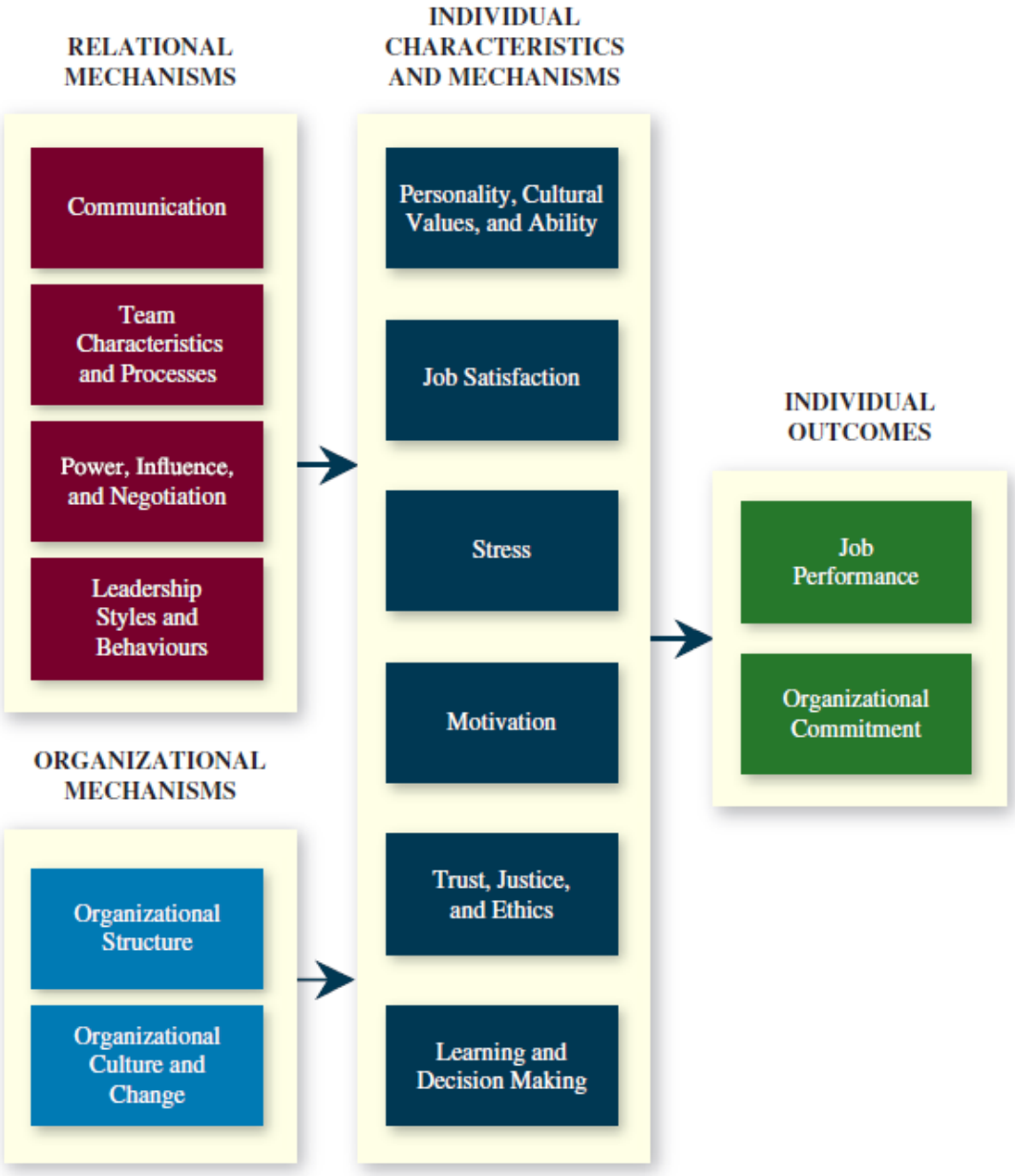
Organizational Behaviour Improving Performance And Commitment In The Workplace (Canadian) 4th edition Colquitt Solutions Manual

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Organizational Behaviour Improving Performance And Commitment In The Workplace (Canadian) 4th edition Colquitt Solution

Chapter 1: What Is Organizational Behaviour?



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NOTE FROM THE AUTHOR

My name is Ian Gellatly, and I'm the author responsible for the 4th Canadian edition of Colquitt-LePine-Wesson-Gellatly textbook, *Organizational Behavior*. I want to encourage Canadian adopters to reach out to me if I can help in any way with the book. I'm also happy to share the PowerPoints I use in my own teaching, that go along with the 4th Canadian edition of our book. The PowerPoints also include my own teaching notes. In sum, I enjoy corresponding with adopters very much, so please do not hesitate to reach out to me. My email address is ian.gellatly@ualberta.ca.

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CHAPTER OVERVIEW

Organizational behaviour is a field of study devoted to understanding and explaining the attitudes and behaviours of individuals and groups in organizations. The two primary outcomes of organizational behaviour are job performance and organizational commitment. This chapter explores the factors that affect these outcomes, and shows how scientific studies provide evidence that good organizational behaviour policies are linked to employee productivity, firm profitability, and even firm survival. This chapter also shows how we "know what we know" about organizational behaviour by describing the scientific research process.

LEARNING GOALS

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

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

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CHAPTER OUTLINE

1. WHAT IS ORGANIZATIONAL BEHAVIOUR?

Try This!: Open the very first class by asking them to picture their worst coworker ever and to list the things that person did to earn "worst coworker" status. Then have them do the same with the best coworker ever, listing the things that person did to earn "best coworker" status. Both of these lists should be written on the board, a process that will result in a table similar to Table 1-1. Then get them to understand the importance of explaining why the two people act so differently. That process of explanation is what OB is all about.

A. Organizational Behaviour Defined

Organizational behaviour is a field of study devoted to understanding, explaining, and ultimately improving the attitudes and behaviours of individuals and groups in organizations

B. Role of Management Theory

Organizational behaviour is a field of study that has an important historical context, and has evolved from several historical movements and landmark studies – including Scientific Management and the Human Relations movement

C. An Integrative Model of OB

1. Provides a roadmap for the field of organizational behaviour, and shows how different chapters in the text are related

2. Individual Outcomes – These are the two primary goals of organizational behaviour

    a. Job performance (Chapter 2) – how well employees do on the job
    b. Organizational commitment (Chapter 3) – how likely employees are to remain with an organization. Employee retention is a huge issue for many Canadian firms.

3. Individual Characteristics and Mechanisms - These directly affect job performance and organizational commitment

    a. Personality, Cultural Values, and Ability (Chapter 4) – describe various individual traits and characteristics that say what we are like and what we can do
    b. Job Satisfaction (Chapter 5) – what employees feel about their work
    c. Stress (Chapter 6) – psychological responses to job demands that tax or exceed an employee's capabilities
    d. Motivation (Chapter 7) – energetic forces that drive an employee's work

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e. Trust, justice, and ethics (Chapter 8) – degree to which employees feel that their company does business with fairness, honesty, and integrity
f. Learning and decision making (Chapter 9) – how employees gain job knowledge and use that knowledge to make decisions

4. Relational Mechanisms – These affect and provide a context for the individual mechanisms mentioned above

   a. Communication (Chapter 10) – describe the communication process as well as the different mediums information is exchanged within organizations; formal and informal communication networks
   b. Team characteristics and processes (Chapter 11) – the qualities that teams possess, including norms, roles, and the way team members depend on and relate to each other. Also how teams behave with regard to task work, teamwork, cooperation, and managing conflict.
   c. Power, influence, and negotiation (Chapter 12) – the process by which individuals gain authority over other individuals
   d. Leader styles and behaviours (Chapter 13) – describes the specific actions leaders take to influence others at work

5. Organizational Mechanisms – Also affect individual mechanisms, because they influence the environment in which work is done

   a. Organizational structure (Chapter 14) – shows how various units within an organization communicate; how an organization coordinates human activity.
   b. Organization culture and change (Chapter 15) – describes the shared rules, norms, and values that shape behaviour for organizational employees, and how to change or manage cultures.

2. DOES ORGANIZATIONAL BEHAVIOUR MATTER?

OB Internationally. This feature is a valuable tool to help students understand how the relationships among OB concepts, and their applications, varies across cultures. A good way to begin discussing international issues in Chapter 1 is to ask students to describe their international experiences. How many students are international students? How many were born or raised in another country prior to moving to Canada? How many have lived or worked abroad? How many have gone abroad on study trips or vacations? Once you've gotten a feel for the experience levels of the class, ask students if they believe that the importance of the concepts in the integrative model of OB will vary across cultures, or whether their importance will be universal. If they believe the importance varies, should multinational corporations design their OB policies to function differently at different branches? What are the pluses and minuses of such a strategy?

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A. Building a Conceptual Argument

1. Resource-based view of organizations – looks at what makes resources capable of creating long-term profits for a firm
2. Resources are considered to be more valuable when they are:

a. Rare – "good people are hard to find"
b. Inimitable – people are difficult to imitate for three reasons:
   i. History – people have a collective pool of experience, wisdom, and knowledge that benefits the organization
   ii. Numerous Small Decisions – big decisions are easy to copy – it is the small decisions that people make day-in and day-out that are significant for an organization

Try This! Ask students to think of all the times when one company copied a big decision made by another. For example, consider the recent move by Microsoft to open retail stores in Canada that mimic the look and feel of Apple Stores. What are some examples of times where that copying has proven successful? What are some examples of times when that copying seem to be successful? What explains those differences in copying success?

   iii. Socially Complex Resources – resources like culture, teamwork, trust and reputation come from the social dynamics of a given firm in a given time

B. Research Evidence

1. Study 1

a. Survey of executives from 968 publicly held firms with 100 or more employees
b. High performance work practices were related to decreased turnover, increased sales, increased market value, and increased profitability

2. Study 2

a. The prospectuses of 136 companies undergoing IPOs in 1988 were examined for evidence that the company valued OB issues
b. Firms which valued OB had a 19% higher survival rate than those that did not

3. Study 3

a. "Best Companies to Work For" lists (e.g., Top 100 employers). Many of these companies demonstrate exceptional OB practices, and are very profitable – even in difficult economic times.

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Try This! If the students have on-line access, have them work in small groups and look up some of the Canadian companies that have made the "Best Companies" or "Top Employers" lists (going beyond the companies listed in Table 1-3). Ask them to consider how these lists could be used to scientifically test whether being good at OB improves profitability. Usually students can guess many of the details of the study described in the book.

C. So What's So Hard?

1. Many organizations do a bad job of managing OB issues because they don't view OB issues in a comprehensive fashion

a. No single OB practice can increase profitability by itself

b. Rule of One-Eighth
   i. Half the organizations don't believe there is a connection between people and profits
   ii. Half of those who see the connection try to make a single change, rather than attempting to make comprehensive changes
   iii. Half of the firms that make comprehensive changes persist long enough for those changes to make a difference
   iv. ½ x ½ x ½ = ?

3. HOW DO WE "KNOW" WHAT WE KNOW ABOUT ORGANIZATIONAL BEHVAIOUR?

A. According to philosophers, there are four ways of knowing things:

1. Method of experience – believing something because it is consistent with your experience
2. Method of intuition – believing something because it seems obvious or self-evident
3. Method of authority – believing something because a respected source has said it is so
4. Method of science – believing something because scientific studies have replicated that result using a series of samples, settings, and methods

Try This! Ask students how they know the factors that improve health. What kinds of dietary philosophies do they know to be healthy? What kinds of exercise practices do they know to be healthy? Once the "knowledge in the room" has been summarized, explore where that knowledge came from. How much of it was just experience or intuition? How much of it comes from authorities (e.g., doctors, trainers, books). How much of it comes from science, either directly (news reports, magazine reports) or indirectly (through relevant authorities). Does any of the "knowledge in the room" conflict with each other (for example, some students think a low fat diet is more critical;

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others think a low carbohydrate diet is more critical)? Which method of knowing would be most valuable for reconciling such conflict?

B. Scientific Method

1. Theory – collection of assertions that specify how and why variables are related
2. Hypotheses – written predictions that specify relationships among variables
3. Data – collection and observation of behaviours and outcomes related to the hypotheses
4. Verification – use of statistical methods to determine whether or not a hypothesis can be disconfirmed

a. Example of verification process is correlation

Try This! Ask ten students to volunteer their height in inches and their weight in pounds. Ask them to write the numbers down on a sheet of scrap paper. Then input them into an Excel spreadsheet, placing them in columns A and B. Ask students to eyeball the two columns of numbers and guess the correlation. Then calculate it using this formula: =correl(a1:a10,b1:b10). Did the resulting correlation differ from the population value (.44, as given in Table 1-4). Ask the students why the class number might differ from the population value, using that to explain why multiple studies (and high sample sizes) are needed when performing OB research. Then ask the students whether the correlation between job satisfaction and job performance should be higher or lower than the correlation between height and weight. Use that frame of reference to get them to understand that correlations of .30 are actually moderate in size, and correlations of .50 are actually strong in size.

b. Correlations are not enough to prove causation. Making causal inferences requires ruling out alternative explanations. Experimental methods are often used for that purpose, as they are able to control external factors that could create misleading correlations.

c. A meta-analysis takes all of the correlations found in a set of studies and calculates a weighted average of those correlations to help understand the overall relationships between variables. Meta-analyses can also be a helpful guide for evidence-based management, where management education and practice relies on scientific findings (as in medicine).

OB on Screen: Moneyball.
The clip referenced in the book begins around the 46:11 mark of the film, continuing until about the 49:45 mark. The scene depicts an argument between Billy Beane, the General Manager of the Oakland A's, and Grady Fuson, his head scout. Beane has embraced advanced analytics—statistics-based decision making as espoused by Pete Brand. Fuson prefers decision making based on experience and intuition, not science, referring to Brand as "Google Boy." Ask the students who is right? Beane or Fuson?

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The reality is that both are a little right and both are a little wrong. The method of science need not come at the expense of experience or intuition—all can be used to complement one another. Although Beane clearly denigrates the need for scouting in the clip, the reality is that most sports teams now have analytics experts and science experts. Beane's focus on science has stood the test of time, as the A's have remained successful. Unfortunately for them, other teams copied the use of analytics, given that the practice was not inimitable.

Try This! Use the Moneyball clip for a different chapter. The clip provides a good example for discussing the rational decision-making model, types of decisions, and the value of experience and intuition from Chapter 9. Ask the students whose decisions are likely to be more faulty and why: a scout's or a statistical analyst's? Why?

BONUS OB on Screen: The Social Network.
The clip begins around the 21:32 mark of the film, continuing until about the 24:20 mark. The clip depicts Tyler and Cameron Winklevoss approaching Mark Zuckerberg to work on their site, the Harvard Connection. The scene encapsulates the inimitable advantage that Facebook had in the beginning (and that Harvard Connection would have had): Unlike Myspace or Friendster, you needed a harvard.edu email address to access it. Ask the students to describe why that represented such an inimitable advantage in the beginning. Then guide discussion toward the inimitable advantages that Facebook has garnered since the site was opened up to everyone.

BONUS OB on Screen: Office Space.
Chapters 7-9 of the DVD (beginning at 18:20 and ending at 25:44 for a total running time of 7 minutes, 24 seconds) depict Peter Gibbons, a computer programmer at Initech, as he struggles to get through his work day. Eventually he seeks the advice of a therapist, which inadvertently causes him to embrace the role of an "office slacker." The scenes provide a case study of an employee with low job performance and low organizational commitment. Ask the students why Peter seems to be struggling. What concepts from Figure 1-1 seem most relevant? Students who have seen the entire movie will be able to point to a number of different concepts that explain Peter's current ineffectiveness.

4. SUMMARY: MOVING FORWARD IN THIS BOOK

OB Assessments: Introspection. This brief survey can be used to give students a feel for the types of data that are often collected in organizational behaviour studies. Introspection, specifically, is relevant in an OB course because introspective students can use the content in the chapters to better understand their current and past work experiences, and their strengths and talents as employees. Use a show of hands to see how many students fell above and below the average level, and see if students will volunteer any extremely high or low scores. Challenge students who score low on the assessment to actively try to apply course content to their own experiences and characteristics.

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DISCUSSION QUESTIONS

1.1 Assuming you possessed the right technical skills, would a job at IKEA be appealing to you? What would be the most important positives associated with the position, in your view? What would be the most important negatives?

The answers will vary from person to person, but one of the more oft-mentioned positives would be working for a company that stood for something—that had a "social mission." One negative might be working for a company whose product seems routine and common, as there are a number of companies that the lay consumer might view as substitutable.

1.2 Think again about the worst coworker you've ever had—the one who did some of the things listed in Table 1-1. Think about what that coworker's boss did (or didn't do) to try to improve his or her behaviour. What did the boss do well or poorly? What would you have done differently, and which organizational behaviour topics would have been most relevant?

One boss, when faced with a "bad" employee, got more and more authoritarian – finding fault with everything the employee did and penalizing the employee for every fault. As a result, the employee was more and more demotivated. An alternative approach would be to discuss the employee's strengths and weaknesses with him, determining the cause of the poor performance, and seeking more helpful solutions for dealing with it. For example, discussing the employee's individual characteristics might yield knowledge about how to place that person for maximum effectiveness and job satisfaction. An analysis of group mechanisms could help to determine whether or not the employee had the proper support to do his work. And an analysis of organizational mechanisms might provide information on changes that need to be made to the environment for the employee to improve.

1.3 Which of the Individual Characteristics and Mechanisms in Figure 1-1 seem to drive your performance and commitment the most? Do you think you're unique in that regard or do you think most people would answer that way?

Answers to this question will vary, but the important point to make when discussing the question is that everyone is different, and that when trying to motivate employees, those differences must be taken into account.

1.4 Think of something that you "know" to be true based on the Method of Experience, the Method of Intuition, or the Method of Authority. Could you test your knowledge using the Method of Science? How would you do it?

It is often fun to work with adages (i.e., short but memorable sayings which are considered true by many people). Examples might be "too many cooks spoil the soup", "when it rains, it pours," "don't judge a book by its cover", or "two heads are better

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than one." Students will come up with others. Have students think of ways these could be test, scientifically. Answers will vary.

CASE: IKEA

Questions:

1. To what extent does a company's culture wind up reflecting the personality of its founder? To what extent does it reflect the values of the country it was founded in? Which seems to be a stronger force in the case of IKEA?

   Certainly there will be elements of both, and both the founder and the country seem to have impacted the culture at IKEA. It's also important to note that—because founders grow up in a particular country—their traits are themselves shaped by the prevailing culture.

2. IKEA operates in a number of countries around the world. The governments and people in those countries may have different attitudes about working hours, diversity efforts, pay levels, and political and environmental activism. Should companies alter their policies and activities in a way that is sensitive to such differences?

   Most multinational companies do allow for variation in HR policies across countries—when those policies are peripheral to the core mission and philosophy of the firm. Policies that are core aspects of the firm's identity, however, wind up being maintained across countries. In IKEA's case, some of those policies and activities are core to their culture. Variation on them is likely restricted as a result.

3. Assume you were an employee at an organization like IKEA, and *Fortune* surveyed you for its *100 Best Companies to Work For* list. To what extent would your attitudes be shaped not just by internal work policies, but also by how the company engages with society?

   This will vary by person, but how a company engages with society is becoming a bigger and bigger part of what it means to work there. Social media amplifies how a company conducts itself, and business reporting has become more sensitive to such issues over time. Thus, the external facing aspects of a company are likely to be even bigger drivers of employee attitudes.

BONUS CASE: LEADING THE WAY

What do an airline and a bank have in common? You would be correct if you guessed that both WestJet and the Royal Bank of Canada (RBC) were named along with a small handful of other companies as Canada's most admired companies. Why were these companies chosen? In spite

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of being in different industries, all had developed their respective corporate cultures in such a way as to unleash the talents of their people to achieve important organizational goals.

According to Gregg Saretsky, President and CEO of WestJet, "our culture of care not only delivers a world-class guest experience, but our culture is fundamentally important to sustaining and growing our business in the longer term." Commenting further on importance of culture, WestJet's Ferio Pugliese, Executive Vice- President, People and Culture, emphasized that "many organizations talk about the importance of values and culture. At WestJet we do more than talk—we LIVE IT! Our culture drives a superior guest experience that is brought to our guests consistently every day. That's because we have the right people on our team." But it's more than having a service-oriented, caring culture. "If you walk around our airports or our airplanes, and you come in contact with WestJetters, you'll see they act like they own the place. And we're really okay with that because that's what we're trying to create here at this company," says Ferio Pugliese.

For RBC, a winning corporate culture has meant openly valuing teamwork and ongoing learning and development, and embracing and harnessing the diversity of its employees. "Our strength comes from the combination of what we have in common, like our shared values, vision, and purpose, as well as what makes us different, like experiences and perspectives," says Gordon Nixon, president and CEO of RBC. "We recognize the value and power of tapping into the full spectrum of ideas and abilities that people possess. Doing just that has been a strong part of RBC's past success and is crucial for seizing the opportunities ahead. We are competing in a global marketplace, and we know that our growth will depend on an increasingly diverse and global workforce." Without a doubt, "it is our people that bring our brand to life every day with our clients," says Zabeen Hirji, Chief Human Resources Officer.

Both WestJet and the RBC are people-driven companies that have been able to find employees who are conscientious and intelligent, motivated and satisfied with their jobs, and committed to their organizations for a longer-than-normal period of time, and who perform their job duties reliably and enthusiastically. Simply put, both are leading Canadian companies that seem to be doing an excellent job managing organizational behaviour!

As alluded to earlier, RBC is Canada's largest bank as measured by assets and market capitalization, and among the largest banks in the world in terms of market capitalization. It is a leading financial services company providing personal and commercial banking, wealth management services, insurance, corporate and investment banking, and transaction processing. In total, RBC employs approximately 79,000 full- and part-time employees who serve close to 16 million personal, business, publicsector, and institutional clients through offices in Canada, the United States, and 42 other countries.

The employees at RBC are very different on the surface. For instance, within Canada, the workforce demographics break down as follows: approximately 69 percent are women, 1.6 percent are Aboriginal, 3.7 percent are persons with disabilities, and 27.3 percent are visible minorities. According to Zabeen Hirji, Chief Human Resources Officer, differences in people and their talents are seen as valuable and as potential assets, and also a source of sustainable competitive advantage. It is not surprising to learn, therefore, that diversity for growth and

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innovation is one of RBC's core values and an integral part of their business strategy. What does this mean? Well, for RBC, this means understanding and drawing on the strength of diversity to meet the needs of clients around the world, building strong relationships in the many communities they serve, and fully engaging the talents of their people. Hirji goes on to say that "only by fully leveraging the talents and potential of a diverse workforce, can companies ensure economic prosperity in the face of changing conditions and challenging economic times."

But how does RBC implement its diversity strategy? Several key activities include hiring people who have the technical, behavioural, and diversity requirements for the position being filled, investing heavily in training throughout the company, and promoting internal mentoring relationships. One example is its Diversity Dialogues program, a reciprocal mentoring program in which mid-level women or visible minority employees are matched with senior leaders and executives. Says Cheryl Tjok-A-Tam, "it was one of the best experiences of my career. It gave me a remarkable insight not just into ways to promote diversity and inclusion but also into what it takes to advance to senior positions within the bank." According to Naim Kazmi, it was through the reciprocal mentoring program that "I got to tell my story to someone who was listening and wanted to help me bring my unique experiences and perspectives to the organization."

Sources: www.waterstonehc.com/cmac/canadas-10 (retrieved August 5, 2014); www.westjet.com/guest/en/media-investors/gregg-saretsky.shtml (retrieved May 3, 2011); www.westjet.com/guest/en/media-investors/ferio-pugliese.shtml (retrieved May 3, 2011); www.rbc.com/diversity/ceo-message.html (retrieved May 3, 2011). RBC website, www.rbc.com, accessed August 2014; Royal Bank of Canada, 2010 annual report; RBC, *2010 Diversity Progress Report*; RBC, *2009 RBC Employment Equity Report*; Statistics Canada website, www80.statcan.gc.ca/wes-esw/page1-eng.htm, accessed May 2011.

Questions:

1. Most of you would agree that it is easy to get along and work with people who are similar to us. Yet diversity programs like the one described at RBC are intentionally designed to bring together people who are different in some way. Isn't this a recipe for conflict? What do you think might have to happen for these programs to be really successful? Explain.

   The case illustrates what a leading Canadian organization is doing to promote a diverse workforce. This question was designed to help students discover a potential dilemma with this strategy. On the one hand diversity (i.e., having group members who are different with respect to ethnicity, expertise, personality, abilities, interests and values) provides for a larger pool of resources and perspectives from which the group, team or organization can draw upon to carry out its work. On the other hand, and as implied in the question, people who are fundamentally different may encounter more trouble communicating and coordinating their respective activities – possibly leading to conflict. So, does diversity help or harm a group, team or organization? To make sense of this, students should recognize that diversity occurs on different levels (see Chapter 11): surface-level diversity (observable differences, such as physical characteristics, style of dress, or language).versus deep-level diversity (differences in values, interests

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and attitudes that are inferred from behaviour). Yes, it is possible to be different on the surface, yet similar in attitudes and core values which, in turn, should enhance communication within the team. Diversity becomes a problem when surface-level differences extend to deep-level attributes that are important for job performance.

2. In the case we heard reactions from two participants in RBC's reciprocal mentoring program. Why do you think that they call is reciprocal? What effects, if any, do you think participation has on the mentors? Explain.

The notion of reciprocal mentoring is when people who are being mentored agree to mentor others. It's a very powerful way to establish supportive internal social networks, and facilitates the communication and exchange of tacit knowledge (see Chapter 9) so critical for one's career advancement. In the case, establishing internal mentoring relations is one of the initiatives that RBC uses to promote diversity conversations and dialogue – and understanding! The effect of this program is twofold. Mentors benefit because they have a chance to hear, first hand, what some of the challenges and issues are when it comes to diversity. These concerns can then inform subsequent strategy and implementation decisions. Of course, mentees benefit because they feel their concerns are being heard and that the organization cares about and supports them. As we will see in Chapter 3, these feelings are important for fostering both affective and normative commitment, which pay-off in terms of staying and higher performance.

3. According to a recent census by Statistics Canada, 51% of Canadians were women, 3.8% were aboriginal peoples, and 16.2% were visible minorities. There were no statistics for people with disabilities. According to Statistics Canada, we also know that more and more people will be leaving the labour force as members of the baby-boom generation approach retirement age. What are the implications of these external realities for RBC and its approach to diversity management? Explain.

This question has been designed to evoke controversy and spirited discussion. The information in the case states that RBC workforce demographics are as follows: 69% are women, 1.6% aboriginal peoples, 3.7% are persons with disabilities, and 27.3% are visible minorities. Students should see that when compared with national statistics, females and visible minorities might be over-represented whereas the proportion of aboriginal peoples is slightly under-represented. Is this a problem? Student opinions will vary as they should – this is a tricky issue. One of the major implications of mass baby-boom retirement is that many experienced and skilled individuals will be leaving organizations across the country. On the one hand, this should create promotion opportunities for all incumbents who desire a chance to develop their careers. On the other hand, the risk is that demand for skilled workers will increase in an ever-increasing competitive labour market. One way to address the anticipated labour shortage is to make the bank more attractive to under-represented groups – in this case, male applicants. Another way to address this issue would be to make the bank more attractive to older workers, who may have retired from their formal duties but are willing to come back part-time or on a contract basis. It is noteworthy that some of the

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fastest growing segments in our population are the aboriginal communities. Finding ways to tap into this labour pool would be positive. The fact the bank has established (and successful) diversity programs in place would make this organization attractive for aboriginal workers.

BONUS CASE: GOOGLE

Google is a company built on data. Its search engine uses data on how often sites are visited to rank-order the results of search queries. Its ads use data on client bids and landing page relevance to decide where to place ads on a page. More targeted ads also use data on previous browsing sessions to prioritize ads relevant to one's interests, hobbies, and habits. All of these data uses are key to Google's business and explain, in part, how it has grown into an organization with 60,000 employees working in 40 countries.

But Google is a company built on data in another, more literal, sense. Google's People Operations group bases its human resource decisions on data, rather than opinion. Hiring decisions are based on structured measures of ability, personality, and cultural fit rather than the gut instincts of specific managers. The process of evaluating and rewarding people has evolved based on careful study of what works, and what doesn't. Change initiatives are based on results from Googlegeist, the company's annual attitude surveys. And those initiatives are tested using carefully designed experiments before they're rolled out more broadly. Google's People Analytics team even has an internal think tank—the People and Innovation Lab (PiLab)—staffed in part by PhDs in organizational behavior, industrial/organizational psychology, sociology, and economics.

Laszlo Bock, Google's senior vice president of People Operations, summarizes the company's philosophy: "Relying on data—indeed, expecting every conversation to be rooted in data—upends the traditional role of managers. It transforms them from being providers of intuition to facilitators in a search for truth…One of the core principles of Google has always been 'Don't politick. Use data.'" Bock notes that this embracing of the technical side of human resources has allowed a company built by engineers to trust in the importance of management. It seems that many of those data-based conversations have worked out, as Google has maintained its standing as one of *Fortune*'s *100 Best Companies to Work For*, earning the top spot in the most recent rankings. Google's employees point to the corporate culture and the exceptional perks, of course. But they also point to the people. As one veteran of the company explained, "The best perk of working at Google is working at Google…We are surrounded by smart, driven people who provide the best environment for learning I've ever experienced."

Assume you were working in People Operations for a company that didn't always see the value in managerial roles—to the point where it once experimented with getting rid of them! Let's further assume that this company did see the value in data—in numbers that could be used to test arguments. What would you do? At Google, they launched a study to prove that management mattered. It was called Project Oxygen, so-named because good managers could be "breaths of fresh air" that are crucial to a company's survival. It was launched by the PiLab within Google's People Analytics team. As the study began, one of the lab's members noted, "We knew the team had to be careful. Google has high standards of proof, even for what, at

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other places, might be considered obvious truths. Simple correlations weren't going to be enough."

How did Project Oxygen go about the task of proving that managers mattered? One approach they took was separating managers into high and low-scoring groups. They used two tools to do so: the performance evaluation ratings of the managers by their bosses and data from the Googlegeist employee attitude survey. Once the high and low-scoring groups were created, the team compared them on several important variables of interest. The results showed that employees working for high-scoring managers had more job satisfaction, lower turnover rates, and better job performance than employees working for low-scoring managers. Indeed, those differences remained apparent even when statistically controlling for the seniority, rank, and performance of the employees. One lab member summarized, "It turned out that the smallest incremental increases in manager quality were quite powerful. Good managers *do* matter."

Prasad Setty, Google's vice president of People Analytics, argues that the use of analytics must move from description to analysis and insight to prediction. So, with the knowledge in hand that managers mattered at Google, what was the next step for Project Oxygen and the PiLab team? Using that awareness to nurture better managers at Google. The team conducted "double-blind" interviews with the high and low-scoring managers, meaning that the interviewers were not aware of which group the managers were in and the managers were not aware of the focus of the study. The carefully constructed interview scripts were meant to uncover a set of behaviors that united the best managers in the company. The study resulted in the so-called "Oxygen 8" behaviors of great managers: empowering, coaching, expressing a vision, showing concern for well-being, being results-oriented, focusing on career development, being an effective communicator, and possessing key technical skills. Soon the tools used to evaluate leaders were reorganized around the Oxygen 8, with training seminars devised to help improve performance on them. The team also organized panel discussions with high-scoring managers from all functional groups. As one member explained, "We realized that engineers don't necessarily want to hear about management from people in HR. But they are willing to listen to engineering managers whom they respect."

Sources: L. Bock, *Work Rules! Insights from Inside Google that Will Transform How You Live and Lead*. New York: Twelve, 2015; J. Colvin, "Personal Bests," *Fortune*, March 3, 2015; D.A. Garvin, "How Google Sold Its Engineers on Management," *Harvard Business Review*, December, 2013; D.A. Garvin, "Google's Project Oxygen: Do Managers Matter?" *Harvard Business School Case 9-313-110*, October 15, 2013. M. Moskowitz and R. Levering, "The 100 Best Companies," *Fortune*, March 15, 2015.

Questions:

1. If you set out to prove that "managers matter" in a company, how would you do it? What data would you want to gather, and what would you look for in those data?

There are a variety of ways to approach this issue. One way would be to assess leaders on many of the behaviors described in Chapter 13: Leadership Styles and Behaviors. At the same time, data could be gathered on employee job performance and employee organizational commitment. If the leadership assessments were correlated at a

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moderate to strong level with job performance and organizational commitment, then that would show that "managers matter."

2. What do you think of the Oxygen 8 behaviors? Does it surprise you that those eight were the most vital in an organization like Google? Which would you view as most important and why?

Answers to which are viewed as most important will vary. It is worth noting that the behaviors have much in common with transformational leadership (Chapter 13 on Leadership Styles and Behaviours), psychological empowerment (Chapter 7 on Motivation), and trustworthiness (Chapter 8 on Trust, Justice, and Ethics). Thus, Google has identified concepts that organizational behaviour research has revealed to be important.

3. Consider the skepticism that some engineers seem to feel about management at Google. How common do you think that attitude is in today's organizations? What can be done to combat such attitudes?

It can be a somewhat common attitude, as described in the Rule of One-Eighth. The best way to combat the attitude is to gather data on organizational behavior phenomena, whether through formal or informal surveys and small-scale experiments. The method of science is often the best way to combat skepticism that flows from the method of intuition or the method of experience.

BONUS CASE: STARBUCKS

Wherever you are as you read this book, chances are good that a Starbucks isn't too far away. By the start of 2006 there were about 10,000 Starbucks locations worldwide, including a mall, campus, airport, or exit near you. Although some people may worry about the fate of their local, independent coffee shops or the high price of Starbucks coffee, consider the answers to these questions. When was the last time your Starbucks was messy? When was the last time you were treated rudely by the person across the counter? When was the last time your order of choice tasted wrong (or even just a bit different)?

One reason for Starbucks's success is that such occurrences are quite rare, especially in reference to other service, retail, or dining venues. Who receives much of the credit for the consistency in Starbucks service? The rank and file employees who run the stores and interact directly with the customer. Somehow Starbucks has been able to find employees who are conscientious and intelligent, who seem motivated and satisfied with their jobs, who remain committed to their stores for a longer-than-normal period of time, and who perform their job duties reliably and enthusiastically. Put simply, Starbucks seems to be doing a good job managing organizational behaviour.

Some support for that claim comes from Fortune magazine's list of the 100 Best Companies to Work For in 2007, where Starbucks placed 16th. Generous benefits and health care coverage—even for part-time workers or for spouses and partners—seem to have instilled a sense of

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commitment, as Starbucks's voluntary turnover rate is 120% lower than the average quick service restaurant business. Guiding principles like "provide a great work environment" and "treat each other with respect and dignity" seem to have fostered a sense of satisfaction with the culture of the organization. Indeed, a recent survey showed that 82% of employees were either "satisfied" or "very satisfied" with the company. In addition, the social activism of the company—Starbucks contributed $15 million to local nonprofits in 2004—seems to have built a sense of trust and ethics among the rank and file. Taken together, such policies and practices are increasing the likelihood that your next Starbucks visit will be a pleasant one.

Sources: Gold, E. Commentary: With roughly 9000 stores, Starbucks serves it up by design. St. Louis Daily Record, May 13, 2005. Levering, R., & Moskowitz, M. In good company. Fortune, January 22, 2007. Weber, G. Preserving the counter culture. Workforce Management, February 1, 2005.

Questions:

1. Do you believe that Starbucks' corporate culture has given the organization a competitive advantage in the industry? Explain.

   Starbucks has gained a competitive advantage in the industry simply by creating a culture which encourages employees to stay with the company. Since turnover rates at fast food restaurants are 120% higher than Starbuck's turnover rates, Starbucks has an advantage not only because they have to find fewer employees than other companies in their industry, but also because of decreased training costs and improved customer service.

2. What makes Starbucks more desirable to work for than other coffee shops? Would you prefer to work at Starbucks? Why or why not?

   Working for Starbucks has a number of benefits, not the least of which is their benefits package. In addition, the Starbucks practices of "providing a great work environment" and "treating employees with respect and dignity" give people reason to choose Starbucks as an employer. When discussing this question, you may want to find out if any of your students currently work at Starbucks, and if so, whether their experiences match the ones described in this case.

BONUS CASE: APPLE

Let's say you're in the market for a new laptop. You'll do some searching online, certainly. But you'll also want to check out your candidates in the brick-and-mortar world to make sure they're not too heavy or too flimsy and that their keyboards aren't too squished together. One of the places you might visit on your journey is the Apple Store. Apple opened the first of its retail stores in McLean, Virginia, in 2001. At the time, Apple's products sold primarily through retailers such as CompUSA and Sears, right alongside competing products from PC makers. Steve Jobs, Apple's cofounder and former CEO, reasoned that people would be more likely to buy a Mac if the salesperson showing it to them really loved it (and knew how to use it).

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How did Apple design and launch its own stores when the company had no retailing experience? By hiring people who did. Jobs added Mickey Drexler, the CEO of The Gap, to its board of directors, then hired Ron Johnson, head of merchandising at Target. As the team designed its stores, it asked an 18-person focus group to describe the best service experience they'd ever had. Sixteen of the 18 responses referred in a hotel. "Well, how do we create a store that has the friendliness of a Four Seasons Hotel?" Johnson asked. His answer: "Put a bar in our stores. But instead of dispensing alcohol, we dispense advice." Thus was born one of the signature elements of the Apple Store, its Genius Bar, where Apple experts dole out tips, field questions, and perform repairs on Macs, iPods,
and iPhones."

The Apple Store's emphasis on friendliness extends beyond the Genius Bar however. Apple Store employees are instructed to treat customers like "season ticket holders"—people who will visit again and again, before and after their purchases. Training procedures encourage employees to "be who you are" and answer difficult questions with, "I don't know, let's find out." That relaxed atmosphere, together with the positive buzz generated by Apple's products, makes the Apple Store a popular place to work. Apple reports that it turns away 90 percent of its applicants. How well is this retail strategy working? Well, at the time that Apple opened its 174th store, with an iconic glass cube entrance on New York City's Fifth Avenue, Apple Stores were generating $4032 in sales per square foot. Want some perspective on that number? The world-famous jeweler Tiffany & Co. sits half a block away and takes in $2666 per square foot." Apple's hiring strategy for its retail stores was summarized this way by a journalist who worked part-time at one of the locations: "The company was not looking for great salespeople using sophisticated technology, as one would imagine it easily could; instead it isolates true enthusiasts and true believers in Apple products, of which there are many…. As workers all we had to bring to the table was a passion for Apple products; the company supplied the knowledge we needed to teach, share, and sell to customers." Other than that singular focus, the hiring procedures at the Apple Store are fairly typical. Applicants apply online by answering a few questions, pasting in their resume, and selecting the jobs and locations in which they're interested. This process may need to be repeated multiple times before the applicant is contacted by a store. That contact may then lead to one or more face-to-face interviews, perhaps at the store itself or at a local coffee shop."

Two recent decisions, however, signal a departure from Apple's hiring and overall retail philosophies. On the hiring front, Apple recruiters have been spotted handing out black cards to retail employees in other organizations. The front of the card bears the Apple logo and reads, "You're amazing. We should talk." The back of the card reads, "Your customer service just now was exceptional. I work for the Apple Store, and you're exactly the kind of person we'd like to talk to. If you're happy where you are, I'll never ask you to leave. But if you're thinking about a change, give me a call. This could be the start of something great." The card also includes a URL for more information. With respect to its overall retail philosophy, Apple entered into an agreement with Best Buy to create a "store within a store" at select locations. Although it remains a pilot program, Apple is taking steps to prevent the bad experiences that drove it to launch its own retail stores in the first place. First, Apple is setting up its own space within the Best Buys, mimicking the look and feel of an Apple Store. Second, Apple is sending

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consultants to the Best Buys to train employees, so that they know almost as much about Macs as they do Hewlett-Packards, Acers, and other PCs."

Sources: Edwards, C. “Commentary: Sorry, Steve: Here’s Why Apple Stores Won’t Work.” BusinessWeek, May 21, 2001, http://www.businessweek.com/magazine/content/01_21/b3733059.htm (April 20, 2009). Useem, J. “Apple: America’s Best Retailer.” Fortune, March 8, 2007, http://money.cnn.com/magazines/fortune/fortune_archive/2007/03/19/8402321 (April 20, 2009). Frankel, A. Punching In. New York: HarperCollins, 2007. “Apple Recruiters Tempt Exemplary Employees.” ifoAppleStore, June 5, 2008, http://www.ifoapplestore.com/db/2008/06/05/apple-recruiters-tempt-exemplary-employees/ (April 20, 2009). Meyer, J. “Best Buy and Apple Together Again.” Apple Matters, June 27, 2006, http://www.applematters.com/article/best-buy-and-apple-together-again (April 20, 2009).

Questions:

1. Is there something unethical about Apple’s “black card strategy”, or does it merely represent good, hard-nosed business?

   Answers to this question will vary. On the one hand, companies routinely poach employees from competitors, even competitors who are much more “direct” than in this example. On the other hand, the retail employees were providing a service to the Apple employees, giving no informed consent to enter into a recruiting experience.

2. Should Apple offer different training content for employees recruited through the black card strategy? How might their job satisfaction differ from employees who are recruited in more traditional ways?

   Unlike employees recruited through traditional means, the “black card” employees may not have any special knowledge or interest in Apple products. They may also be used to retailing and selling strategies that differ from the ones used at Apple Stores. So those employees will likely need more extensive training in both product knowledge and selling philosophy. As for job satisfaction, because their interests are less wrapped up in Apple products, their job satisfaction may be more dependent on traditional factors (e.g., job tasks, coworkers, supervision, pay).

3. How does the motivation of a Best Buy employee selling a Mac differ from the motivation of an Apple Store employee selling a Mac? Is there anything Apple can do to address such differences?

   Much like the case of the “black card” employee, a Best Buy employee may not have any special interest in, knowledge of, or loyalty to Apple products. Moreover, Best Buy employees have other computer makers’ products that are available--products that may be cheaper in some configurations. Apple may need to find ways to offer some extrinsic incentives to Best Buy employees when they make Apple sales, to compensate for that lack of intrinsic motivation.

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EXERCISE: IS OB COMMON SENSE?

Instructions:

Many students complain that OB is "just common sense." They typically say this after hearing some intuitive research finding such as "perceptions of task variety are positively related to job satisfaction." However, virtually anything seems intuitive once you've heard it—the trick is to come up with the important concepts yourself before being told about them. This exercise shows how difficult it can be to do that, thereby demonstrating that OB isn't just common sense. This exercise should take around 15 minutes. Begin by going over the sample theory diagram (for movie box office receipts) so that they understand what a theory diagram is. Then put them into groups and have them pick from among the four potential topics (job satisfaction, strain, motivation, trust in supervisor). Have them create a diagram of their own using their chosen topic as a dependent variable.

> **Try This!** A slightly different approach would be to begin with a set of counter-productive behaviours (e.g., stealing, cyber slacking, bullying, absenteeism) selected by the instructor. Organize the class into small groups and assign a "problem behavior" to each one. Have each group create a theory diagram that explains the behaviour in question. Specifically ask that groups identify person and situational factors in their theories. When called upon, groups present their theory to the class. Relate the concepts and ideas back to material that will be discussed in the chapters.

Sample Theories:

Here's an example of what students might come up with for Job Satisfaction. Their models will typically have some things that have been supported by academic research, though usually they won't use academic terms. For example, the "fun tasks" box reflects a concept similar to "satisfaction with the work itself." However, the models will often include things that have not been as supported, such as the relationship between having good job skills and viewing job tasks as fun. Most often, however, the models will omit importance concepts. Have slides ready of Figure 5-7 on job satisfaction, Figure 6-3 on strain, Figure 7-7 on motivation, and Figure 8-7 on trust in supervisor. Then compare the students' diagrams to those diagrams. For example, if the figure below is compared to Figure 5-7, a number of omissions are evident.

Questions:

If OB was just common sense, students wouldn't include variables in their model that don't actually impact the outcome in question. Nor would they omit variables from the model that do impact the outcome in question. Either kind of mistake shows that students don't automatically know what OB concepts are relevant to key OB outcomes.

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