MANA 6332

Organizational Behavior and Management

Class Notes

Department of Management
Fall Semester, 2002

Instructor:
Dale Rude
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1. A major purpose of this course is to enable you to "manipulate" your work environment and the people within it more effectively. Is it ethical to "manipulate" your work environment and the people within it?

2. The following quote is from Managing by Harold Geneen (former CEO of ITT). Theory G: You cannot run a business, or anything else, on a theory. Theories are like those paper hoops I remember from the circuses of my childhood. They seemed so solid until the clown crashed through them. Then you realized that they were paper-thin and that there was little left after the event; the illusion was gone.

In more than fifty years in the business world, I must have read hundreds of books and thousands of magazine articles and academic papers on how to manage a successful business. When I was young, I used to absorb and believe those theories and formulas propounded by professors and consultants. Their reasoning was always solid and logical, the grains of wisdom true and indisputable, the conclusions inevitable. But when I reached a position in the corporate hierarchy where I had to make decisions which governed others, I found that none of these theories really worked as advertised. Fragments here and there were helpful, but not one of those books or theories ever reduced the operation of a business, or even part of one business, to a single formula or an interlocking set of formulas that I could use.

Assess the validity of the following statements:
   In the MBA curriculum (and most graduate curricula), the argument can be made that students invest huge amounts of money, time, and effort to learn theories. Geneen observes that theories are worthless. Thus, education is a scam. Students are wasting their time, effort, and money.

3. a) What is science?

b) What are theories and what do they tell us?

c) What does it mean to say that something is "true?"

d) In Zen and the Art of Motorcycle Maintenance, Robert Pirsig has written, "It's completely natural to think of Europeans who believed in ghosts as ignorant. The scientific point of view has wiped out every other view to the point that they all seem primitive, so that if a person today talks about ghosts or spirits he is considered ignorant or maybe nutty. Oh, the laws of physics and logic . . . the number system . . . the principles of algebraic substitution. These are ghosts. We just believe in them so thoroughly that they seem real." Assess the validity of his statements.
4. Leverage Points---aspects of a situation to which if you apply your efforts, you will maximize your chances for creating a desired outcome. Leverage points are causes of the variable of interest. How to identify: In a causal box and arrow model, locate the variable of interest. Typically, it is a behavior or an attitude. Locate all boxes from which arrows lead to the box containing the variable of interest. These variables are the leverage points.

a) What are the leverage points in the example below and how did Soros make use of one of them.

From George Soros from "The man who moves markets" Business Week cover story 8/23/93: George Soros is the most powerful and successful investor in the world. As a student of philosophy at the London School of Economics, Soros developed ideas about political systems, society, and human behavior that would engross him for the rest of his life.

Since closed political systems are inherently unstable, Soros reasoned that he could generate a major change by exerting just a little force. "Soros constantly chooses those (leverage) points where he can influence with his limited power. By choosing carefully where and how to step in, he can gain maximum impact. It's like the stock exchange and knowing at what time to intervene," says Tibor Vamos, a long-time friend of Soros.

In the closed Hungarian society, tight control of information, the military, and financial resources gave the rulers power prior to 1989. One of Soros' cleverest ploys was giving hundreds of photocopiers to Hungarian libraries in the mid-1980s. Up to that time, copying machines had been monitored by secret-service agents to prevent their use by the underground press. Soros proposed donating the machines in 1985 under the condition that they not be controlled. The government was eager to accept, because it couldn't afford to buy them with its ever shrinking reserves of hard currency. Vamos recalls, "After that, the secret service stopped patrolling all copy machines. . . . It helped the underground press tremendously" in its efforts to overthrow the Hungarian government.

5. We will study four groups of leverage points, group, economic, organizational, and individual.

a) Rank order these four groups of leverage points in order of their relative impact on organizations. For individual and group, consider the average individual and the average group in the organization.

b) Rank order these four groups of leverage points in order of your access to them.
6. In a Risk Management Bulletin dated February 1, 1997, the Director of Risk Management for the University of Houston System presented the following:

Topic: Physical Damage Coverage for Car Rental

The State of Texas has state contracts for two rental car agencies, Avis and Advantage. These contracts are for continental United States travel only.

These contracts are for a set rate for daily car rental and include liability coverage, free Loss Damage Waiver (L/DW) and unlimited mileage in most locations. There are exceptions, so please consult the Texas State Travel Directory.

Liability coverage pays for damage and/or bodily injury sustained by a third party. L/DW is comprehensive or collision coverage on the rental vehicle. It pays for any physical damage sustained to the vehicle.

Neither the State of Texas nor the University of Houston will reimburse for payment for liability coverage on car rental agreements other than Avis or Advantage. L/DW costs will be reimbursed on other rental car agreements as long as an acceptable exception exists for non-use of Avis or Advantage. This is VERY IMPORTANT because if an employee does not purchase physical damage coverage for a rental vehicle and the vehicle is damaged, the University does not have the insurance coverage to pay for the damage.

DID YOU KNOW that you can rent a car or van from the UH Physical Plant? Cars cost $25.00 per day, $.28 per mile and the first 30 miles are free. Vans cost $30.00 per day, $.36 a mile with the first 30 miles free.

The bulletin was forwarded to all College of Business Administration faculty and staff by the College Business Manager.

a) Assign a grade (A, B, C, D, F) to this writing sample.
b) Critique the memo.
c) Edit the memo to make it more effective.

7. a) What is "fairness?"
   b) In a classroom setting, what is "fair?"
LEARNING OBJECTIVE: Be able to summarize the roles paradigms, normal science, and scientific revolutions in scientific progress. Be able to compare and contrast rational and behavioralist paradigms. Be able to identify the causal model(s) tested within a study and to classify a research study or text/observation on the continuum between the two paradigms using the level of analysis, dollar incentive and decision maker experience level criteria.

1. Thomas Kuhn's concept of paradigm is useful background for the debate between rationalists and behavioralists over decision-making. His book *The Structure of Scientific Revolutions* is the premier philosophy of science work written during the 20th century. In it, he argues that science is not an inexorable truth machine that grinds out knowledge an inch at a time. Instead science progresses via leaps (termed scientific revolutions) separated by periods of calm (termed normal science).

An important basic concept in Kuhn's work is his concept of paradigm—a term he originated but which has expanded to have many more meanings today. A scientific community consists of practitioners of a scientific specialty (e.g., physicists, chemists, psychologists, economists). According to Kuhn, a paradigm is what members of a scientific community share, and, conversely, a scientific community consists of people who share a paradigm. It includes a set of assumptions (many of which are unarticulated) and definitions.

Paradigms gain status when they are more successful than their competitors in solving a few problems that the group of practitioners has come to recognize as acute. One of the things a scientific community acquires with a paradigm is a criterion for choosing problems that, while the paradigm is taken for granted, can be assumed to have solutions. To a great extent these are the only problems that the community will as admit as scientific or encourage its members to undertake. Other problems, including many that had previously been standard, are rejected as metaphysical, as the concern of another discipline, or sometimes as just too problematic to be worth the time. Few people who are not practitioners of a mature science realize how much mop-up work remains after a paradigm shift occurs. Mopping-up operations are what engage most scientists throughout their careers. They constitute what Kuhn calls normal science. Normal science is defined as research firmly based upon one or more past scientific achievements, achievements that some scientific community acknowledges as supplying the foundation for its further practice. Normal science seems to progress very rapidly because its practitioners concentrate on problems that only their own lack of ingenuity should keep them from solving.

When engaged in normal science, the research worker is a solver of puzzles, not a tester of paradigms. However, through the course of puzzle solving, anomalies sometimes develop which cannot be explained within the current paradigm. Paradigm testing occurs when persistent failure to solve a noteworthy puzzle gives rise to a crisis and when the crisis has produced an alternate candidate for a paradigm. Paradigm testing never consists, as puzzle solving does, simply in the comparison of a single paradigm with nature. Instead, testing occurs as part of the competition between two rival paradigms for the allegiance of the scientific community.
The choice between two competing paradigms regularly raises questions that cannot be resolved by the criteria of normal science. To the extent, as significant as it is incomplete, that two scientific schools disagree about what is a problem and what a solution, they will inevitably talk through one another when debating the relative merits of their respective paradigms. In the partially circular arguments that regularly result, each paradigm will be shown to satisfy more or less the criteria it dictates for itself and to fall short of a few of those dictated by its opponent. Since no paradigm ever solves all the problems it defines and since no two paradigms leave all the same problems unsolved, paradigm debates always involve the question: Which problem is it more significant to have solved? Like the issue of competing standards, the question of values can only be answered in terms of criteria that lie outside of normal science altogether, and it is that recourse to external criteria that most obviously makes paradigm debates revolutionary.

If many revolutions have shaken the very foundations of various fields, then why are we as lay people unaware of it? Textbooks.

Textbooks are teaching vehicles for the perpetuation of normal science and have to be rewritten whenever the language, problem structure, or standards of normal science change. They have to be rewritten in the aftermath of each scientific revolution, and, once rewritten, they inevitably disguise not only the role but also the very existence of the revolutions that produced them.

Textbooks truncate the scientist's sense of the discipline's history and then proceed to supply a substitute for what they have eliminated. This textbook-derived tradition never existed. And once the textbooks are rewritten, science again comes to seem largely cumulative and linear.

2. The Rationalist Paradigm

The rationalist paradigm (e.g., microeconomics and finance) is focused upon the structure and processes of markets. The market is seen as dominating other potential influences such as individuals, groups, or organizations. Market participants are assumed to be experts who act in a self-interested, calculating fashion for a financial incentive. Market theories are devised using mathematics. The mathematically based theory is tested with historical data and correlational methods.

The foundation of the rationalist paradigm is expected utility theory (see Von Neumann and Morgenstern, 1947 for the most famous version). Within the fields of finance, microeconomics, operations research and operations management, it is the major paradigm of decision making since the Second World War. The purpose of expected utility theory is to provide an explicit set of assumptions, or axioms that underlie decision-making. Von Neumann and Morgenstern proved mathematically that when decision-makers violate principles such as these, expected utility is not maximized.

Once these were specified, behavioral decision researchers compared the mathematical predictions of expected utility theory with the behavior of real decision-makers. Psychological and management theories of decision-making are the direct result of these comparisons as behavioral researchers sought to show the limitations of the "rational" model.

The goal of mathematical modeling is to abstract the important aspects of the "real" world. Over time researchers seek to relax or weaken associated assumptions while maintaining predictive and explanatory power of the model. This has happened in the case of expected utility theory. Many variations of expected utility theory have been proposed. One of the most notables is subjective expected utility theory initially developed by Leonard Savage (1954). Savage's theory allows for subjective or personal probabilities of outcomes in place of objective probabilities. This generalization is important in cases where an objective probability cannot be determined in advance or when the outcome will occur only once. For example, the probability of an unrepeatable event such as worldwide nuclear war cannot be estimated based upon relative frequency (past history) because there has never been one. Thus, we are forced to rely on other means such as subjective estimates.
An exemplar useful for illustrating the rationalist paradigm is Burton Malkiel's (1995) study of the performance of actively managed mutual funds relative to the benchmark S&P 500 index. In a study of mutual fund performance, Burton Malkiel compared the performance (annual rate of return) of equity mutual funds to a benchmark portfolio (the S&P 500). He found that as a group, mutual funds underperformed the S&P 500 Index for the years 1982-1991 both before and after expenses. If only survivor funds are included (poorly performing funds often disappear because they are merged with better performing funds of the same type), capital appreciation funds and growth funds outperformed the S &P 500 as a group for this time period. Malkiel concludes that the survivorship bias is important and should be controlled for in future studies.

3. Behavioralist Paradigm

The behavioralist paradigm (e.g., management) has its roots in psychology and takes an information processing approach. The individual/group/organization takes in information from the environment, processes it internally, creating representations; makes decisions based upon represented information; and in consequence behaves. The behavioralist paradigm is less constrained than the rational choice paradigm, with less emphasis placed upon using prior theoretical work as a foundation for current work. Creativity and novelty are valued in its theories and models. The result is a theoretical montage, some pieces minutely focused and others more broadly based.

The behavioralist paradigm is focused upon the explaining the structure and process of individuals, groups, and organizations. Within this paradigm, few observations or predictions are made about the structure of processes of markets. Assumptions about the expertise of decision-makers or financial incentives are typically not made. Theorizing is done almost entirely in words, mathematics being rarely incorporated. There are neither assumptions regarding individual expertise level nor any for financial incentives. Experimental research methods, which utilize random assignment, are preferred. When experimental methods are not feasible, correlational methods are used.

An exemplar, which is useful for illustrating the behavioralist paradigm, is Ellen Langer's (1971) study of the illusion of control. In a study of the effects of choice on the illusion of control, 53 subjects were sold lottery tickets for $1 apiece. If selected as the winner, the person would receive $50. The lottery tickets were standard football cards. On each card appeared a famous football player, his name, and his team. One half of the subjects selected their own lottery card. The other half received a lottery card selected by the experimenter (to avoid bias, each card selected in the choice condition was given to a subject in the no-choice condition). Later, the subjects were approached again by the experimenter and asked what amount they would sell their lottery ticket for. The mean amount of money required for the subject to sell the ticket was $8.67 in the choice condition and $1.96 in the no-choice condition (this difference was statistically significant at p<.005). The experimenter did not subsequently buy back any lottery tickets.
5. Rational vs. Behavioral Paradigms

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<th>Rational</th>
<th>Behavioral</th>
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<tr>
<td><strong>Level of Analysis</strong></td>
<td>Market</td>
<td>Individual/group/organizational</td>
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<tr>
<td><strong>$ Incentives?</strong></td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td><strong>Experience Level of Decision Maker</strong></td>
<td>Experienced</td>
<td>Unspecified</td>
</tr>
<tr>
<td><strong>Language</strong></td>
<td>Math</td>
<td>Words</td>
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<tr>
<td><strong>Basic Research Design/Methods</strong></td>
<td>Correlational (using historical data)</td>
<td>Experimental and Correlational</td>
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<tr>
<td><strong>Variables of Interest</strong></td>
<td>Security Prices</td>
<td>Risk taking</td>
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<td>Market Volatility</td>
<td>Bias &amp; errors</td>
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<td>Risk due to Variance in Price</td>
<td>Decision Strategies</td>
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<td>Market Volume</td>
<td>Decision Aids</td>
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<td></td>
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<td>Shortcomings of Rational Model</td>
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**Note.** For our use, level of analysis, dollar incentive, and experience level of decision maker are the most relevant dimensions of comparison.
1. During the last year, your instructor has discussed the emerging field of behavioral finance with many colleagues. The most common reaction has been for those colleagues to smile and say, "Behavioral finance? That's an oxymoron." Oxymoron is defined as a combination of contradictory or incongruous words (e.g. cruel kindness). Explain this reaction using a) the concept of paradigm and b) attributes of the behavioral and rational paradigms.

2. In a study of portfolio allocation decisions, Moore, Kurtsberg, Fox, and Bazerman had 80 business students make decisions in a computer-based, mutual-fund-investing simulation. Each student performed the simulation by him/herself. The goal was to better understand why investors spend so much time and money on actively managed mutual funds despite the majority of those funds being outperformed by passively managed index funds (at least in recent years).

The researchers hypothesized that the illusion of control would lead students to overestimate their future portfolio returns from actively selecting mutual funds and that anchoring and adjustment would influence investment decisions. (Recall that illusion of control suggests that decision makers value choice even when predicting random events outcomes for which they have no valid cues.) Most participants consistently overestimated the future performance of their investments consistent with the illusion of control.

The researchers hypothesized that anchoring and adjustment would influence portfolio allocation decisions. The students were more likely to change their portfolio allocation following poorer fund performance than better fund performance, a tendency which had a negative impact on portfolio returns. The researchers attributed this to students anchoring on past performance (expecting both poor and good fund performances to continue) as they made allocation decisions.

The students reported that they had an average of $20,500 of their own money invested in stocks and mutual funds and that they had been investing for an average of 4.7 years. Participants received course credit for participating in the research.

a) What causal model(s) is (are) being tested? (2 points)
b) Who are the decision makers who are being studied? (2 points)
c) On the behavioralist vs. rationalist paradigm continuum below, place an X to represent your placement of the study on this continuum. Briefly justify your answer using relevant characteristics of the study and the two paradigms. (8 points)

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<td>Behavioralist</td>
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<td>Paradigm</td>
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3. Metcalf et al. analyzed the Wall Street Journal's contests pitting the US traded equity recommendations of four expert portfolio managers and strategists against the random selection of four darts (a proxy for the random walk of the efficient market). The experts receive no money for their participation. The total return of the experts' selections was 9.5%, substantially better than the 6.9% returned by the dart stocks and the 4.3% returned by the S&P 500. The market was beaten by the experts 18 times and by the darts 15 times during the 30 contests. The experts tend to pick riskier stocks and to do no better than the darts after controlling for risk. The authors conclude that the performance of the stock pickers is consistent with the efficient market hypothesis.

a) What causal model(s) is (are) being tested?

b) Who are the decision makers that are being studied?

c) On the behavioral vs. rational paradigm continuum below, place an X to represent your placement of the study on this continuum. Briefly justify your answer using level of analysis, dollar incentive, and experience level of decision maker.

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<tr>
<td>Behavioralist                                                                                                              Rationalist</td>
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<td>Paradigm                                                                                                                   Paradigm</td>
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4. In a study titled "Are investors reluctant to realize their losses?" Terrance Odean compared the percentage of paper losses realized by a sample of 10,000 discount brokerage accounts to the percentage of paper gains realized. A paper loss or gain is the change in stock price that occurs while an investor owns a stock. To "realize" a paper loss or paper gain, the investor sells the stock. The period considered is 1987-1993. He found that for the entire year, a higher percentage of gains than losses is realized. For the month of December, a higher percentage of losses than gains are realized.

a) What causal model(s) is (are) being tested?

b) Who are the decision makers that are being studied?

c) On the behavioral vs. rational paradigm continuum below, place an X to represent your placement of the study on this continuum. Briefly justify your answer using level of analysis, dollar incentive, and experience level of decision maker.

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<td>Paradigm                                                                                                                   Paradigm</td>
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5. Fisher and Statman investigated the question, “Do investor sentiments forecast stock returns?” They examined the relationship between stock returns and the sentiments of three groups (Wall Street strategists, newsletter writers, and individual investors). Sentiment data for the Wall Street analysts came from Merrill Lynch, for newsletter writers from Chartcraft, and for individual investors from the American Association of Individual Investors. They found an inverse relationship between sentiment of these three groups and future stock returns (one month later). Investor sentiment served as a contrarian indicator—investor optimism foretelling lower returns and investor pessimism indicating higher returns. The relationship was statistically significant for Wall Street strategists and individual investors. The authors concluded that a combination of the sentiment from the three groups could be used to forecast S&P 500 returns and used in a tactical asset allocation program.

a) What causal model(s) is (are) being tested?
b) Who are the decision makers that are being studied?
c) On the behavioral vs. rational paradigm continuum below, place an X to represent your placement of the study on this continuum. Briefly justify your answer using level of analysis, dollar incentive, and experience level of decision maker.

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<tr>
<td>Behavioralist                                                                                                              Rationalist</td>
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<td>Paradigm                                                                                                                   Paradigm</td>
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1. The Houston Primary Metropolitan Statistical Area (Chambers, Fort bend, Harris, Liberty, Montgomery, and Waller Counties) has 3,792,000 residents (July 1, 1996 estimate).

2. Houston is the world's energy capital. It is the leading domestic and international center for virtually every segment of the oil and gas industry--exploration, production, transmission, marketing, service, supply, offshore drilling, and technology. It is one of the four least diversified large U.S. cities. The other three are Detroit (autos), New York (financial services), and Washington, D.C. (federal government).

3. Bill Gilmer, Federal Reserve System economist of the Houston branch of the Dallas Federal Reserve Bank, estimates that for the last 25 years the proportion of the Houston economy (defined in terms of employment) which is energy based (exploration, production, construction, and petrochemical) has remained stable at 60%. The Greater Houston Partnership has arrived at different estimates--84% in 1981 and 57.4% in 1994.

4. During the oil bust of 1982-87, the city lost nearly 13 percent of local wage and salary jobs. Those jobs returned with the strong recovery and expansion during 1987-1991. Major factors affecting Houston's energy related employment include the national economy, energy prices, and the trade-weighted real dollar exchange rate. For each 1% increase in those factors, there is a corresponding change in Houston goods employment of -0.07% relative to the U.S. unemployment rate, .37% increase relative to the active rig count, and a -1.06% change relative to a real dollar Texas based exchange rate. This based upon a Gillmer study of quarterly data from 1975 to 1998. Due to lags, it takes four quarters for a change in the oil markets or the U.S. economy to work its way through the Houston economy and six quarters for a change in exchange rate to be completely felt.

5. For more information, examine the publications of the Houston branch of the Dallas Federal Reserve Bank at http://www.dallasfed.org.
LEARNING OBJECTIVE: American competitiveness. Be able to summarize (1) the changing state of US competitiveness from World War II to the present, (2) the roles of productivity, federal debt, investment, literacy, and trade as causes of those changes, (3) current levels of U.S. productivity, debt, and literacy, (4) trends in the standard of living for U.S. citizens.

1. Why was the U.S. Dominant after WWII? (from Head to Head by Lester Thurow)

   In 1950, the US market was 9 times larger than the next largest market, the U.K. Americans were superior in technology. WWII destroyed the scientific establishments in much of the rest of the world. American workers were more skilled due to mass compulsory public education. Americans were rich while others were poor. US per capita income was 50% higher than Canada, 3 times that of Great Britain, 4 times that of W. Germany, and 15 times that of Japan. Americans had more discretionary income and had the first mass market for virtually everything.

   American managers were the best in the world. In the US prior to WWII, the most talented Americans went into management. In other countries, the military or colonial service were the primary career targets of the most talented people. During the late 1940s, America's share of the world GNP was over 50%. During the late 1980s, it was 22 to 23%.

3. Some economic observations from Generation X: Tales for an Accelerated Culture by Douglas Copeland

   McJobs: low-pay, low-prestige, low-benefit, no-future jobs in the service industry. Frequently considered a satisfying career choice by people who have never held one.

   Lessness: a philosophy whereby one reconciles oneself with the diminishing expectations of material wealth: "I've given up wanting to make a killing or be a big shot. I just want to find happiness and maybe open up a little roadside cafe in Idaho."

   Boomer envy: envy of material wealth and long-range material security accrued by older members of the baby boom generation by virtue of fortunate birth.
4. Gardner and Ivancevich (1994) suggest that US-Japan productivity comparisons published by the Bureau of Labor Statistics (BLS) are misleading. In the US, growth is understated because the BLS is unable to measure productivity for more than half of the labor force. Productivity growth is assumed to be zero for all of these people. In Japan, growth is exaggerated because small business output is counted but small business employment is not. The BLS also assumes that the work hours per person are about the same in the US and Japan. In their article, Gardner and Ivancevich report corrected statistics showing that the American output is roughly double that of Japan. According to them, the Japanese have made little progress closing the productivity gap over the last 10 years.

5. Sources of strategic advantage
   a) Natural resources
   b) Capital
   c) Technology
   d) Skills of workers

   Today, skilled people have become the only sustainable competitive advantage.

6. Lester Thurow's key industries for the 21st century:
   a) microelectronics
   b) biotechnology
   c) new material industries
   d) civilian aviation
   e) telecommunications
   f) robots plus machine tools
   g) computers and software
The Global and National Competitive Contexts: 1995 Federal Outlays

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<tr>
<td>Student Financial Assistance</td>
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<td>Pollution Control &amp; Abatement</td>
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<td>Intl Security Assistance</td>
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<tr>
<td>Federal Judicial Activities</td>
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<tr>
<td>Conservation &amp; Land</td>
<td>5</td>
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<tr>
<td>Training &amp; Employment Services</td>
<td>5</td>
</tr>
<tr>
<td>Water Resources</td>
<td>5</td>
</tr>
<tr>
<td>Conduct of Foreign Affairs</td>
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<tr>
<td>Community Development Grants</td>
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<td>General Science, Research</td>
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<td>Federal Correctional Activities</td>
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<td>Procurement</td>
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<td>Research &amp; Development</td>
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<td>Atomic Energy Defense Activities</td>
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<td>Veteran's Benefits</td>
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<td>Military Retirement</td>
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<tr>
<td>Food Stamps</td>
<td>25</td>
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<td>Unemployment Compensation</td>
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<td>Earned Income Tax Credit</td>
<td>17</td>
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<td>Family Support Payments</td>
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<tr>
<td>Farm Income Stabilization</td>
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<tr>
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<td></td>
<td>1531</td>
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</table>
The Global and National Competitive Contexts: Literacy

1. Definition of literacy: using printed and written information to function in society, to achieve one's goals, and to develop one's knowledge and potential.

2. During 1992, nearly 13,600 individuals aged 16 and older were interviewed and tested to assess their literacy as part of the U.S. National Adult Literacy Survey. Participants were randomly selected to represent the U.S. adult population. In addition, about 1,000 adults were surveyed in each of twelve states (including Texas) that chose to participate and obtain state level results. Over 1,100 inmates from 80 federal and state prisons were also included for a total of over 26,000 respondents. Each participant was paid $20.

3. Description of literacy scales.
   Prose literacy—the knowledge and skills needed to understand and use information from texts that include news stories, editorials, poems and fiction.
   Document literacy—the knowledge and skills required to locate and use information contained in materials that include job applications, payroll forms, transportation schedules, maps, tables, and graphs.
   Quantitative literacy—the knowledge and skills required to apply arithmetic operations, either alone or sequentially, using numbers embedded in printed materials.

4. The study identified the proportion of people from each region who fell into each of five levels of literacy (1-lowest; 5-highest) for prose, document, and quantitative literacies.

Breakdown of Literacy Levels by Region

<table>
<thead>
<tr>
<th>Literacy Level</th>
<th>South</th>
<th>Nation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>P-23%; D-26%; Q-25%</td>
<td>P-21%; D-23%; Q-22%</td>
</tr>
<tr>
<td>2</td>
<td>P-28%; D-29%; Q-27%</td>
<td>P-27%; D-28%; Q-25%</td>
</tr>
<tr>
<td>3</td>
<td>P-30%; D-29%; Q-29%</td>
<td>P-32%; D-31%; Q-31%</td>
</tr>
<tr>
<td>4</td>
<td>P-15%; D-14%; Q-15%</td>
<td>P-17%; D-15%; Q-17%</td>
</tr>
<tr>
<td>5</td>
<td>P-03%; D-02%; Q-04%</td>
<td>P-03%; D-03%; Q-04%</td>
</tr>
</tbody>
</table>

The above percentages indicate what proportion of the populace falls in a given literacy level for prose (P), document (D), and quantitative (Q) literacies. For example, for the South, 23% of the populace performs at level 1 for prose literacy, 26%, for document literacy, and 25%, for quantitative literacy.
5. Samples of Items Comprising the Literacy Dimensions and Their Difficulty Levels

<table>
<thead>
<tr>
<th>Prose Scale</th>
<th>Document Scale</th>
<th>Quantitative Scale</th>
</tr>
</thead>
</table>
| **Level 1 (Scores 0-225)**  
(92% get these right) | (92% get these right) | (91% get these right) |
| 149 Identify country in short article. | 69 Sign your name. | 191 Total a bank deposit entry. |
| 210 locate one piece of information in a sports article | 170 Locate expiration date on driver's license | |
| 224 Underline sentence explaining action stated in a short article | 180 Locate time of meeting on a form | |
| **Level 2 (Scores 226-275)**  
(80% get these right) | (78% get these right) | (80% get these right) |
| 226 Underline meaning of a term given in governmental brochure on supplemental security income. | 230 Locate intersection on a street map | 238 Calculate postage and fees for certified mail |
| 250 Locate two features of information in sports article | 246 Locate eligibility from table of employee benefits | 246 Determine difference in price between tickets for two shows |
| 275 Interpret instructions from appliance warranty | 259 Identify and enter background information on application for social security card | 270 Calculate total costs of purchase from an order form |
| **Level 3 (Scores 276-325)**  
(61% get these right) | (60% get these right) | (62% get these right) |
| 288 Write a brief letter explaining error made on credit card bill | 277 Identify information from bar graph depicting source of energy and year | 278 Using calculator, calculate difference between regular and sale price from an advertisement |
| 316 Read a lengthy article to identify two behaviors that meet a stated condition | 314 Use bus schedule to determine appropriate bus for given set of conditions | 321 Calculate miles per gallon using information given on mileage record chart |
| 323 Enter information given into an auto maintenance record form | 325 Plan travel arrangements for meeting using flight schedules | |
| **Level 4 (Scores 326-375)**  
| **(38% get these right)** | **Level 5 (Scores 376-500)**  
| **(18% get these right)** |
|---------------------------|-------------------------|-------------------------|
| 328 State in writing an argument made in lengthy newspaper article | 342 Identify the correct percentage meeting specified conditions from a table of such information | 331 Determine correct change using information in a menu |
| 347 Explain difference between two types of employee benefits | 352 Use a bus schedule to determine appropriate bus for a given set of conditions | 350 Using information stated in a news article, calculate amount of money that should go to raising a child |
| 359 Contrast views expressed in two editorials on technologies available to make fuel efficient cars | 352 Use table of information to determine pattern in oil exports across years | 368 Using eligibility pamphlet, calculate the yearly amount a couple would receive for basic supplemental security income |
| 362 Generate unfamiliar theme from short poems | | |
| 374 Compare two metaphors used in poem | | |
| **Level 4 (Scores 326-375)**  
| **(47% get these right)** | **Level 5 (Scores 376-500)**  
| **(41% get these right)** |
|---------------------------|-------------------------|-------------------------|
| 347 Explain difference between two types of employee benefits | 352 Use a bus schedule to determine appropriate bus for a given set of conditions | 350 Using information stated in a news article, calculate amount of money that should go to raising a child |
| 359 Contrast views expressed in two editorials on technologies available to make fuel efficient cars | 352 Use table of information to determine pattern in oil exports across years | 368 Using eligibility pamphlet, calculate the yearly amount a couple would receive for basic supplemental security income |
| 362 Generate unfamiliar theme from short poems | | |
| 374 Compare two metaphors used in poem | | |

6. According to the 1994 International Adult Literacy Survey, the literacy skills of American adults compare favorably with those in other developed nations. The survey measures literacy skills in Canada, Germany, The Netherlands, Sweden, Switzerland and Poland, as well as the U.S.

The sample included more than 23,000 respondents aged 16-65, including approximately 3,500 in the U.S. Respondents were interviewed for about 20 minutes in their homes in their national languages. They were also administered a 45-minute literacy skill test involving practical tests requiring a variety of literacy skills, ranging from the understanding of instructions on a medicine bottle to the assimilation of information from a personnel office.

7. Breakdown of Literacy Levels by Country

<table>
<thead>
<tr>
<th>Level</th>
<th>U.S</th>
<th>Canada</th>
<th>Germany</th>
<th>Netherlands</th>
<th>Sweden</th>
<th>Switzerland</th>
<th>Poland</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>21-24%</td>
<td>16-18%</td>
<td>7-14%</td>
<td>10-11%</td>
<td>6-8%</td>
<td>13-19%</td>
<td>39-45%</td>
</tr>
<tr>
<td>2</td>
<td>25-26%</td>
<td>25-26%</td>
<td>27-34%</td>
<td>26-30%</td>
<td>19-20%</td>
<td>25-36%</td>
<td>30-35%</td>
</tr>
<tr>
<td>3</td>
<td>31-32%</td>
<td>32-35%</td>
<td>38-43%</td>
<td>44%</td>
<td>39-40%</td>
<td>36-42%</td>
<td>18-24%</td>
</tr>
<tr>
<td>4-5</td>
<td>19-23%</td>
<td>22-25%</td>
<td>13-24%</td>
<td>15-20%</td>
<td>32-36%</td>
<td>9-20%</td>
<td>3-7%</td>
</tr>
</tbody>
</table>

The Global and National Competitive Contexts: Taylorism

Taylor's Basic Four Principles (Taylor, 1911)
1. For each element of a man's work, develop a science that replaces the old rule-of-thumb method.
2. Scientifically select, train, teach, and develop the worker. (In the past workers chose their own work and trained themselves as best they could.)
3. Cooperate with the workers to ensure that all of the work is done in accordance with the science that has been developed.
4. Recognize that there is an almost equal division of work and responsibility between management and workers. Managers take over all work for which they are better fitted than the workers. (In the past, almost all of the work and the greater part of responsibility were thrown upon the workers.)

Excerpt from testimony of Frederick Taylor at hearings before the Special Committee of the House of Representatives to Investigate Taylor and Other Systems of Shop Management, Jan. 25, 1912:
"Both sides [workers and management] must recognize as essential the substitution of exact scientific investigation and knowledge for the old individual judgment or opinion, either of the worker or the boss, in all matters relating to the work done in the establishment. And this applies both as to the methods to be employed in doing the work and the time in which each job should be done."

In the past, the man has been first; in the future, the system must be first. (Taylor, 1911)

American Competitiveness
A 1988 Quote from Konosuke Matsushita, Founder of Matsushita Electric Industrial Company

We will win and you will lose. You cannot do anything about it because your failure is an internal disease. Your companies are based on Taylor's principles. Worse, your heads are Taylorized too. You firmly believe that sound management means executives on the one side and workers on the other, on the one side men who think and on the other side men who can only work. For you, management is the art of smoothly transferring the executives' idea to the workers' hands.

We have passed the Taylor stage. We are aware that business has become terribly complex. Survival is very uncertain in an environment filled with risk, the unexpected, and competition . . . We know that the intelligence of a few technocrats - even very bright ones - has become totally inadequate to face these challenges. Only the intellects of all employees can permit a company to live with the ups and downs and the requirements of the new environment. Yes, we will win and you will lose. For you are not able to rid your minds of the obsolete Taylorisms that we never had.

The Global and National Competitive Contexts:
Deming's 14 Points and 7 Deadly Sins

LEARNING OBJECTIVE: Be able to describe and apply Deming's 14 points and 7 sins. Be able to contrast Taylorism with the Deming approach.

The 14 points

1. Create constancy of purpose for improvement of product and service.
2. Adopt the new philosophy—quality.
3. Cease dependence on mass inspection (improve process to eliminate defects).
4. End the practice of awarding business on price tag alone (seek best quality and work with a single supplier).
5. Improve constantly and forever the system of production and service.
6. Institute training and retraining.
7. Institute leadership (leading consists of helping people do a better job).
8. Drive out fear (many employees are afraid to take a position or ask questions).
9. Break down barriers between staff areas.
10. Eliminate slogans, exhortations, and targets for the workforce.
11. Eliminate numerical quotas.
12. Remove barriers to pride of workmanship (e.g., misguided supervisors, faulty equipment, and defective materials).
13. Institute a vigorous program of education and retraining.
14. Take action to accomplish the transformation (a special management team with a plan of action).

7 Deadly Diseases

1. Lack of constancy of purpose.
2. Emphasis on short-term profits.
3. Evaluation by performance rating, merit rating, or annual review of performance.
4. Mobility of top management.
5. Running a company on visible figures alone (counting the money).
6. Excessive medical costs.
7. Excessive costs of warranty, fueled by lawyers that work on contingency fee.
A Model of Ethics in Decision Making

LEARNING OBJECTIVE: Be able to describe and apply the Pfeiffer and Forsberg strategy of ethical decision-making, the ethical principles and ethical rights.

1. Some ethical principles
   a) Principle of honesty: you should not deceive others.
   b) Principle of harm: you should avoid doing things that harm other people or damage their projects, efforts, or property.
   c) Principle of fidelity: you should fulfill your commitments and act faithfully. First, you should fulfill agreements, pledges and promises that you make. Second, you should fulfill the special obligations of the relationships you maintain. To commit, sometimes we sign our names in writing and other times we verbally commit ourselves to do things. We also make commitments by entering certain relationships and by continuing to participate in them. When others have expectations of us, we know what they are, and we allow these expectations to continue, then we are responsible to fulfill them. Fidelity is a basis for trust and is sometimes referred to as loyalty. It is intensely personal in nature. Violations of the principle of fidelity are often resented profoundly by others.
   d) Principle of autonomy: you have a duty to allow and enable other people to act in informed, considered, rational ways that are largely free from coercion.
   e) Principle of confidentiality: some information should not be released to people outside of certain circles. Consider i) the potential effects of releasing the information, ii) the origin of the information, and iii) whether those who might be affected by the release intend that it be kept confidential.
   f) Principle of lawfulness: a general, ethically duty to obey the law especially in a largely free and broadly democratic society.

2. Some ethical rights
   a) Right to know: people in certain roles and certain occupations have a right to know certain kinds of information.
   b) Right to privacy: right to control information about yourself or access to it.
   c) Right to free expression: the right to express your opinion without being penalized for doing so. (It is not the right to harm your employer by speaking your mind.)
   d) Right to due process: right of an employee to appeal a decision by management to an impartial third party with the power to correct a wrong.
   e) Right to safety: employees have a right to a workplace in which reasonable precautions have been taken to protect them from bodily harm.
f) Right to own property: right to have an extensive degree of control over something that you have
legitimately acquired.
g) Right to make a profit
h) Rights of future generations

3. These ethical principles and values form an interrelated network. Common to each principle is the
principle of equal consideration of interests—treating the interests and well being of others as having as
much importance as his or her own.

4. A general principle: when ethical principles conflict in a given case, determine which possible
solution sacrifices ethical value least.

Ethics: The RESOLVEDD Strategy

Step 1: R  Review the history, background, and details of the case.
Step 2: E  Estimate the conflict or problem present in the case.
Step 3: S  State the main possible SOLUTIONS to the case.
Step 4: O  State the important and probable OUTCOMES of each main solution.
Step 5: L  Describe the LIKELY IMPACT of each main solution on people’s lives.
Step 6: V  Explain the VALUES upheld and those violated by each main solution.
Step 7: E  EVALUATE each main solution and its outcomes, likely impact, and the values upheld
and violated by it.
Step 8: D1 DECIDE which solution is best; state it, clarify its details, and justify it.
Step 9: D2 DEFEND the decision against objections to its main weaknesses.

Meaning is not something you stumble across, like the answer to a riddle or the prize in a treasure
hunt. Meaning is something you build in your life—out of your past, out of your affections and loyalties,
out of your own talent and understanding, out of the values for which you are willing to sacrifice
something. You are the only one who can put these ingredients together into the unique pattern that will
be your life. Let it be one that has dignity and meaning for you. If it does, the particular balance of
success or failure is of less account.  

-John W. Gardner
Ethics: Problems

1. In the April 1995 issue of *Money* magazine, managing editor Frank Lalli reports that James Cramer, a writer for *Smart Money*, recommended that readers buy four $2 to $6 orphan stocks. Two months before the recommendation was published, Cramer's money management firm (Cramer & Co. with estimated assets of $60 million) spent more than $1 million acquiring roughly 280,000 of at least three of the stocks. When the magazine reached its readers, the normally thinly traded issues surged 18% to 100% in a matter of days.

Trading records show that at the peak, Cramer's firm had paper profits of over $2 million. Why such huge gains? Because he had actually adopted three of the stocks before recommending them to his readers. Cramer's article said that he was buying one stock neither disclosed that his firm held major positions nor that he would be increasing those stakes before publication.

*Money*'s policy is that staffers and anyone connected with the magazine may not trade in securities that are written about until two weeks after the article goes on sale. *Smart Money* (Cramer's magazine) has no guidelines.

Apply the ethics model to analyze the ethicality of Cramer's actions.

2. Sam is a tele-sales representative. The manager of the department will be terminated if the department does not attain its sales quota for each month. Consequently, the manager passes on the same policy to the sales representatives. That is, sales representatives will be terminated if they do not meet the required monthly sales quota of $85,000 (per sales representative). Knowing that the manager is serious about enforcing the quota, many sales representatives have used customer credit card numbers to ship products that have not been ordered by the customer. Hence, they reap the reward (job security) of meeting their sales quota for the month at the expense of the company's reputation and integrity.

a) Is shipping products to customers who have not ordered them ethical? Justify your answer using the ethics model.

b) What should Sam do about this situation? Should Sam use customer credit card numbers to ship products that have not been ordered by his customers? Should he blow the whistle? Should he remain silent and protect his job?
3. A new joint venture company requires an enormous amount of printing for unified stationery, letterheads, etc. H has been assigned to purchase these items for the joint venture. Her friend does not work for her company and has recently started a business art product business. H asked her friend for a quote. The resulting quote is much higher than other offers. H's company requires at least two written bids for every purchase. H's friend offers to provide another company's quote, which is higher than hers. Her bid remains the same. No one else is involved in the process.

Apply Pfeiffer and Forsberg's model to analyze this situation and make a recommendation to H regarding what she should do.
Perception

LEARNING OBJECTIVE: the model of perception (e.g., selective perception, organization, closure, figure and background, schemata, scripts, personae, representativeness) presented in class and the associated biases

1. Definition: process of sensing reality and the resulting understanding or view people have of it.

2. Two step model of perceptual process
   a) Attention
      i. Stimuli which are larger, more intense, in motion, repetitive, novel or very familiar, or in contrast with their background are more likely to be selected
      ii. Stimuli which are small, less intense, stationary, or that blend in with their background are less likely to be selected
      iii. Internal state and cultural background of perceivers affect which stimuli are selected.

   b) Organization: methods for categorizing of selected stimuli so they make sense
      i. Figure & Background: perceive stimuli as figures standing out against a background
      ii. Closure: tendency to form a complete image out of incomplete data, among related stimuli
      iii. Representativeness: assign to categories (called schemas) based upon simple resemblance or "goodness of fit" to individual categories and react based upon characteristics of that category
      iv. Schemas: knowledge stored in a categorical structure which often is hierarchical; not normally expressed in a verbal cognitive form or propositional form
         Some special types of schema:
         Scripts: related elements are social objects and events involving individual as actor or observer.
         Personae: euphemism for stereotypes; cognitive structures representing personal characteristics and typical behaviors of "stock characters"
3. Perceptual distortions: inaccuracies in perceptual process
   a) Stereotyping: individual attributes behaviors or attitudes to a person on the basis of the group or category to which that person belongs
   b) Halo effect: letting one salient feature of a person dominate the whole evaluation of that person
   c) Projection: attributing one's own attitudes or feelings to another person
   d) Self-fulfilling prophecy: expecting certain behaviors from other participants and seeing these behaviors occurring whether or not they actually do

4. Dealing with perceptual distortions
   Step 1. Gather information about behavior and attitudes
   Step 2. Check conclusions
   Step 3. Differentiate between facts and assumptions
   Step 4. Distinguish among aspects of an individual's behavior
   Step 5. Eliminate or reduce projection

5. Leverage points
   a) stimuli provided to someone
   b) the pattern of stimuli provided
Perception: Problems

1. a. In Donald Trump's book *Surviving at the Top*, he writes "The business climate changes, and the so-called experts start questioning whether you have lost your touch. You know damn well you haven't. But you also know better than most people, that perception is reality. And so you've got a job on your hands." Assess the validity of the statement "perception is reality" using the concepts of the course.

   b. As an NBA coach, Lenny Wilkens has won more games than any other coach in the history of the league. In a recent interview, Wilkens said that, "Perception is not reality." He went on to say that people perceive him to be calm and 'laid back' because he appears that way as he coaches on the sideline. He says that he is very intense. Assess the validity of the statement "perception is not reality" using the concepts of the course.

   c. How can the paradox between Donald Trump's and Lenny Wilkens' statements be resolved?

2. A friend once told your instructor that, "People should not try to guess what you are thinking and why because they will often be wrong. Instead, they should go only on the basis of what you tell them about yourself and accept that as a valid guide for dealing with you." A restatement of this might be "Build models of other people using only information and insights which they have provided. Otherwise, parts of the model will be in error." Assess the validity of this viewpoint.

3. For the perceptual organizing mechanisms a) figure and background, b) closure, and c) representativeness, prescribe an approach one can take to change a negative perception which another holds of him/her? (For example, if you were President George W. Bush and you wished to change the negative perception that Democrats have regarding you, what would you do?)
4. In What Works for Me: 16 CEOs Talk about their Careers and Commitments by T. R. Horton, Charlotte DeBeers, CEO of a major advertising firm, remembers how she made a presentation to a group of Sears executives about portable electric tools. Knowing that the result of the presentation could be a major multi-million dollar account for her firm, she learned the intricate details of a power drill and during the presentation coolly dismantled a drill and put it back together. When she was done, the room full of male executives gave her a standing ovation, and of course the account. Explain her strategy and why it was necessary using the perception concepts.

5. From the electronic version of the Chronicle of Higher Education, 6/12/98: Criticized by local Hispanic leaders for reinforcing stereotypes, Metropolitan Community College, in Omaha, announced Wednesday that it had canceled a Spanish-language course for restaurant employees titled "Supervising Hispanic Workers." Explain this situation using course perception concepts.

6. On April 13, 1997, golfer Fuzzy Zoeller, winner of the 1979 Masters, made the following comments as Tiger Woods was becoming the first black golfer to win a major. "That little boy is driving well, and he is putting well. He's doing everything it takes to win. So, you know what you guys do when he gets in here? You pat him on the back and say congratulations and enjoy it and tell him not to serve fried chicken next year. Got it?"

   On the tape, Zoeller snapped his fingers, turned to walk away, then added, "Or collard greens or whatever the hell they serve." [As the 1997 Masters winner, Woods would select the 1998 menu for the 1998 Champions Dinner.]

   An uproar ensued. Zoeller lost his K-mart and Dunlop endorsements.

   a) Is Tiger Woods "black" as noted in the above excerpt from the Sporting News web site? Tiger's mother, Kultilda is a Thai native. His father Earl is multi-racial.
   b) Why did a commotion occur after Zoeller's comments?
   c) If the roles were reversed (Zoeller winning the Masters and Woods being a past winner) and Tiger Woods had publically made a "redneck" joke at Zoellers' expense, would there have been an uproar?
   d) Apply the perception model to explain this situation.
9. The Case of the “Friendly” Racial Epithet

Setting: a team of sixteen collection representatives

Players: D, manager of the team and member of ethnic group Y
        J, member of the team and ethnic group Y
        L and C, members of the team and ethnic group X

The Problem: J has complained to D that L and C often refer to one another using a racial epithet. Although it is done in a friendly and familiar way, it makes J, as well as other members of the team, feel awkward and embarrassed.

What should J do in this situation? Justify your answer using relevant perception concepts.

8. Chuck Jones, the creator of the Road Runner cartoons, said, "When I first started animation, I was 18 and the offices were run by a bunch of old men in their 40s and 50s. Now I am 82 and the offices are run by a bunch of young folks in their 40s and 50s." Explain his change in perception using course concepts.

9. In his book Breakfast at the Victory: The Mysticism of Ordinary Experience, James Carse describes some of the beliefs of the Sufis, Muslim mystics who speak of nafs, or the false self. The nafs refer to all that within ourselves which has become an object for others or for ourselves. It is our visible self, the tangible, public aspect of a personality. It is what we see when we look at ourselves, it is what we present to others to be seen by them. It stands in the way of our oneness with others and with ourselves. The nafs within each of us has a life of its own, logical, powerful, real.
   a) Translate the Sufis' nafs into course perception concepts.
   b) Are the Sufis correct in their negative assessments of nafs and the problems which they cause? Briefly justify your answer.
10. Malcolm X said, "Don't let people put labels on you -- and don't put them on yourself. Sometimes a label can kill you." Assess the validity of this statement.

11. When asked about comments that the Rolling Stones were too old, guitarist Keith Richards replied, "If we were black, no one would say that. It's racism. No one says that about Muddy Waters." (Muddy Waters was a Blues legend who died in 1983 at the age of 68.) Explain Richards’ perspective using the perception model.

12. A representative of Company A, a stock mutual funds company, contacts you about investing your IRA savings with her firm. As part of the sales presentation, she produces a listing of stock funds from a large number of firms that have been ranked ordered by performance. Company A has two funds in the top 5. The other companies you were considering for investment have funds in the list which are ranked much lower. Later you discover that the list contained only Company A’s best funds and only the worst funds of other companies you are considering. Explain how the Company A sales representative has attempted to manage your perceptions using the perception model presented in class.

13. Houston Baptist University has a unique advertising campaign for its MBA program. Billboards contain the following message: "CBS, NBC, HBU. Three great ways to spend your evening." What perceptual mechanism is being used here?
Attribution Theory

LEARNING OBJECTIVE: attribution theory (including the attributional biases)

1. Concerned with how we assign causality in explaining situations.

2. Steps in process
   Step 1  Observation of behavior
   Step 2  Determination of intent/cause by observer or actor
   Step 3  Assignment of reason for behavior to situation or person

3. Many decision strategies are used for determining intent/cause.
   Three of important decision variables are:
   a) Consistency: constancy of person's behavior in the same or similar situations over time. We tend to attribute consistent behavior to personal causes and behaviors that represent isolated instances to situational causes.
   b) Distinctiveness: constancy of this person's behavior across different situations. We tend to assign personal causes to routine behavior and situational causes to unusual behavior.
   c) Consensus: commonness of this behavior in other people across same and different situations. We tend to assign personal causes to unique behaviors and situational causes to behaviors performed by many others.

4. Two attributional biases
   a) Point of view: actor tends emphasize situational causes of behavior and to de-emphasize personal factors in a given situation; observer tends to emphasize personal causes and to de-emphasize situational factors.
   b) Effectiveness of behavior: actors tend to attribute success to personal factors and failures to situational factors. For observers, converse is true.

5. Leverage point
   Information provided about consistency, distinctiveness and consensus to an observer.
Attribution Theory: Problems

1. The small world of elite Hollywood stuntpeople (a core group of 95 men and 5 women) is a protective, close-knit one, bound by the shared experience of danger. It is also a world that insists on taking responsibility when things go wrong. If an accident happens, a stuntperson usually blames himself. It's part of the code. "If you get hurt, it's usually nobody's fault but your own," says John Epstein, who doesn't toss off that principle lightly. Four years ago, he broke his back when he was dropped too early from a rope and landed on concrete. In hindsight, he blames himself. "I should have been more sure of who I was working with," he says. "It is up to each one of us to walk away from a stunt we don't think is safe or hasn't been set up right."

Use attribution theory to interpret this situation. Is the situation consistent with the predictions of those concepts? If so, how so? If not, how not? Why?

2. Designer A is a professional who is technically capable with 4 years of experience and has the full confidence of his/her superiors. Designer B has ten years of experience and a history of shooting down presentations just for the sake of getting noticed by senior level management. A division wide meeting is held in which senior managers are given a briefing on some technical concerns on various design projects. Designer B presents the progress to date and some potential "showstoppers" which are of concern. Designer A also delivers a presentation and finds that Designer B has performed some analysis on Designer A's design. It is clear that Designer B is doing this to create some controversy and confusion over Designer A's design and to make Designer A look bad.

What can Designer A do to manage the attributions of senior managers and maintain his reputation? Justify your answer using attribution theory.
LEARNING OBJECTIVE: operant theory (including the S-B-C model, the seven types of interventions including stimulus control, negative reinforcement, Premack principle, etc. Be able to classify an intervention as one or more of the seven types of interventions. Given a situation, be able to devise an appropriate intervention of a type specified. The folly of rewarding A while hoping for B. The five step behavior modification process.

1. The objection to inner states is not that they don't exist, but that they are not relevant in a functional analysis. We cannot account for the behavior of any system while staying inside it; eventually we must turn to forces operating upon the organism from without.
   B.F. Skinner (1953)

2. Thorndike's Law. A behavior which is followed by positive consequences will have a greater probability of occurring again. A behavior which is followed by negative consequences has a reduced probability of occurring again.

3. Learning: acquisition of skills, knowledge, ability, or attitudes.

4. S-B-C model
   Stimulus (also called antecedent)
   Behavior (what person does, must be directly observable, countable, and measurable to be useful)
   Consequences

5. Techniques for affecting behavior
   a) Stimulus control: remove antecedent stimulus from vicinity of person.
   b) Positive reinforcement: actively encouraging behavior by repeatedly pairing desired behaviors with rewards/feedback.
   c) Punishment: actively eliminates undesirable behaviors by application of aversive reinforcer after the behavior to be extinguished/diminished.
   d) Negative reinforcement: passively encourage a behavior by removing aversive stimulus from vicinity of person contingent upon desired behavior. This technique is very rarely used.
e) Extinction: passively eliminate a behavior by withholding positive reinforcement that previously had been paired with behavior and is fostering it.

f) Response cost: remove something person values from person's possession contingent upon undesired behavior. Actively eliminates undesired behavior.

g) Premack (named for David Premack) Principle: encourages behavior. Person uses a high probability behavior to reinforce their low probability behavior.

6. Positive reinforcement, negative reinforcement and the Premack principle increase the probability of the behavior in the future. Stimulus control, punishment, extinction, and response cost decrease the future probability of the behavior.

7. Folly of rewarding A while hoping for B. Behaviors which are rewarded are those which the rewarder is trying to discourage, while the desired behavior is not being rewarded at all.

8. Rules for effective operant conditioning
   a) Do not reward all people the same.
   b) Realize that failure to respond has reinforcing consequences.
   c) Tell people what they can do to receive reinforcement.
   d) Tell a person what s/he is doing wrong and find out why it is happening.
   e) Do not punish in front of others.
   f) Make the consequences appropriate for the behavior.
9. A Five Step Behavior Modification Approach

1. Devising a measurement: pinpointing the specific behavior.
   Can it be seen?
   Can it be counted?
   What must the person do before I record a response?
   Is it performance related?

2. Measuring, counting and formulating a baseline for critical behaviors.
   Behavior must be directly observed and measured.
   Baseline measure indicates how often the behavior is occurring under existing conditions.

3. Perform S-B-C (stimulus-behavior-consequence) analysis.
   Determine current antecedent stimuli and consequences.

   Continue to count behaviors

5. Evaluation of intervention.
   Compare baseline rate of behavior to intervention rate of behavior.

10. Leverage points
    a) the stimuli
    b) the consequences
    c) reinforcement history
Operant Learning Theory Problems

1. How would you measure the following behaviors: a) sales made by a marketing representative, b) studying, and c) absenteeism from work.

2. B.F. Skinner, renowned operant learning theorist, once said, "Beauty is [positive] reinforcement." Hint: When a person comments that a flower, sunset, person, etc. are beautiful, what are the corresponding stimulus, behavior, and consequences?

3. James makes spending decisions based upon how much money is in his checking account. All of his checking account funds are completely spent each month. He never transfers funds from savings to checking during the month. To save money, James has the bank take $25 from his check each month and put it in savings.
   a) Identify the stimulus(i) and consequence(s) related to the behavior of spending in this situation.
   b) Which one of the seven operant interventions is James using? Why?
4. At Emery Air Freight, package handlers have the option of bundling packages which are headed to the same destination in containers or shipping them separately. Using containers reduces costs. Use the five step behavior modification process to devise a plan for reducing shipping costs by increasing the percentage of packages that are shipped in containers.

5. James Q. McIndigestion, manager of a local McDonald's restaurant believes that profits will increase if tardiness can be reduced. He has hired you, a highly paid management consultant, to design a motivational program to increase and maintain prompt arrival. A firm believer in operant theory, you decide to apply the five-step behavior modification process presented in class to the problem. List the five steps below and apply each step to meet Mr. McIndigestion's objective of diminished tardiness. Assume that there is neither a penalty for being tardy nor an explicit reward for being at work on time.

6. The following is a freeway driving tip which is presented at many defensive driving classes.

   When being tailgated, check to be sure that the tailgating driver is paying attention and that the immediate path in front of your car is clear. Then, remove your foot from the accelerator and gradually slow down. Do not step on the brake. Soon the tailgating driver will pass you.

   a) Using the Stimulus-Behavior-Consequence model, analyze this tip from the perspective of
   i) the tailgating driver (behavior: tailgating)
   ii) the tailgating driver (behavior: passing).

   b) Which one of the seven operant interventions (stimulus control, punishment, extinction, response cost, positive reinforcement, negative reinforcement, Premack principle) is being used to manage the tailgating driver's behavior when this driving tip is applied?

7. Operant theorists frequently say that “the best predictor of future behavior is past behavior.” Using the SBC model, identify the underlying assumptions and explain why the statement is good advice.
LEARNING OBJECTIVE: expectancy theory. Be able to (1) identify action alternatives and outcomes in a situation, (2) diagram a situation in terms of an expectancy theory tree diagram, (3) speculate knowledgeably as to the expectancies of a focal person within a situation, (4) identify which aspects of a situation correspond to expectancy, instrumentality, and/or valence, and (5) diagnose a problematic situation to determine if a motivational problem is due to expectancy, instrumentality, and/or valence.

1. Assumptions
   a) Humans think. These thoughts control behavior.
   b) Humans attempt to maximize anticipated satisfaction.

2. Variables in Model
   a) Expectancy (E-->P): Person's perception of the probability that effort will lead to performance. Does the individual perceive that effort leads to performance?
   b) Instrumentality (P-->O): Person's perception of the probability that certain outcomes, positive or negative, will be attached to performance. (Note: this is a simplified version of theory. Instrumentality also refers to perception of probability that certain outcomes will lead to other outcomes.) Does the individual perceive that certain behaviors will lead to specific outcomes?
   c) Valence (V): Person's perception of the value of specific outcomes (how much s/he likes/dislikes receiving them). What values do individuals attach to these outcomes?

3. "The Theory"

   Motivational Force = \([E-->P] \times \sum [(P-->O)(V)]\)

   Person chooses action alternative with the highest motivational force.
4. Applying expectancy theory to solve motivational problems.
   Step 1: Assume model is true.
   Step 2: Analyze the situation using an expectancy tree diagram
      a) Identify action alternatives and associated outcomes.
      b) Draw decision node.
      c) From the decision node, draw a branch for each action alternative.
      d) Add motivational force, effort, and performance boxes to each branch (within boxes, define effort and performance for the situation).
      e) For each action alternative, add relevant outcomes to the tree by drawing them in and linking them to the performance box using an arrow.
         Note: leaving an outcome off a branch implies that (P-->O)=0 between that outcome and performance.
   Step 3: Develop hypotheses concerning why the preferred alternative was not chosen.
   Step 4: Modify the situation to make the motivational force of the preferred action alternative higher than the motivational forces of other action alternatives.

5. Leverage points
   a) Expectancy-provide coaching, encouragement, training, or information about others who have performed.
   b) Valence-verbally reinforce how good it will feel to earn the outcomes that will result from performance.
   c) Instrumentality-provide information that reinforces the idea that performance will result in desired outcomes such as examples of others who performed and received the outcome.
Expectancy Theory Problems

1. Draw a box and arrow theoretical model of motivation which incorporates the following variables: satisfaction, motivation, reward, and performance.

2. Business Week explored stockbroker-client relationships in a cover story titled, "Can You Trust Your Broker?" Commission rates increase with volume of commissions. (Brokers receive commissions both for investment of new money and for the movement of old money into different instruments.)

   Brokerage houses give higher commissions for sale of in house mutual funds than for external mutual funds. (On average, the Fidelity (64.9% five year return), American (50.8%), and Putnam (47.7%) fund families are significantly better performers that those of brokerage funds such as Smith Barney (41.5%), Merrill Lynch (40.1%), and PaineWebber (40.2%).)

   Many investors depend heavily upon brokers for sound investment advice, which maximizes investor wealth. However, firms provide little useful information to investors about how their investments are faring. Brokerage statements do not show an account's performance. There is no aggregate disclosure of commissions paid over a quarter or year. Sales contests and "product of the month" campaigns are common. Prizes include expensive watches and dream vacations.

   Using an expectancy theory tree diagram, analyze the capabilities of the systems described above for producing sound investment advice which maximizes investor wealth.
3. David Halberstam's book The Breaks of the Game chronicles the 1979-1980 season of the Portland Trailblazers NBA basketball team. In the quote below, a change in player motivation to follow coaching instructions is described. Draw two expectancy tree diagrams (the first for before the salary explosion and the second for after the salary explosion) to represent the situation.

"This explosion of salary, sudden and overnight (owners for the first time, proud capitalists that they are, being forced to pay the market value in what has been the hitherto conservative sanctuary of sports), had changed not just the financial structure of the game but, more significantly, the political structure as well. In the past the coaches had been the figures of authority, as a rule paid more than players. They moreover had the power to withhold playing time (and thus statistical production) from players and thus determined to no small degree the course of a player's career. A coach could determine whether a player had a good year, and if the player had a good year he might be able to sign again, perhaps for $5,000 more. The choice was management's. Overnight the pay scale changed, superstars--some of them mere rookies--were now being paid four and five times as much as coaches. Even more important, they had guaranteed, no-cut, long term contracts. How they performed on court in the future no longer mattered; at least in financial terms, the future was already theirs. The ability of the coach and of management to control players dropped accordingly."

The change occurred in the mid 1970s because of the presence of the American Basketball Association (a rival professional league which engaged in bidding wars with the NBA for new players) and because of free agency (players permitted to move from their team to the highest bidder within the NBA at the end of their contracts).
Motivation: Job Design

LEARNING OBJECTIVE: Hackman and Oldham's job design theory (be able to assess a job on each of the 5 core dimensions and the motivating potential score) Given Job Diagnostic Survey scores, be able to diagnose areas needing improvement within a job and to prescribe changes which would improve the motivating potential of the job. Strategies for job redesign (be able to prescribe changes in a job in order to improve each of the five core dimensions)

1. Three approaches to work enrichment
   a) Job enlargement: horizontally increase the scope of a job, by either extending the number of activities, performed by the job holder or rotating the job holder through a variety of unrelated activities
   b) Job enrichment: horizontally (adding tasks) and vertically (adding responsibility) increasing the scope of a job, by increasing skill variety, task identity, task significance, autonomy, and feedback in job.
   c) Sociotechnical redesign: use autonomous or self-regulating work groups in which teams of workers regulate and control their tasks as well as perform many roles traditionally assigned to management, such as making job assignments and determining work processes.

2. Job enrichment: Three critical psychological states and their associated job characteristics--according to theory, all three states must be present for job to be intrinsically motivating
   a) Experienced meaningfulness of work
      i. Skill variety: degree to which job requires worker to perform activities that challenge his/her skills and use diverse abilities.
      ii. Task identity: degree to which job requires completion of a whole and identifiable piece of work
      iii. Task significance: degree to which a job is perceived to have a substantial impact upon the lives of others.
   b) Knowledge of actual results of work activities
      i. Feedback: degree to which a worker, in carrying out the work activities required by a job, gets information about the effectiveness of his/her efforts.
   c) Experienced responsibility for outcomes of work
      i. Autonomy: degree to which job gives worker freedom, independence, and discretion in scheduling work and determining how she/he will carry it out.
3. Motivating potential score (MPS)

\[ MPS = \frac{(SV + TI + TS)}{3} \times A \times F \]

4. Scores for various jobs from a public sector survey:

<table>
<thead>
<tr>
<th></th>
<th>Skill Variety</th>
<th>Task Identity</th>
<th>Task Significance</th>
<th>Autonomy</th>
<th>Feedback</th>
<th>MPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Sample</td>
<td>5.18</td>
<td>3.09</td>
<td>6.06</td>
<td>5.04</td>
<td>5.12</td>
<td>140</td>
</tr>
<tr>
<td>Administrators</td>
<td>5.98</td>
<td>5.42</td>
<td>6.26</td>
<td>5.60</td>
<td>5.39</td>
<td>178</td>
</tr>
<tr>
<td>Professionals</td>
<td>5.84</td>
<td>5.30</td>
<td>6.22</td>
<td>5.50</td>
<td>5.25</td>
<td>167</td>
</tr>
<tr>
<td>Technicians</td>
<td>5.33</td>
<td>5.18</td>
<td>5.94</td>
<td>5.20</td>
<td>5.22</td>
<td>149</td>
</tr>
<tr>
<td>Protective Services</td>
<td>5.83</td>
<td>4.58</td>
<td>6.43</td>
<td>4.97</td>
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<td>137</td>
</tr>
<tr>
<td>Paraprofessional</td>
<td>5.05</td>
<td>5.11</td>
<td>6.20</td>
<td>4.89</td>
<td>4.83</td>
<td>129</td>
</tr>
<tr>
<td>Office, Clerical</td>
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<td>5.90</td>
<td>4.75</td>
<td>5.13</td>
<td>124</td>
</tr>
<tr>
<td>Skilled Craft</td>
<td>5.06</td>
<td>5.15</td>
<td>5.78</td>
<td>4.85</td>
<td>5.14</td>
<td>133</td>
</tr>
<tr>
<td>Maintenance, Service</td>
<td>4.23</td>
<td>5.12</td>
<td>5.87</td>
<td>4.59</td>
<td>4.92</td>
<td>115</td>
</tr>
</tbody>
</table>
5. The social information processing model: what others say and think about jobs affects perception of job.
   a) Other people provide cues we use to understand our work environment.
   b) Others help us to judge what is important in our jobs.
   c) Others tell us how they see our jobs.
   d) Positive and negative feedback from others helps us to understand our feelings about our jobs.

6. Leverage points: mechanisms for improving job characteristics

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Characteristic affected</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combine tasks</td>
<td>Skill variety</td>
</tr>
<tr>
<td></td>
<td>Task identity</td>
</tr>
<tr>
<td>Form natural work units</td>
<td>Task identity</td>
</tr>
<tr>
<td></td>
<td>Task significance</td>
</tr>
<tr>
<td>Establish client relationships</td>
<td>Skill variety</td>
</tr>
<tr>
<td></td>
<td>Autonomy</td>
</tr>
<tr>
<td></td>
<td>Feedback</td>
</tr>
<tr>
<td>Load a job vertically</td>
<td>Task identity</td>
</tr>
<tr>
<td></td>
<td>Task significance</td>
</tr>
<tr>
<td></td>
<td>Autonomy</td>
</tr>
<tr>
<td>Open feedback channels</td>
<td>Feedback</td>
</tr>
</tbody>
</table>
7. Moderating effect of growth need strength: individuals with high growth needs typically respond more positively to enriched jobs than do those with low growth needs because the latter may not value such opportunities or may be negatively stressed by them.

8. The Elements of Flow (A Psychology of Optimal Experience) from pp. 178-179 of The Evolving Self: A Psychology for the Third Millennium by Mihaly Csikszentmihalyi (Chick-sent-me-HIGH)
   a) Clear goals (an objective is distinctly defined)
   b) The opportunities for acting decisively are relatively high, and they are matched by one's perceived ability to act. In other words, personal skills are well suited to given challenges.
   c) Action and awareness merge; one pointedness of mind.
   d) Concentration on the task at hand; irrelevant stimuli disappear from consciousness, worries and concerns are temporarily suspended.
   e) A sense of potential control.
   f) Loss of self-consciousness, transcendence of ego boundaries, a sense of growth and of being part of some greater entity.
   g) Altered sense of time, which usually seems to pass faster.
   h) Experience becomes autoelic. If several of the previous conditions are present, what one does becomes autoelic, or worth doing for its own sake.

Job Design Problem

1. For the situation described below, devise a strategy for enriching the jobs.
   The function of the keypunch division is to transfer written or typed insurance documents on to computer cards. The division consists of 98 keypunch operators and verifiers (both have the same job classification), seven assignment clerks, and seven supervisors. There are two keypunch supervisors (each with about 25 keypunch operators), two verification supervisors (again with about 25 verifiers each) and an assignment supervisor (with 7 seven assignment clerks). All of the supervisors report to an assistant manager who then reports to the keypunch division manager.

   The sizes of the jobs vary from just a few cards to as many as 2,500 cards. Some jobs are prescheduled while others come in with due dates—often in the form of crash projects that need to be done "right now." All jobs are received by the assignment branch where they are checked for obvious errors, omissions and legibility. Any problems found are reported to the supervisor who contacts the user department to resolve the problem. If the departmental input is satisfactory, the assignment clerk divides the work into batches that will take about one hour to complete so that each operator will have an equal workload. These batches are sent to the keypunching branches with the instructions to "Punch only what you see. Don't correct errors, no matter how obvious they look." Operators have no freedom to arrange their schedules or tasks. They also have little knowledge concerning the meaning and use of the data they are punching.
Because of the high cost of computer time, all keypunching is 100 percent verified. The verification process is done by having another operator completely repunch the data to see if the two inputs match. Thus, it takes just as long to verify as it does to punch the data in the first place. After verification, the cards are sent to the supervisor. If errors are detected, they are sent to the first available operator for correction. Next cards are sent to the computer division where they are checked for accuracy using a computer program. The cards and computer output are sent to the originating department, which checks the cards and output and returns the cards to the supervisor if any errors are found.

Many motivational problems exist. There are numerous grievances from the operators. Employees frequently display apathy or outright hostility toward their jobs. Rates of work are low. Absenteeism is much higher than average, especially on Mondays and Fridays. Supervisors spend most of their time controlling the work and resolving crisis situations. Keypunch division performance is marginal at best.

A consulting team has studied the job and concluded that there is little skill variety. Only a single skill--keypunching data--is involved. Task identity is virtually nonexistent. Batches are assembled to provide an even workload, but not whole identifiable jobs. Task significance is not apparent. The individual operators are isolated by an assignment clerk from any knowledge of what the operation meant to the using department, let alone to the ultimate customer. There is no autonomy. The operators have no freedom to arrange daily tasks to meet schedules, to resolve problems with the using department, or to correct obviously wrong information before keypunching it. There is no feedback. Once a batch is out of the operator's hands, no information is provided performance.

Redesign this work operation to improve motivating potential scores and performance.

2. You are a supervisor who supervises one person.
   a) Structure the person's job to encourage them to leave.
   b) Structure the job to encourage them to stay.
Motivation: Equity Theory

LEARNING OBJECTIVE: equity theory. Be able to identify perceived inputs and outcomes, underpayment and overpayment inequity, and to predict how inequity will be resolved.

1. Major contribution: considers the effect of comparing absolute outcomes with the outcomes of others when determining utility.

2. Some definitions
   - Focal person: person whose behavior we are attempting to explain.
   - Comparison other: an individual whom the focal person selects and who in reality may be like or unlike the focal person. (Can be the focal person at a different point in time.)
   - Inputs: perceived contributions to an exchange (e.g., effort, age, sex, or experience).
   - Outputs: perceived positive or negative consequences/returns received by the focal person in exchange for services (e.g., pay, status, job complexity).

3. Cognitive dissonance (inequity) is created for the focal person whenever his/her ratio of outputs to inputs is not equal to the ratio of his/her comparison other. The presence of inequity creates tension in the focal person in proportion to the amount of inequity present. The tension in the focal person will drive him/her to reduce it.

4. Equity is experienced when the output to input ratios for focal person and comparison are perceived to be equal.
   - Underpayment inequity is experienced when the output to input ratio for focal person is perceived to be less than that of the comparison other.
   - Overpayment inequity is experienced when the output to input ratio for focal person is perceived to be greater than that of the comparison other.

5. Leverage points include perceptions of inputs and outputs and choice of comparison other.
Equity Theory Problems

1. John Westlund, mayor of Columbia, Missouri, resigned amidst a scandal. The Columbia Tribune revealed that Westlund was reimbursed $3900 by the city for dubious and unbudgeted expenses during 1984. Included among the expenses were a Hong Kong trip, which the mayor never revealed to city staffers and a junket to Boston that apparently had nothing to do with city business. A total of $12,000 in dubious expenses were revealed by a city audit.

   Westlund's replacement, Rodney Smith (a tree trimmer by trade), suggested that Westlund ran up a large bill on the taxpayers' tab because Westlund felt that he rightly deserved some compensation for his service in the unpaid public office. Councilman Al Tacker said he saw how Westlund might have felt justified in claiming the expenses, saying "You start thinking, 'I put in all these hours as mayor, if I'm going to go on a city trip, at least I'm, going in style."

   a) Equity theory can be used to explain why Westlund stole from the city of Columbia, MO. Identify the type of inequity, Westlund probably experienced. Justify your answer by explaining Westlund's actions using equity theory, its equation, and its terms.

   b) Describe two ways in which Westlund could have legally resolved his feeling that he was insufficiently compensated. Explain how each would work in terms of equity theory's equation and terms.

2. In a major engineering and construction firm, R works with a more highly paid coworker and their boss (all are staff engineers). The coworker's work quality and productivity is so poor that their supervisor has asked R to check the coworker's work very closely. In addition, most of the work coming to the group is assigned to R because of his coworker's poor performance. With his small workload, the coworker devotes a great deal of office time to his personal business and charges it to their clients. Their supervisor does not confront the coworker.

   a) Apply equity theory to explain why R is so concerned about this situation.

   b) What can R do to restore equity for himself?
Motivation: Goal Setting Theory

LEARNING OBJECTIVE: goal setting theory, goal specificity, goal difficulty, and goal acceptance.

1. Goals, which any member of an organization can set, describe a desired future state.

2. Important variables
   - Goal specificity: clarity of goals and extent to which their accomplishment is observable and measurable.
   - Goal difficulty: the level of performance desired.
   Given acceptance of a goal, goal difficulty and specificity produce higher performance than an easy goal or a "do your best" goal.

3. Leverage points include goal specificity, difficulty and acceptance.

Goal Setting Theory Problems

1. The One Minute Manager by Blanchard and Johnson was a #1 bestseller and spent 12 months on the N.Y. Times bestseller list. The book can be summarized in terms of three basic principles. One of the principles are summarized below.

   Principle I.
   a) Determine your objectives.
   b) See what good behavior looks like.
   c) Write out each of your objectives on a single sheet of paper using less than 250 words.
   d) Read and re-read each objective, which only requires a minute or so each time you do it.
   e) Take a minute every once in a while out of your day to look at your performance, and
   f) See whether or not your behavior matches your objective.

   Principle I is not as useful as it could be. Using goal setting theory, indicate three different ways to improve this principle (one way for each of goal setting theory's key variable). Make your suggestion(s) global (about the 6 steps as a whole) rather than critiquing individual steps from above.

2. The pizza delivery business has become a particularly dangerous occupation. Pizza deliverers have a driving accident rate three times the national average. Devise a goal setting program to promote safe driving. Hint: first operationalize safe driving behavior.
Power

LEARNING OBJECTIVE: power. Bases of power. Position power (control of rewards and punishments, centrality), personal power (expertise, charisma, networks of peers), resource and information based power (substitutability and coping with uncertainty). Relative range of outcomes one party can put the other through as a determinant of who has the most power. Contexts of powerless and methods for empowering. Organizational trading currencies.

1. Definition: potential or actual ability to influence others in a desired direction.

2. The amount of power you have is a function of extent of dependence of other parties upon you. Dependence flows in the opposite direction from power in a relationship. Dependence arises in part because a person, group, organization relies upon other persons, groups, or organizations to accomplish a task.

3. Bases of power
   a) Position power: derived from position or job held
      Authority: influence is due to formal, legitimate trappings of position.
      Centrality: influence is due to linkage of position's activities to activities of other individuals or subunits
      Control of rewards and punishments: control over delivery of rewards and punishments.
   b) Personal power: based upon the knowledge or personality of an individual that allows him/her to influence the behavior of others.
      Expertise: special or unique skills, knowledge, and experience
      Charisma: influence based upon identification of others with them.
      Coercion: influence based upon fear.
      Some bases of power affect each other. For example, use of coercion diminishes charisma.
   c) Resource- and information-based power
      Control of resources and information: influence based upon control of resources such as allocation of money, materials, staff, or information.
      Coping with uncertainty: influence based upon helping others reduce uncertainty in the workplace.
      Substitutability: the less substitutable the activities of an individual or group in an organization, the more power it has.
d) Linkages: acquiring power through increasing contacts with others.
Informal networks: influence based upon being tied into an informal network and having access
to useful information.
Trade relations: reciprocity and lateral exchange form trade relationships which contribute to the
accrual and exercise of power. Managers participate in trade relationships with lateral network
members to get things done. Influence based upon networks of peers, subordinates, superiors for
whom have done favors or provided special information or assistance. (See elaboration below.)
Alliances: influence based upon membership in a coalition.

4. Many bases of power exist in organizations. Virtually every member of an organization has access
to one or more power bases. What determines which party has the most power in a given situation?
The party that can put the other party through the widest range of outcomes and is willing to do so.

5. Leverage points are the bases of power.

Power: Managers as Traders

1. Unlike nations, managers do not trade goods, they trade services including power, or the ability to
get things done. This is especially true of lateral relationships.

2. A model of influence thorough exchange
   Step 1: Assume that the other is a potential ally.
   Step 2: Clarify your goals and priorities
   Step 3: Diagnose ally's world: goals, concerns, needs
   Step 4: Diagnose your relationship with the ally.
   Step 5: Determine exchange approach; make exchange
Commonly traded organizational currencies

Inspiration related
Vision: being involved in a task that has significance for the unit, organization, customers, or society.
Excellence: having a chance to do things really well.
Moral/ethical correctness: doing what is "right" by a higher standard than efficiency.

Task related
Resources: lending or giving money, budget increases, personnel, space, etc.
Assistance: helping with existing projects or undertaking unwanted tasks.
Cooperation: giving task support, providing quicker response time, approving a project, or aiding implementation.
Information: providing organizational as well as technical knowledge.

Position related
Advancement: giving a task or assignment that can aid in promotion.
Recognition: acknowledging effort, accomplishment, or abilities.
Visibility: providing chance to be known by higher-ups or significant others in the organization.
Reputation: enhancing the way a person is seen.
Importance/Insiderness: offering a sense of importance, of belonging.
Network/Contacts: providing opportunities for linking with others.

Relationship related
Acceptance/inclusion: providing closeness and friendship.
Personal support: giving personal and emotional backing.
Understanding: listening to other's concerns and issues.

Personal related
Self concept: affirming one's values, self esteem, and identity.
Challenge/learning: sharing tasks that increase skills and abilities.
Ownership/Involvement: letting others have ownership and influence.
Gratitude: expressing appreciation or indebtedness.
Power: Empowering Others

1. Contexts of powerlessness
   a) Organizational
      Significant change/transitions
      Excessive competitive pressures
      Impersonal bureaucratic climate
      Poor communications
      Highly centralized organizational resources
   b) Supervisory style
      Authoritarian (high control)
      Negativism (emphasis on failure)
      Lack of reason for actions/consequences
   c) Reward systems
      Noncontingency (arbitrary allocations)
      Low incentive value of rewards
      Lack of competence-based rewards
   d) Job design
      Lack of role clarity
      Lack of training and technical support
      Unrealistic goals
      Lack of appropriate authority/discretion
      Limited participation in programs/meetings/decisions that direct impact on job performance
      Lack of appropriate resources
      Highly established work routines
      Too many rules and guidelines
      Low advancement opportunities
      Lack of meaningful goals/tasks

2. Four means of empowering others (from Bandura's self efficacy research)
   a) Through positive emotional support during experiences associated with anxiety and stress
   b) Through words of encouragement and positive persuasion
   c) By observing success
   d) By actually experiencing mastery of the task

3. Some empowering management practices
   a) Providing a positive emotional atmosphere
   b) Reward and encourage in visible and personal ways
   c) "Praising the troops": express confidence
   d) Foster initiative and responsibility
   e) Start small and build on success
Power: Organizational Politics

1. Definition: self-serving power oriented behavior.

2. Political behavior increases as resources become scarce, uncertainty increases, or goals become more complex or difficult to obtain.

3. Some political tactics
   a) pressure tactics: influencer uses demands, threats, intimidation in an effort to convince a target to comply with a request or support a proposal.
   b) upward appeals: i) influencer tells target that a request is approved by upper level management or ii) upper level management assists in gaining target's compliance.
   c) exchange tactics: influencer makes an explicit or implicit promise that the target will receive rewards or tangible benefits if target complies with a request or support.
   d) coalition tactics: influencer seeks the aid of others to persuade target to do something or uses the support of others as an argument for the target's compliance.
   e) ingratiating tactics: influencer seeks to get target in a good mood or to think favorably of influencer before asking the target to do something.
   f) rational persuasion: influencer uses logical arguments and factual evidence to persuade target that a proposal or request is viable and likely to result in attainment of goals.
   g) inspirational appeals: influencer makes an emotional request or proposal that arouses enthusiasm by appealing to target's values and ideals or increasing target's confidence in his/her ability to accomplish a goal.
   h) consultation tactics: influencer seeks target's participation in making a decision or planning how to implement a proposed policy, strategy or change.
Power: Problems

1. a) In the case below, what bases of power that are available to A and what bases are available to the Master Sergeant?
   
   b) Who has the most power? Why?
   
   c) Present two steps that A can take to take control of situation. Justify each using power concepts.

   The setting: A military radar installation
   
   The players: A (25-year-old Platoon Leader who is the 1st lieutenant, no professional experience; has academic education); Deputy platoon leader (subordinate of the Platoon Leader), Master Sergeant, 45 years old, experienced, expert in all matters related to the radar system, energetic, forceful, motivated, independent.

   The Problem: Shortly after his transfer to the unit, A noticed that the Master Sergeant frequently made decisions on essential matters without consulting or even informing A. The Master Sergeant was obviously convinced of his profound professional knowledge and did not necessarily want to offend by his behavior. However, A could not tolerate this situation.

2. Entertainment Weekly publishes an annual ranking of the most powerful people in the entertainment business (sports are not considered part of entertainment here). Match each of the people below with their ranking in the 1999 list. The rankings to be used are 6, 23, 50, 69, 101.5, and "not ranked." Be prepared to justify.

   ___ David Lee Roth, Former lead singer for rock music group Van Halen. Is now between gigs.

   ___ Madonna, The Material Girl-singer actress/Co-CEO of Maverick Recording. Most recent hit was Austin Powers 2's "Beautiful Stranger." Bought out Maverick partner/former manager Freddie DeMann for reported $20 million.

   ___ Jim Carrey, Actor-provocateur. Star of Ace Ventura-Pet Detective, Man on the Moon and other movie hits.

   ___ Jeff Bezos, Founder and CEO of Amazon.COM.

   ___ WWF (Vince McMahon-owner & Steve "Stone Cold" Austin, wrestler). Nine hours per week of Nielsen pinning shows and 200 plus live events per year.

   ___ Oprah Winfrey, Talk show queen with number 1 daytime chat hour which pulled in $300 million in 1998. The 26 books that she has selected for her book club have enjoyed a big sales jump. She has a movie production company--Harpo Films. Has magazine due out in the spring.
3. In a state agency, a recent promotion has placed Tim in a supervisory position over 11 people, many of whom are close personal friends. Assigning tasks that they might not want to do, assessing performance, and applying discipline is complicated by friendship with some employees. Tim has many power bases by virtue of his role as supervisor. Why do his subordinates have the power to counteract it? What can Tim do to neutralize their power and establish himself in his new role?

4. In the book *The Little Prince*, the little prince asks the king, "Sire--over what do you rule?"
   "Over everything," said the king with magnificent simplicity.
   "Over everything?"
   The king made a gesture, which took in his planet, the other planets, and all the stars. For his rule was not only absolute; it was universal.
   "And the stars obey you?"
   "Certainly they do," the king said. "They obey instantly. I do not permit insubordination."
   The little prince plucked up his courage to ask the king a favor: "I should like to see a sunset… Do me that kindness… Order the sun to set…"
   "If I ordered a general to fly from one flower to another like a butterfly, or to write a tragic drama, or to change himself into a seabird, and if the general did not carry out the order that he had received, which of us would be in the wrong?" The king demanded. "The general, or myself."
   "You." replied the prince firmly.
   "Exactly. One must require from each one the duty which each one can perform," the king went on. "Accepted authority rests first of all on reason. If you ordered your people to go and throw themselves into the sea, they would rise up in revolution. I have the right to require obedience because my orders are reasonable."
   "Then, my sunset?" the little prince reminded him.
   Before saying anything, the king consulted a bulky almanac, "That will be about this evening at twenty minutes to eight."

What important power lesson is presented in this conversation?
Extra Problems for First Half of Course

1. The October/November, 1997 issue of "Civilization" contains an article titled "Winning the genius lottery." The experiences of the recipients of annual fellowships from the John D. and Catherine T. MacArthur Foundation show that, in many ways, the awards program hasn't lived up to the high hopes of its early days, according to Jennifer Senior. Ms. Senior, a staff writer for New York magazine, interviewed more than half of the 1992 recipients of the fellowships. She found that the "genius awards" -- which range from $150,000 to $375,000, with no strings attached -- had been used to pay for everything from a new Cadillac and a set of false teeth to an old Kansas farmhouse and a search for a missing brother. John D. MacArthur's grandson Rick, whose father, J. Roderick MacArthur, created the awards, said his father would have found the odd ways that the recipients spent the money "hilarious." But J. Roderick MacArthur might also have regretted that the program had not achieved its intended purpose of financially liberating great intellects so that they could "do something for the human race," writes Ms. Senior.

Which course concept is best exemplified by the findings that the genius awards are not being used as intended? Briefly, justify your selection.

2. In an article published in the December 30, 1997 Des Moines Register, John Weires, owner of Audio Video Logic, describes the speakers that he offers for sale and a strategy for selling them. Speakers range in price from the $250 per pair NIT Super Zero speaker to the $167,000 per pair Wilson Wamms. Weires invites customers to listen to the best speakers in the showroom. "You need a frame of reference before you buy," said Weires. "It's like test driving a Ferrari before buying a Taurus."

Which course concept is best exemplified by Weires' sales approach?

3. According to a fall, 1998 Chronicle of Higher Education story, the president of Virginia Tech instructed faculty to assign more homework to students so that students would consume less alcohol on the weekends.

Which course concept is best exemplified by the president's plan?
4. Department X is responsible for development and support of all computer systems used for business processing in a large corporation.

A has not implemented a successful project in his 10 years with the company. Most projects he worked on get canceled by the client because of system performance problems due to poor technical design decisions. Despite this lack of success in project work, A has been on the fast track in climbing the corporate ladder, mostly due to his communication skills.

B has successfully implemented several important systems during his 10 years with the company. Most observers agree that B's technical strength has been critical to the success of these systems. Despite B's technical success, he has had few promotions primarily because of poor communication skills.

Employees in Department X believe that communication skills are more important than technical knowledge. Because of this lack of technical focus in the department, quality of systems delivered is declining and clients are becoming dissatisfied.

Which course concept could be best used to diagnose and solve this problem? How can the problem be solved using this concept?