**CHAPTER 1**

**PUTTING PEOPLE FIRST**

Before you embark on any long journey, it is always a good idea to have a guide to see where you’re headed and to help to remember where you’ve been. Each chapter in this book begins with a “Chapter Navigator” designed to help you anticipate where the chapter is heading, to provide a quick reference point throughout the chapter in case you need to get your bearings, and to offer an overarching look at how from two perspectives introduced in this chapter (conventional and sustainable) the content can look different. We sincerely hope that you will enjoy your journey learning about organizational behavior and how it applies to your present and future experiences in organizations!

**Chapter Navigator**

|  |  |  |
| --- | --- | --- |
| **Introduction** | **Conventional OB** | **Sustainable OB** |
| Why study organizational behavior (OB)? | Enhance your self-awareness and capacity for self-improvement Enable you to understand, interact with, and influence others  Equip you to serve in managerial roles in organizations | |
| What is effective OB: Two Approaches:   * Values * Primary outcomes of interest | Emphasis on materialism (financial well-being) and the interests of a narrow range of stakeholders  Performance, commitment, personal, predictability, and short-term profits | Emphasis on multiple forms of well-being (financial, social, ecological, spiritual) and the interests of a broad range of stakeholders  Performance, commitment, community, creativity, and long-term consequences |
| OB and Management   * Planning: * Organizing: * Leading: * Controlling: | Identifying organizational resources and goals    Designing systems and structures to meet goals  Influencing others to meet goals  Ensuring that members’ actions meet organization’s standard values | Exercising practical wisdom  Demonstrating courage and experimentation    Encouraging self-control and treating members with dignity    Ensuring fairness and being sensitive to sub-optimal conditions |
| What you will explore in this book | Conventional ideas, research, and examples | Sustainable ideas, research, and examples |

***Opening Case***

***Built to Serve****[[1]](#endnote-1)*

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*Photo spec – Diverse set of United employees*

*Organizations exist to accomplish goals, but sometimes the pursuit of those goals becomes drudgery for the people who make up the organization. In those cases it is helpful to do things that remind people there’s more to a job than having a narrow focus on the bottom-line. This is what happened one day at United Supermarkets, when a distraught customer approached a representative in the store to complain about a spoiled ham. She said her husband had picked up this ham earlier in the day for an important dinner that evening. A closer look at the ham indicated that it was purchased from a different store. But instead of redirecting the customer and her anger to another retailer, an assistant manager simply invited her to pick out another ham at no cost to her. When Dan Sanders, the CEO of United at the time, heard about the decision of the assistant manager to cheerfully provide a free ham, he commended the decision.*

*United Supermarkets has a people-centered organizational culture. The secret is to use common sense, even if it is not that common in practice in many organizations. For example, people like to be acknowledged for their work and given the support to do their job well. At United this support takes the form of encouraging “team members”—which is what United employees are called—to do the right thing for their customers, even if it is costly. It also means that managers communicate appreciation in creative ways, like renting out a vacation cabin for team members and their families, hiring a professional photographer to take and frame personal photos, distributing tickets to local entertainment events, or having a team member fitted for his first dress suit. More often it means treating co-workers and customers with dignity, saying “thank you” when people are helpful, and listening to everyone in the organization.*

*An example of the latter was evident during a store redesign. Team members were asked to provide input in the initial design and then invited to participate in walking through a mock-up to offer further suggestions before the proposal was put into action. This emphasis on listening is also evident in higher levels of the hierarchy. For example, believing that the best ideas originate with those closest to the daily interactions, during his time as CEO Sanders began each Tuesday with a conference call involving all store managers. The main objective is to listen, not provide directives. By cutting through the long formal channels of communication and avoiding impersonal email updates, Sanders could hear the inflections in voices and learn a great deal from the informal stories of frustrations and joys. It may be basic—people talking to people about serving people—but is essential to United spirit, which is evident in the enthusiasm and commitment to service among its 10,000 team members. The United mission sums up this philosophy - “Ultimate Service. Superior Performance. Positive Impact.”*

*Of course, all organizations are unique, but they can learn from one another, perhaps especially when people from one organization start to work in another. For example, after his term at United and two years as president of Acme markets, Dan Sanders became president of grocer Albertsons in Southern California. Sanders brought his belief that the business model that focuses on maximizing profit is broken, and that the purpose or supreme goal of business is to serve and enrich the lives of others, not to focus on the numbers. Take care of team members (employees), they will take care of your guests (customers), and the numbers will take care of themselves. Sanders asserts that organizations should stop focusing on return on investment and start focusing on their return on humanity.*

*This approach doesn’t guarantee that in tough economic times leaders can avoid difficult decisions. In attempting a turnaround of Albertson’s, Sanders laid off approximately 13 percent of its employees across 247 stores. Sander’s decision caused some to wonder if he had reordered his priorities, or whether the layoffs were necessary to protect the remaining employees’ jobs by preventing store closings. The decision surely affected the morale of the members of the organization. This case illustrates the complexities of understanding organizational behavior. The behavior and responses of members of organizations are influenced by their own individual characteristics, their interpersonal relationships with others, their organization’s culture and structures, and the environment in which the organization operates.*

## WHY STUDY ORGANIZATIONAL BEHAVIOR?

Organizations are essential and dominant influences on life in our modern world. They are the principle means by which we achieve goals beyond the capability of individuals acting alone.[[2]](#endnote-2) More formally, **organizations** are “social structures created by individuals to support the collaborative pursuit of specific goals.”[[3]](#endnote-3) Commodity wholesalers and grocery stores gather and distribute food, schools and universities educate and socialize children and adults, factories manufacture goods, hospitality and consulting businesses offer services, government agencies and hospitals dispense assistance, coffee houses and internet bookstores sell products, and social networking and dating sites connect people. Yet, despite the fact that some organizations (such as corporations) are given legal status as persons, organizations do not exist, operate, or influence society without people. It is more accurate to say that *people acting collectively* accomplish much.

**Organizational behavior** (OB) is the discipline that sets out to explain human behavior in organizations by examining the behavior of individuals, groups, or all the members of an organization as a whole. This examination relies on the science of identifying cause and effect relationships, making explicit the factors influencing decisions and behavior, and taking into account the specifics of various situations.[[4]](#endnote-4) It also calls upon developing theory that takes into account empirical research and that helps to set the agenda for future research. Together, OB theory and science explain what influences individual and collective behavior, when these influences operate and have their greatest impact, and how people’s behavior shapes the internal and external organizational environment. Simply put, the focus of this book is on understanding people and their essential role in enabling organizations to serve society.

It is impossible to escape, avoid, or eliminate the influence of organizations. Given that organizations are part of our everyday life, every person reading this book either has experienced or will experience many of the principles and situations we will explore. You can thus expect to benefit from understanding and applying the concepts discussed in this book in your daily life. More specifically, there are at least three reasons to keep reading (see Fig. 1-1).

**Figure 1.1: Three Reasons to Study OB**

First, studying OB helps you to understand yourself. By understanding OB, you can get a better sense of the values and forces that influence your attitudes, feelings, and behavior. This will not only make your work experience less stressful and more enjoyable; it should also help you understand how people respond to you.

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Second, understanding OB can improve the interactions you have with others by providing practical suggestions for influencing and collaborating with them, working in teams, and leading organizations. It also will help you understand the behavior of your managers, the people you manage, and those who work alongside you in teams or on projects.

Third, a strong grasp of OB will allow you to increase your contribution to an organization and prepare you to serve in a management or leadership role, a challenge to which we give particular attention throughout this book. According to prominent management philosopher and scholar Peter Drucker, the work of managers and leaders is a great responsibility; because it “deals with people, their values, and their personal development … management is deeply involved in moral concerns.”[[5]](#endnote-5) Fulfilling this responsibility will require **technical skills** or expertise in areas like marketing or accounting or finance or human resources, strong **relational skills** that help you get along with and motivate people, and strong **conceptual skills** thatinclude the ability to understand complex issues, underlying causes, and problems with broad implications. Our discussion of OB in this book is primarily focused on improving your relational and conceptual skills.

OB and Mgmt

What is Next

**WHAT IS *EFFECTIVE* ORGANIZATIONAL BEHAVIOR: TWO APPROACHES**

In our journey through the theories and practices of organizational behavior, we will explore behavior at three interdependent levels of analysis: Individual, Interpersonal, and Organizational. Each level depends to some degree on the others and each influences the others.

At each level, we’ll ask what is effective OB. **A behavior or action is effective if it creates a desired effect or accomplishes a desired goal or outcome**. Your belief about whether a particular approach to OB is effective will depend on which effects or outcomes you value. This book thus challenges you to examine the underlying assumptions behind OB theory and practice and to decide for yourself what it means for a person, group, and organization to behave *effectively*. For example, what are key overarching goals that organizational members should strive to accomplish? What does Mike Duke, CEO of Walmart, mean when he asserts “More will be expected from market leaders and globally successful companies, and those companies who are most involved will be most successful, creating an upward spiral.”[[6]](#endnote-6) Does he mean more profits, or that there is more to being an effective organization than simply maximizing profits? Should the decisions and behaviors of organizational leaders and members reflect a concern for other outcomes, such as employee well-being or environmental impact?

To one person, behavior that results in optimal task performance is effective, whereas behavior that merely results in job satisfaction is not. Someone else might believe the reverse. Do team members believe their team operating effectively when no one disagrees with anyone else, or when members are free to share their diverse views? The meaning of effectiveness also may vary depending on the type of organization being considered. For a community-run soup kitchen, effectiveness may mean providing needy people with nourishing food in a way that enhances their dignity. A business might define effectiveness as maximizing profitability, while for a government agency it may mean serving the public in a timely fashion. In learning about OB, effectiveness is an important issue that deserves our attention.

**My OB:**

**Does Money Buy Happiness?**

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*Photo spec: Picture of Gina Rinehart, perhaps with money*

Gina Rinehart is an Australian mining magnate who is estimated to be the world’s wealthiest woman. From its tenuous position after her father’s death, she grew Hancock Prospecting into a vast enterprise that has yielded her a personal net worth of approximately $27 billion. Rinehart seems happy with her impressive accomplishments, but she also has experienced her share of unhappiness in the form of strained familial relationships and a lack of professional respect from detractors.

Many believe that, while money may not actually buy happiness, it certainly can’t hurt. The empirical evidence is unclear. Some research suggests that money is related to happiness for the very poor, and there is a small relationship between money and happiness among young and middle-age adults, but the relationship disappears for older adults. Other research indicates that money and materialism are associated with a decline in life satisfaction and personal well-being. A third body of research suggests that that money can indeed buy happiness, but only if you give it away. A series of studies show that people are happier if they spend money on gifts or charities than on themselves, that workers who received a profit-sharing bonus were happier if they gave some of it to others instead of keeping it all for themselves, and that students who were given $5 to $20 and told to spend it on others were happier at the end of the day than students who were instructed to spend it on themselves.

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What is Next

**Questions for Reflection:** What is your experience with money? Do you agree or disagree with the idea that money can buy happiness? How can you personally apply the findings about giving money away? How can organizations apply this finding?

Sources: Wilson-Chapman, A. (2012, May 23). WA mining magnate Gina Rinehart now richest woman in world, making nearly $50m a day. *Perth Now*. Retrieved from <http://www.perthnow.com.au/business/wa-mining-magnate-gina-rinehart-now-richest-woman-in-world-making-nearly-50m-a-day/story-e6frg2r3-1226364516122>;

Bryant, N. (2012, May). What Gina wants: Gina Rinehart’s quest for respect and gratitude. *The Monthly*. Retrieved from http://www.themonthly.com.au/gina-rinehart-s-quest-respect-and-gratitude-what-gina-wants-nick-bryant-5024; Dunn, E. & Norton, M. (2012, July 7). Don’t indulge. Be happy. *The New York Times*. Retrieved from <http://www.nytimes.com/2012/07/08/opinion/sunday/dont-indulge-be-happy.html?_r=1&pagewanted=all>; Aknin, L. B., Dunn, E. W., & Norton, M. I. (2012). Happiness runs in a circular motion: Evidence for a positive feedback loop between prosocial spending and happiness. *Journal of Happiness Studies*, *13*(2), 347-355; Hsieh, C. (2011). Money and happiness: Does age make a difference?. *Ageing & Society, 31*(8), 1289-1306; Kasser, T. (2003) *The High Price of Materialism.* Cambridge, Mass.: Bradford Book, MIT Press; Burroughs, J. E., & Rindfleisch, A. (2002). Materialism and well-being: A conflicting values perspective, *Journal of Consumer Research*, 29: 348-370.

**Two Approaches**

This book presents two approaches to organizational behavior (OB), the conventional approach with its rich history, and an emerging sustainable approach that builds upon and stretches the boundaries of the conventional approach. **Conventional OB** tends to emphasize what contributes to financial well-being and the interests of a narrow range of stakeholders, whereas **sustainable OB** emphasizes what contributes to multiple forms of well-being (financial, social, ecological, spiritual) for a broad range of stakeholders.

The work of German sociologist Max Weber provides a conceptual framework that helps us to think more carefully about what constitutes “effective” OB. From a conventional perspective, effective OB is primarily about maximizing material or financial benefits for ourselves or a narrow range of stakeholders. The logic behind this view is captured in the popular interpretation of Adam Smith’s “invisible hand” metaphor, which suggests that the good of the community is assured when every individual is permitted to pursue his or her own self-interested goals.

Weber acknowledges that this conventional approach has contributed greatly to unprecedented productivity and the creation of financial wealth. Even so, he argues that it ultimately renders a disservice to humankind.[[7]](#endnote-7) In what has become one of the most famous metaphors in all the social sciences, he argues that this approach leaves humankind trapped in an “iron cage,” focusing on a narrow set of materialist-individualist considerations that trump other forms of well-being. He laments that such a focus weakens the human spirit and limits human flourishing.

Sustainable OB draws attention to Adam Smith’s earlier, though less famous, work, *The Theory of Moral Sentiments*.[[8]](#endnote-8) When Smith says everyone should be “perfectly free to pursue his [or her] own interest,” he assumes this pursuit takes into account virtues like benevolence (love), practical wisdom (prudence), fairness (justice), and self-control (temperance).[[9]](#endnote-9) Put differently, Smith’s “invisible hand” is effective only if it is attached to a “virtuous arm.”

Sustainable theory and practice rest on several conceptual and philosophical bases.[[10]](#endnote-10) We will ground them in Aristotle’s **virtue theory**,[[11]](#endnote-11) because it is an appropriate and highly regarded perspective that has stood the test of time. From an Aristotelian perspective, the purpose of human behavior is not simply to maximize performance, predictability, and short-term profitability, nor is it to maximize self-interest. Rather, the purpose of human behavior is to maximize people’s *happiness*, which Aristotle called the “supreme good.” Happiness is achieved by practicing **virtues** *in community*.[[12]](#endnote-12) From a virtue theory approach, sustainable OB is all about modeling and facilitating organizational members’ practice of four cardinal virtues: practical wisdom, self-control, courage, and justice. In short, sustainable OB seeks to nurture community and happiness by modeling and enabling the practice of virtues in financially viable organizations.

Table 1.1 provides an overview of the priorities associated with conventional and sustainable OB. The differences in priorities between the two approaches to OB are consistent with differences in the philosophical assumptions described above. Of course, as we will see in the following pages, these priorities are important for understanding and practicing OB.

**Table 1.1: Understanding Key Priorities**

|  |  |
| --- | --- |
| **Conventional OB Priorities** | **Sustainable OB Priorities** |
| Personal – focus on self-interest | Community – focus on community interests |
| Performance – focus on job, group, and organizational performance | |
| Predictability – focus on what is stable and can be explained | Creativity – focus on what is dynamic and difficult to explain |
| Commitment – focus on bonds among people, actions, and organizations | |
| Short-term Profits – focus on relatively immediate productivity and profit | Long-term Consequences – focus on relatively long-term consequences |

The OB priorities in Table 1-1 are signs indicating which outcomes are relatively more important than others. Of course, as illustrated in Figure 1.2, these approaches overlap to some extent. For example, performance and commitment are important to both conventional and sustainable OB, with subtle differences. However, performance may be defined more narrowly or specifically from a conventional point of view, whereas performance from a sustainable point of view may include a broader set of less specific and measurable contributions. Further, commitment based on obligations or shared values may be equally attractive from a conventional perspective, whereas a sustainable perspective decidedly favors commitment based on shared values.

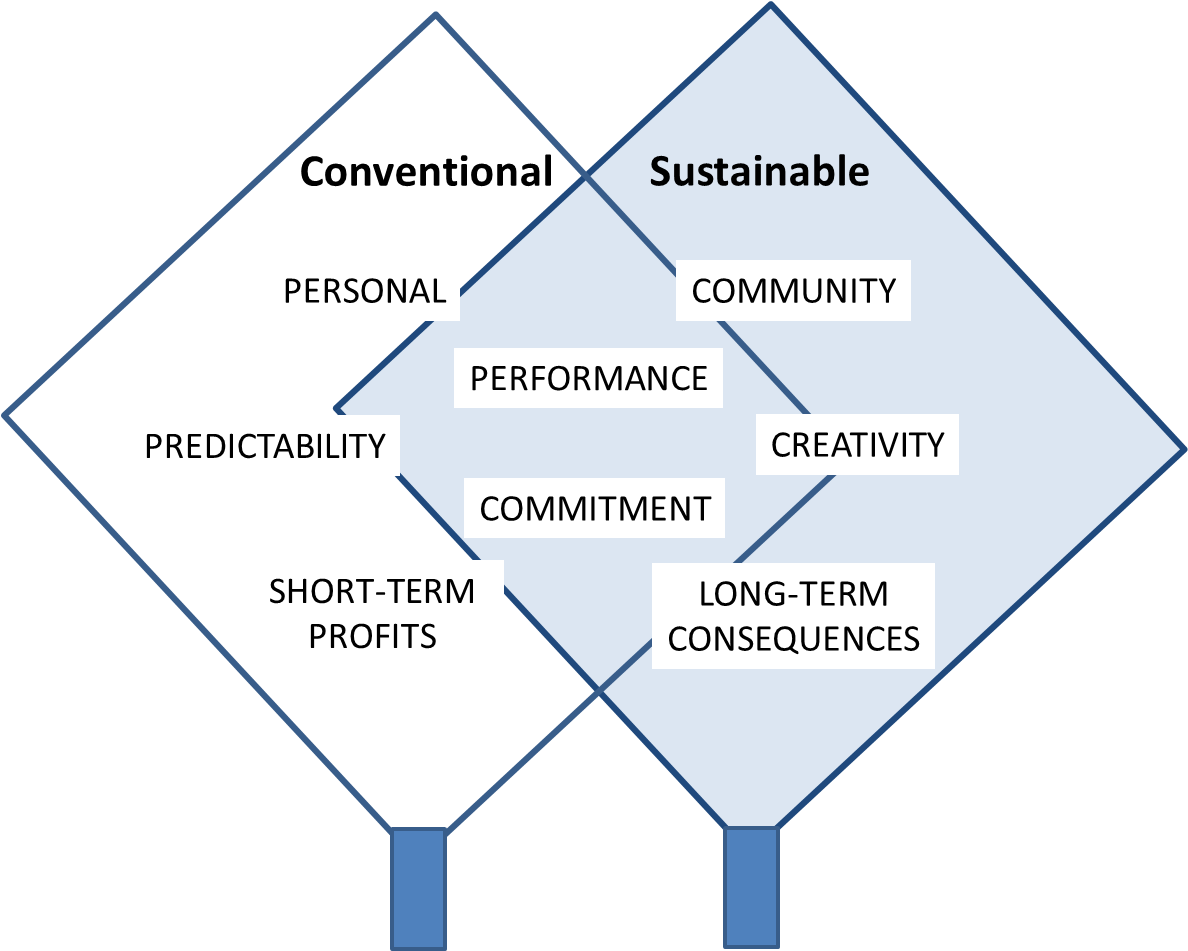
**Figure 1.2: Signs Highlighting Priorities for Organizational Behavior**

Why OB

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While a conventional approach to OB has a long and rich history, as we will see in chapter 2, this history also includes research and practices consistent with a sustainable approach. Many scholars and practitioners have long placed higher priority on improving the multi-dimensional well-being of humankind than on merely maximizing the financial wealth of their organizations.[[13]](#endnote-13) However, to meet the complex challenges of the future, evidence suggests that the number of practitioners and scholars practicing and promoting a sustainable approach to OB is growing.[[14]](#endnote-14)

**Implications of Two Approaches**

Both conventional and sustainable approaches offer compelling ideas and examples worth careful consideration. Each is an **ideal type** (i.e., fundamental model or theoretical extreme), which does not mean they are the best or “ideal” way of managing, but rather that together they help us think critically about what OB means and how we can apply it. Throughout the chapters we will provide conceptual tools and examples to allow you to compare conventional OB and sustainable OB, making up your own mind about what is effective. Discussing two “ideal types” has at least four implications.

First, allowing the sustainable and conventional approaches to act as two end points can help us better understand the position that we, and others, occupy on a continuum. Just as we would expect to find very few people to be examples of “pure” extraverts or introverts, we would also expect to find very few “pure” examples of the conventional or sustainable approach. Dan Sanders, whose behavior was the focus of the opening case, sometimes exhibits behavior that is consistent with sustainable OB and at other times his behavior is more conventional. The same is true for other people we highlight in this book.

Second, understanding one ideal type helps to better understand a second ideal type. We develop a richer understanding of extraversion when we contrast and compare it to introversion. We have a better understanding of “bitter” when we contrast and compare it to “sweet.” Similarly, we have a deeper understanding of conventional OB if we contrast and compare it with sustainable OB, and vice-versa.

Third, learning two ideal-types of OB adds more complexity and can create tension, but mastering the ability to resist simple answers and explore and integrate opposing ideas or viewpoints is the mark of outstanding managers.[[15]](#endnote-15) In other words, learning two approaches to OB enhances **critical thinking**, an important skill for business students.[[16]](#endnote-16) In practice, OB is complex and filled with challenges to balance different ideas and values. As is discussed in the OB in Action box, our approach helps you develop essential critical thinking skills that are highly valued in organizations.

**OB in Action:**

**The importance of critical thinking**



*Photo spec: Picture of both Burke and Caffrey*

In the Television drama, *White Collar*, FBI agent Peter Burke (played by Tim DeKay) and ex-con Neal Caffrey (played by Matt Bomer) team up to solve complex white collar crimes. The secret to their success is that each person brings a unique perspective to problems they face. Their contrasting perspectives stretch each other’s thinking.

An OB course is one of the main courses in business schools to facilitate critical thinking, precisely because its emphasis on people serves to counter-balance the primary emphasis on maximizing profits that characterizes many other business courses. While there is some debate on what exactly “critical thinking” means, most scholars agree that it has two components: (1) a technical component (being able to perform tasks in a logical, linear and instrumental way) and (2) a philosophical component (being able recognize and evaluate the underlying assumptions that help to decide which tasks to perform). These echo Aristotle’s idea that critical thinking requires thinking about something deeply and from different perspectives.

An excellent way to improve critical thinking is to learn more than one approach to a topic area. Research shows that students who learn two approaches to management—a conventional approach and a sustainable approach—improve their perceived and actual critical thinking. Put differently, learning two approaches helps to prevent dysfunctional self-fulfilling prophecies associated with teaching only one dominant approach. The benefit of exploring alternative approaches is being increasingly advocated by OB and management scholars (such as Jeffrey Pfeffer, Henry Mintzberg, Gretchen Spreitzer, Rosabeth Moss Kanter, and others), and by vanguard practitioners. For example, Dominic Barton, Global Managing Director of McKinsey & Company, is imploring leaders to explore alternatives that emphasize long-term thinking that recognizes the needs of a broad range of stakeholders that includes employees, society, and environment.

**Questions for Discussion:** Do you agree that critical thinking is a key skill to be learned in college? What courses have you taken that improve your ability to think outside the box and/or to challenge assumptions about “effectiveness” that are associated with general views on business? What are some drawbacks to hearing only one perspective on a problem or organizational practice?

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Sources: Dyck, B., K. Walker, F. Starke, K. Uggerslev, (2012). Enhancing critical thinking by teaching two distinct approaches to management. *Journal of Education for Business, 87*(6): 343-357; Dyck, B., K. Walker, K., Starke, F., & Uggerslev, K. (2011). Addressing concerns raised by critics of business schools by teaching multiple approach to management. *Business and Society Review, 116*, 1-27; Ferraro, F., Pfeffer, J., & Sutton, R. I. (2005). Economic language and assumptions: How theories can become self-fulfilling. *Academy of Management Review*, *30*(1): 8-24; Ghoshal, S. (2005). Bad management theories are destroying good management practices. *Academy of Management Learning and Education*, *4*(1): 75-91; Pfeffer, J. (2010). Building Sustainable Organizations: The Human Factor. *Academy of Management Perspectives, 24*(1), 34-45; Mintzberg, H. (2009). Rebuilding companies as communities. *Harvard Business Review, 87*(7/8), 140-143; Spreitzer, G. (2007). Giving peace a chance: Organizational leadership, empowerment, and peace. *Journal of Organizational Behavior, 28*(8), 1077-1095; Kanter, R. (2010). How to do well and do good. *MIT* *Sloan Management Review*, *52*(1), 12-15; Barton, D. (2011). Capitalism for the long term. *Harvard Business Review*, 85-91.

Fourth, exploring two approaches to OB shows that the actions and practices of organizational members are not value-neutral. It is in fact impossible to develop OB theory that is *not* based on some set of values. Thus, *both* the conventional and the sustainable ideal types are value-laden, though each is based on different assumptions about what is valuable. Learning the two approaches enables—even compels—you to think about what your own moral point of view is, and about how it can be expressed in the workplace where you spend a significant portion of your life. Studying two ideal types of OB will help you to think about what kind of person or leader *you* want to become in the future and where on the continuum you fall. It also will help you understand and relate to people who favor a different approach than yours.

In sum, we hope that by exploring two approaches to OB you will understand a range of perspectives and practices that you can chose from to guide your experiences in organizations. You may end up favoring one approach over the other, or you may use the concepts and frameworks you learn in this course to form your own holistic approach. Heeding Socrates’ observation that “the unexamined life is not worth living,” we believe learning about OB with critical reflection is of great worth.

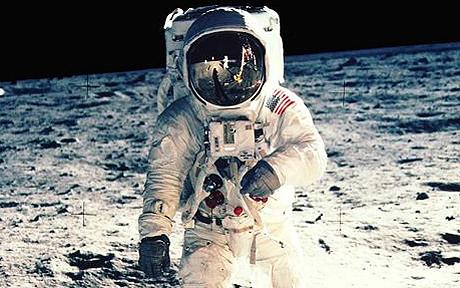
**ORGANIZATIONAL BEHAVIOR AND MANAGEMENT**

The theories and practices of OB and management are intertwined. Managers rely upon and use their knowledge of OB in managing people. If you do not plan to be a manager, you are still likely to be influenced by the behavior of managers in your workplace.

The most common definition of management has two components, one focuses on what managers do, and the other on how they do it: ***Management*** is *the process of planning, organizing, leading, and controlling human and other organizational resources towards the achievement of organizational goals*. This definition and its conventional application to organizations arose during the industrial revolution and remain dominant today.

**OB in Action:**

**Moonshots for Management 2.0**



*Photo spec: Picture of astronaut(s) on moon*

Gary Hamel is among those calling for organizations to dramatically improve the way they perform the four functions of management and achieve organizational goals. He comments, “In a world in which economic value is increasingly the product of inspiration, mission, and the joy that people find in their work, the sorts of management innovation that will be most essential are precisely those whose benefits will be most difficult to measure.” If the discipline of management, which relies on OB theory and practice, does not innovate, he even suggests some organizations would be better served by getting rid of its managers.

Hamel also reports on a meeting of leading practitioners and scholars in the organizational sciences who believe the time has come to “shoot for the moon” and develop a form of Management 2.0 that better meets the challenges organizations face. Here are some examples of how these “moonshots” may be applied to OB 2.0:

*Serve a higher purpose. Organizations should devote themselves to the achievement of noble, socially significant goals.*

*Integrate the ideas of community and citizenship in organizational systems. Processes and practices should reflect the importance and interdependence of all stakeholder groups.*

*Abandon the pathologies of formal hierarchy. Replace with natural hierarchies, where power flows up from the bottom and leaders emerge instead of being appointed.*

*Decrease fear and increase trust. Mistrust and fear destroy innovation and engagement and must be replaced in tomorrow’s organizational systems by trust.*

*Refocus the source of control. To transcend the systems of monitoring and top-down control, systems will need to encourage self-control and peer accountability.*

*Value and leverage diversity. Systems and practices must be created that value diversity, disagreement, and divergence as much as conformance, consensus, and cohesion.*

*Redefine the role of leadership. The notion of the leader as a heroic decision maker is unsustainable. Leaders must re-invent themselves as social-systems architects who enable innovation and collaboration.*

**Questions for Discussion.** Which moonshots do you think might be most important to the success of organizations in the future? Explain. Which moonshots, if landed, would make an organization attractive to you as an employee? Why? Which moonshots would make you nervous if you are a manager?

Sources: Hamel, G. (2011). First, lets fire all the managers. *Harvard Business Review, 89*(12), 48-60; Hamel, G. (2009). Moon Shots for Management. *Harvard Business Review, 87*(2), 91-98; Hamel, G. (2007. P. 98). *The future of management.* Boston, MA: Harvard Business School Press.

Despite calls for change in the way we do management from Gary Hamel and others (see “OB in Action: Moonshots for Management 2.0”), the basic functions of management continue to be planning, organizing, leading and controlling. These four tasks were first identified by Henri Fayol almost a century ago. [[17]](#endnote-17) We look at them briefly and then suggest how conventional and sustainable perspectives might result in different organizational behaviors for each.

**Planning**

From a conventional perspective, planning focuses on how managers set goals and design strategies to achieve them. Typically the focus is on how managerial plans to improve productivity and profits. A sustainable approach emphasizes how managers *work alongside others* to set goals and design strategies. Moreover, sustainable managers reach for goals that go beyond profits and productivity, even when such goals are difficult to measure, such as those related to environmental sustainability, human dignity, and happiness. Sustainable OB emphasizes using **practical wisdom** (prudence)**,** which is exercising foresight, reason, and discretion to achieve what is good for the community.[[18]](#endnote-18) Because a sustainable approach to planning recognizes that individual and community wellbeing are closely related, members strive to make decisions that reflect the needs of multiple stakeholders (an organization’s members, customers, owners, suppliers, and neighbors).

**Organizing**

From a conventional perspective, organizing is arranging human and other organizational resources in order to achieve planned goals and strategies. Basic organizing issues include concepts such as centralization (how much authority people at different organizational levels have), specialization (dividing large, complex tasks into a series of simpler tasks), and standardization (achieving coordination across organizational members). Sustainable organizing includes arranging resources but emphasizes a spirit of dignification, experimentation, and sensitivity to others needs in the process. The virtue of **courage** is manifest in managers who work to improve overall happiness, *even if this might threaten their own status,* because they hope the world can be made a better place. Courageous OB envisions and nurtures a sense of wholeness and integrity and promotes organizational structures that help employees flourish.

Two Approaches

Why OB

OB and Mgmt

What is Next

**Leading**

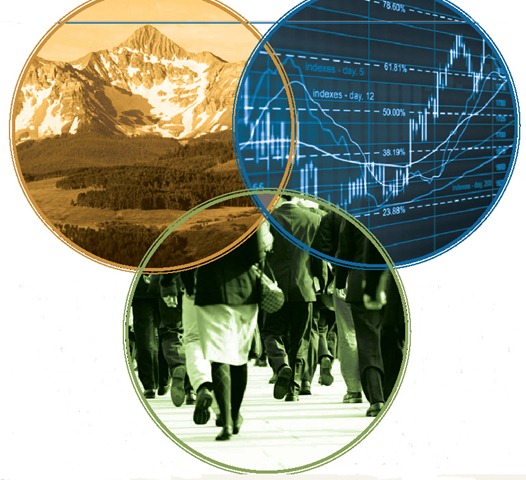
From a conventional perspective, leading uses systems and interpersonal human skills to influence others to achieve organizational goals. Leadership styles or motivational techniques are valued for contributing to maximizing individual productivity. Sustainable leaders seek to develop workplaces where the emphasis on financial and productivity goals is balanced by an emphasis on sustainability and healthy social relationships. Self-control is necessary for fostering other corporate virtues such as caring, gentleness, and compassion.[[19]](#endnote-19)**Self-control**, sometimes called temperance, relates to a person’s emotional regulation and ability to overcome impulsive actions and greed. Leaders require self-control to use, but not abuse, their power when leading those around them. From a sustainable perspective, leaders take the role of a servant, focusing on the development of others and working together to meet mutually accepted organizational goals.

**Controlling**

From a conventional perspective, controlling ensures that organizational members do what they are supposed to be doing, and that their performance meets expectations. Control can be achieved through systems that monitor and encourage particular behaviors. For sustainable managers, control goes beyond simply ensuring that organizational directives are followed. Rather, it has much to do with overseeing the values, and particularly the sense of justice, that guide OB. **Justice**—a sense of fairness that ensures everyone connected with an organization gets his or her due—is a basic virtue that guides organizations and holds them together. Social justice, or a special sense of compassion for people ill-served by the status quo, also is a hallmark of some sustainable OB practices.

**My OB:**

**The Bottom-line(s) about Effectiveness**



*Photo spec: Picture of planet, people, and profit intersecting. This image is found at http://www.google.com/imgres?q=triple+bottom+line&start=114&hl=en&tbo=d&biw=1920&bih=885&tbm=isch&tbnid=ySEg4-fY7KPjuM:&imgrefurl=http://oscarri.org/2010/12/09/sustaining-the-american-dream-red-white-and-green/&docid=nNXUyWYbGbk2vM&imgurl=http://smarterstate.files.wordpress.com/2010/12/issue-2-triple-bottom-line-leadership-pic007\_thumb1.jpg&w=397&h=362&ei=QiMQUYzzBu242QXVmIHgBg&zoom=1&iact=rc&dur=234&sig=101734078931619264583&page=3&tbnh=148&tbnw=162&ndsp=58&ved=1t:429,r:19,s:100,i:61&tx=58&ty=91*

For many conventional managers, the bottom line is likely to focus primarily on profits or financial well-being, whereas sustainable managers are more likely to favor a “triple bottom line” approach that places emphasis on balancing three measures of effectiveness: profit, people, and planet. Research on organizations in 19 different countries suggests that emphasis on a “triple bottom line” approach results in enhanced well-being for people and the planet, but it also is associated with higher financial costs in the short-term. Although a conventional approach may be less financially costly in the short-term, it can have long-term drawbacks, such as reducing motivation as well as job and career satisfaction.

What is Next

OB and Mgmt

Why OB

Two Approaches

Learning two approaches to OB provides you with concepts and tools to think deeply about what is “effective” organizational behavior.

**Questions for Reflection**: Which approach do you personally think is more effective? Will shareholders be willing to accept lower (short-term) profits if it means improved ecological well-being and a more motivated workforce? Will sustainable organizations eventually go bankrupt due to competition from more profit-oriented firms? Or will firms that place primary emphasis on profits suffer as people grow less willing to work for them and buy goods and services from them?

Sources: Pfeffer, J. (2010). Building sustainable organizations: The human factor. *Academy of Management Perspectives*, *24*(1), 34-45; Gimenez, C., Sierra, V., & Rodon, J. (2012). Sustainable operations: Their impact on the triple bottom line*. International Journal of Production Economics, 140*(1), 149-159; Deckop, J.R., Jurkiewicz C.L. & Giacalone R.A. (2010). Effects of materialism on work-related personal well-being. *Human Relations, 63*(7) 1007–1030.

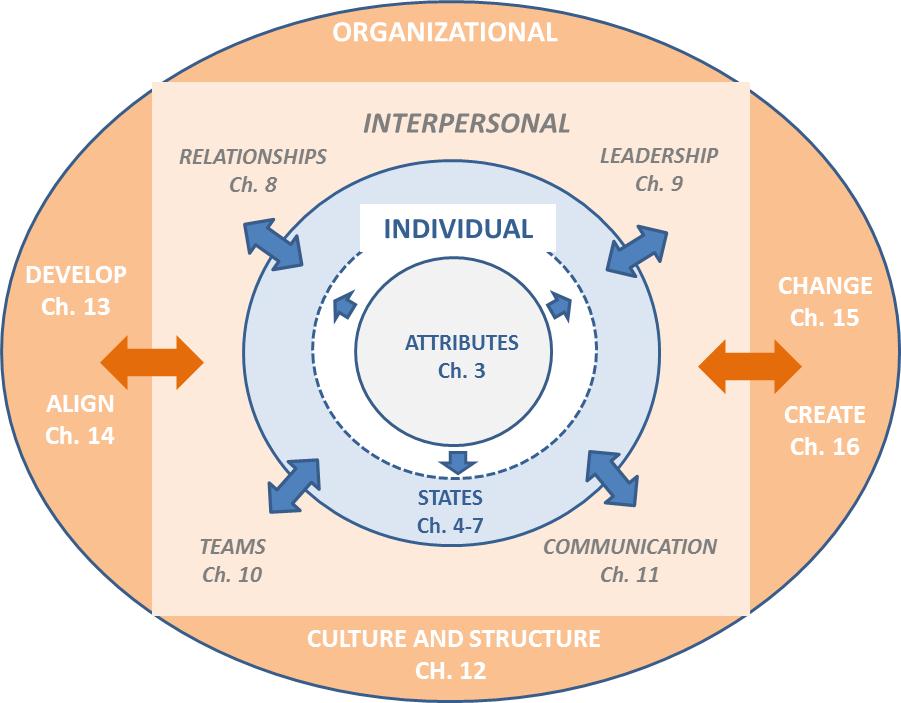
**WHAT YOU WILL EXPLORE IN THIS BOOK**

This book will introduce you to key principles and theories in OB. An impressive and sustained history of conventional OB shows how it can help to maximize the productivity, profitability, and competitiveness of organizations. The book also will introduce you to the growing literature that explores and supports many of the practices and concepts that are central to sustainable OB. Research on servant leadership, corporate social responsibility, social entrepreneurship, positive scholarship and stakeholder theory are examples of notable theories advancing sustainable OB practices.

As you continue reading this text you will be challenged to consider conventional and sustainable approaches to most OB concepts and practices. Following this chapter you will examine the landscape of OB including its history, its evolution as a science, the important stakeholders, and a few issues that arise from the global context in which OB occurs (chapter 2). Next, you will move into discussing OB from three levels: individual, interpersonal or group, and organizational.

Figure 1.3 illustrates how the concepts across these three levels form an integrated system of explanations for and influences on OB. First, represented by the circles in the center of Figure 1.3, you will explore a set of chapters that focus on understanding individuals. These will introduce you to the importance of individual attributes (surface characteristics, abilities and personality, core self-evaluations, and beliefs and values of individuals -- chapter 3), individual states (ethics, attitudes and commitments, perceptions, and emotions -- chapter 4), motivational processes (chapter 5), decision-making dynamics (chapter 6), and self-leadership principles that can shape how individuals can influence and are influenced by their interpersonal relationships and organizational context (chapter 7).

**Figure 1.3 Illustrating the Integration of OB Concepts**



The second main section of the book, represented by the rectangle in Figure 1.3, will help you to better understand OB at the interpersonal level. The section begins by discussing issues of politics, trust, conflict, and negotiation that influence relationships (chapter 8), then follows with chapters on leadership (chapter 9), groups and teams (chapter 10), and communication (chapter 11).

The final section of this book, represented by the outer oval in Figure 1.3, is devoted to organization-level factors. These chapters will help to enhance your understanding of the basic features of organizational culture and structure (chapter 12), including an emphasis on developing appropriate organizational cultures and structures (chapter 13), aligning systems that affect motivation (chapter 14), changing the organization (chapter 15), and, as needed or desired, creating new organizations (chapter 16).

Enjoy the journey!

***Closing Case:***

***The Forest and the Trees at Timberland[[20]](#endnote-20)***



*Photo Spec: Timberland employees out in the desert or planting trees in desert*

*Timberland is an outdoor shoe and apparel company. Known primarily for durable boots, Timberland also is known for its desirable environmental and societal footprint. Under the leadership of CEO, Jeffrey Swartz, Timberland has become known as a pioneer in sustainability initiatives with the mantra of “Doing Well by Doing Good.”*

*In a noteworthy example that combines employee empowerment and concern for the environment, Timberland and its employees partnered in a goal of planting a million trees in* *China. As far back as 1990’s, Timberland believed in empowering its employees and providing them opportunities to volunteer in the community. The idea for planning trees in China originated from Japanese employees who expressed concerns about deforestation in China and issues with air quality. A plan emerged to plant a few trees in the Horqin Desert of Northeast China. The planting began as a small employee community service project in 2000, six years before Timberland sold any shoes in China. The project grew, and it achieved the goal of a million trees planted in April 2010.*

*Swartz is the third generation from the Swartz family to serve at the helm of Timberland. His father, Sydney, was the CEO before him and his grandfather Nathan started the company in 1952. Before his role as CEO, Swartz was educated in the best schools and received training to prepare him to lead the large international retailer. Unexpectedly, one of the most significant training experiences occurred when he and a handful of employees volunteered to help troubled teens. One of the young men asked Swartz what he did for a living. He told the teenager he was the COO. Swartz recounts that his answer did not satisfy the teenager:*

*"He says, 'What do you really do?' I say, 'I'm responsible for the global execution of strategy.' Then I say, 'So what do you do?' He said, 'I work at getting well.' That was an answer that sort of trumped mine."[[21]](#endnote-21)*

*He notes that the exchange made him feel like a trained seal that gave simple and shallow answers to important questions. The short unassuming conversation was a critical influence on Swartz, inspiring him to reflect deeply on his fundamental beliefs and reasons for being in business. He became convinced that a meaningful and fulfilling life required thinking beyond himself to the needs and concerns of others:*

*"It wasn't frightening; it was, in fact, exalting and exhilarating," he remembered.*

*Swartz carried this life lesson and an awakened sense of responsibility and purpose into his role as CEO. Even with his passion and sustainable perspective, he also has to balance these interests with the interests of shareholders in all his decisions, including his decision to sell Timberland to VF Corporation. He believes Timberland’s reputation of sustainability is part of the value that attracted VF Corporation to purchase the company and expects Timberland will continue to do well, and do good, in the future.*

***Questions for Discussion***

1. *How would you react to investing in tree planting in China as an employee? How about as a shareholder?*
2. *What is your reaction to the conversation between Swartz and the troubled teen? Have there been conversations in your life that have triggered deep introspection?*
3. *Do you think Timberland will retain its priority on sustainability after being bought by another company?*
4. *Where might you place Timberland along a conventional-sustainable continuum? Explain your answer.*

**Summary**

The study of OB is important because it facilitates a better understanding of who you are and of your life ambitions, it improves the working relationships you will have with co-workers, and it helps you to increase your contribution to an organization and prepare you to serve in a management role. OB and Management can be considered and practiced from at least two perspectives: Conventional OB and Sustainable OB.

From a conventional perspective:

* Effectiveness emphasizes outcomes associated with personal benefits, performance, commitment, predictability, and what profits a narrow set of stakeholders in the short-term.

PERFORMANCE

COMMITMENT

SHORT-TERM

PROFITS

**Conventional**

PERSONAL

PREDICTABILITY

* Planning is the process of deciding on an organization’s goals and strategies.
* Organizing means ensuring that tasks have been assigned and the structure of organizational relationships facilitates the meeting of organizational goals.
* Leading means relating with others so that their work efforts help achieve organizational goals.
* Controlling means ensuring that the actions of organizational members are consistent with the organization’s goal and values.

From a sustainable perspective:

* Effectiveness balances conventional outcomes while emphasizing community benefits, creativity, and consequences for a broad set of stakeholders into the foreseeable future.

COMMUNITY

CREATIVITY

LONG-TERM

CONSEQUENCES

**Sustainable**

PERFORMANCE

COMMITMENT

* + - Planning happens through participation, practical wisdom, and higher-order goals.
    - Organizing emphasizes courage and experimentation.
    - Leading relies on relational self-control and treating members with dignity.
    - Controlling requires fairness and sensitivity to the marginalized.

**Questions for Reflection and Discussion**

1. What outcomes do you think represent effective OB? Why?

2. Think for a moment about a current or past manager you have worked for. Would you rate that person as a conventional or sustainable manager? What factors did you take into account in choosing your answer?

3. The conventional approach to OB has been the dominant approach for well over a century. Max Weber argued that is it not sustainable in the long term. Do you agree with Weber? Explain.

**OB Activities**

***Application Journal:*** *This is the first in a series of journal entries that can be used for class discussion or compiled as input into a self-reflection paper.*

Based on this introduction to OB, what do you want to take away from this journey through the book? Create a series of goals for the course and explain why each is important to you.

**Self-Assessment Exercise:***This exercise is designed to see how your understanding of effectiveness compares to that of other students. The questions ask about how important you think different forms of well-being are in being an effective leader. Answer each question on the five-point scale provided. Your instructor will have information about how other students have answered these questions.*

**TO BE AN EFFECTIVE LEADER, I SHOULD…**

|  |  |
| --- | --- |
|  | Strongly Disagree Neutral Agree Strongly  disagree Agree |
| 1. Maximize organizational profitability.  2. Maximize employee productivity.  3. Look after my own self-interests first.  4. Expect the people around me to be looking after their own interests first.  5. Focus on ensuring predictable behavior and performance.  6. Emphasize short-term outcomes and organizational performance  7. Focus on promoting creativity and experimentation.  8. Emphasize long-term consequences and organizational viability  9. Be someone who generously “goes the extra mile” for those around me.  10. Genuinely care for the people around me.  11. Maximize employee wellbeing.  12. Consider the interests of all stakeholders. | **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5**  **1 2 3 4 5** |

**Key:** Add together the scores for questions 1-6 to assess an orientation towards Conventional OB and questions 7-12 to assess an orientation towards Sustainable OB.

[Note: The instructor’s manual will provide average scores for a majority of these items based on research with previous students]

**Ethics Scenario:** *This is the first in a series of brief ethical scenarios that can be used for discussion. These scenarios have been used in previous research.[[22]](#endnote-22)*

A comptroller selected a legal method of financial reporting that concealed some embarrassing financial facts which would otherwise have become public knowledge.

*Why might this scenario occur in organizations?*

**Use the following scale to indicate whether this behavior is ethically acceptable:**

**NEVER SOMETIMES ALWAYS**

**ACCEPTABLE ACCEPTABLE ACCEPTABLE**

1 2 3 4 5 6 7

*Explain the ideas you considered in arriving at your answer.*

**Discussion Starter: Is it the People or the Place?**

Life in prisons can be brutal and dehumanizing. There is some debate over whether this outcome is attributable to the individual characteristics of the inmates, or to the organizational structural characteristics of prisons. A famous experiment was carried out with students at Stanford University to shed light on this debate.

Twenty-four male participants were chosen from a group of 75 volunteers based on tests that showed they were the most psychologically stable. The experiment, intended to last two weeks, took place in the basement of the building housing Stanford’s Psychology Department.

Half the participants were assigned to be Prisoners. They were intentionally not told what to expect or how to act, but they were assured they would receive adequate food, clothing, and medical care. On the first day of the experiment, they were “arrested” by the local police department, blindfolded, taken to “prison” in the psych building, and dressed in simple gowns and mandatory nylon caps. The remaining participants were assigned to be Guards, whose assignment was also left deliberately vague: “to maintain a reasonable degree of order within the prison necessary for its effective functioning.” They were given khaki uniforms and symbols of authority, such as silvered sunglasses.

The outcome of the experiment was dramatic and unexpected. “Guards” were aggressive and, on at least one occasion, abusive. Within 36 hours, one “prisoner” showed signs of severe psychosomatic disturbance and had to be released. Before the experiment was brought to a premature close, four more prisoners were released for similar reactions.

“At the end of only six days we had to close down our mock prison because what we saw was frightening. It was no longer apparent to most of the subjects (or to us) where reality ended and their roles began. The majority had indeed become prisoners or guards, no longer able to clearly differentiate between role playing and self. There were dramatic changes in virtually every aspect of their behavior, thinking and feeling. In less than a week the experience of imprisonment undid (temporarily) a lifetime of learning; human values were suspended, self-concepts were challenged, and the ugliest, most base, pathological side of human nature surfaced.”[[23]](#endnote-23)

In short, the results of the Stanford experiment suggested that the characteristics of a place --prison--and *the way it is organized* can have a great influence on the people inside. It can bring out the worst even in psychologically well-adjusted people. The influence of organizational “places” may be less dramatic in everyday organizations, but it may be every bit as real.[[24]](#endnote-24)

Questions for Discussion: How would you have acted if you were a guard? What if you were a prisoner? How do you explain these findings? Are there places, such as classrooms, places of worship, sports stadiums, in which you act differently than you might at home? What is it about certain places that make you act differently?

**Glossary**

**Conceptual skills** refer to the capability to understand complex issues, underlying causes, and solve problems with broad implications.

**Conventional OB** tends to emphasize materialism (i.e., financial well-being) and the interests of a narrow range of stakeholders in the immediate future.

**Courage** is manifest in implementing initiatives that have potential to improve overall happiness even if this might threaten one’s own status, and implies hope that the world can be made a better place.

**Critical thinking** involves actively questioning and evaluating assumptions and information.

**Ideal-Types** are fundamental models or theoretical extremes.

**Justice** a sense of “fairness” that ensures that everyone connected with an organization gets their due.

**Management** is the process of planning, organizing, leading, and controlling human and other organizational resources towards the achievement of organizational goals.

**Organizations** are “social structures created by individuals to support the collaborative pursuit of specific goals.”

**Organizational Behavior** (OB) refers to explaining human behavior in organizations, which includes examining the behavior of individuals, groups, or all the members of an organization as a whole.

**Practical wisdom** (prudence) is exercising foresight, reason, and discretion to achieve what is good for the community.

**Relational skills** are talents for getting along with and motivating people.

**Self-control** relates to a person’s emotional regulation and ability to overcome impulsive actions and greed.

**Social construction of reality** is the concept that what we experience as “real” has actually been socially-constructed.

**Sustainable OB** tends to emphasize multiple forms of well-being (i.e., financial, social, ecological, spiritual) and the interests of a broad range of stakeholders in the immediate as well as distant future.

**Technical skills** refer to expertise in a particular task or field.

**Virtue theory** focuses on character and the ways in which people practice and facilitate the practice of virtues in community, thereby facilitating happiness.

**Virtues** are good ways of acting that are noble or have value *regardless* of the end result or consequences.

**Endnotes**

1. <http://www.unitedtexas.com/our-company>. Accessed February 8, 2013; Sanders, D. (2008); Built to Serve: How to Drive the Bottom-Line with People-First Practices. New York, NY: McGraw-Hill; Halkias, M. (2007, October 24). Focus on service, West Texas grocery CEO says. Retrieved from http://www.dallasnews.com/sharedcontent/dws/bus/stories/DN-sanders\_25bus.ART.State.Edition1.35eee94.html; Baertlein, L. (2012, June 6). Supervalu cutting workers in Calif Albertsons unit, Chicago Tribune. <http://articles.chicagotribune.com/2012-06-06/news/sns-rt-supervalu-albertsonscalifornial1e8h6fxj-20120606_1_supervalu-everyday-pricing-albertsons-stores> [↑](#endnote-ref-1)
2. Parsons, T. (1960). Structure and process in modern societies. Glencoe, IL: Free Press. [↑](#endnote-ref-2)
3. Scott, W. R. (1998). Organizations: Rational, natural, and open systems. (4th Ed.). Upper Saddle River, NJ: Prentice Hall. [↑](#endnote-ref-3)
4. Rousseau, D. M., & McCarthy, S. (2007). Educating managers from an evidence-based perspective. *Academy of Management Learning & Education, 6*(1), 84-101. [↑](#endnote-ref-4)
5. Pages 12-13 in Drucker, P. F. (2001) *The essential Drucker*. New York, NY: Harper Collins. [↑](#endnote-ref-5)
6. Bonini S. and Mendonca, L. (2011). Doing good by doing well: Shaping a sustainable future. McKinsey & Company. <http://mckinseyonsociety.com/downloads/articles/Social-Innovation/MOS_030311_Doing_Good_V8.pdf> [↑](#endnote-ref-6)
7. Weber (1958, pp. 181 and 182). [↑](#endnote-ref-7)
8. Smith, Adam (1982) [1759] *The theory of moral sentiments*. D.D. Raphael and A.L. Macfie, eds. Glasgow Edition (Liberty Press, Indianapolis, IN.) [↑](#endnote-ref-8)
9. Page 237 in Smith (1982): “The man who acts according to the rules of perfect prudence, of strict justice, and of proper benevolence, may be said to be perfectly virtuous. But the most perfect knowledge of those rules will not alone enable him to act in this manner: his own passions are very apt to mislead him; sometimes to drive him and sometimes to seduce him to violate all the rules which he himself, in all his sober and cool hours, approves of. The most perfect knowledge, if it is not supported by the most perfect self-command, will not always enable him to do his duty.” [↑](#endnote-ref-9)
10. For example, perspectives like corporate social responsibility and stakeholder theory offer a counter-point to conventional’s focus maximizing the self-interests of shareholders. [↑](#endnote-ref-10)
11. E.F. Schumacher, in his cleverly sub-titled book *Small is Beautiful: A Study of Economics as if People Mattered,* argues that there are many classic moral-points-of-view that could be used to underpin an alternative to the Conventional approach. In particular, he suggests that “there is perhaps no body of teaching which is more relevant and appropriate to the modern predicament than the marvelously subtle and realistic doctrines of the Four Cardinal Virtues – *prudential* [practical wisdom], *justitia* [justice], *fortitudo* [courage], and *temperentia* [self-control]” (pages 248-249 in Schumacher, E.F. (1973) *Small is Beautiful: A Study of Economics as if People Mattered*. London, England: Blond & Briggs Ltd). This section draws from Dyck, B., & Kleysen, R. (2001). Aristotle’s virtues and management thought: An empirical exploration of an integrative pedagogy. *Business Ethics Quarterly, 11*(4, 561-574. Of course, the challenge that others have raised (e.g., Hartman, Edwin M. (1998). The role of character in business ethics. *Business Ethics Quarterly,* 8,547-59; MacIntyre, A. (1981) *After virtue: A study in moral theory.*  Notre Dame, Indiana: University of Notre Dame Press; Neubert M. (2011). Introduction: The value of virtue to management and organizational theory and practice. *Canadian Journal of Administrative Sciences, 28*(3), 227-230.), and which informs this textbook, is to make virtues observable in management practice and a relevant guiding framework for management theory. [↑](#endnote-ref-11)
12. Aristotle (1962) *Nichomachean Ethics* (trans. M. Oswald). New York. MacMillan Publishing. [↑](#endnote-ref-12)
13. Dyck, B., K. Walker, K., Starke, F., & Uggerslev, K. (2011). Addressing concerns raised by critics of business schools by teaching multiple approach to management. *Business and Society Review*, 116, 1-27. [↑](#endnote-ref-13)
14. Bonini S. and Mendonca, L. (2011); Lubin, D. A., & Esty, D. C. (2010). The sustainability imperative. *Harvard Business Review, 88*(5), 42-50; Pfeffer, J. (2010). Building sustainable organizations: The human factor. *Academy of Management Perspectives*, *24*(1), 34-45; Mintzberg, H. (2009). Rebuilding companies as communities. *Harvard Business Review, 87*(7/8), 140-143; Hamel, G. (2009). Moon shots for management. *Harvard Business Review, 87*(2), 91-98; Kanter, R. (2010). How to do well and do good. *MIT Sloan Management Review, 52*(1), 12-15. [↑](#endnote-ref-14)
15. Martin, R. (2007). How successful managers think. *Harvard Business Review*, *85*(6): 60-67. [↑](#endnote-ref-15)
16. Dyck, B., K. Walker, F. Starke, K. Uggerslev, (2012). Enhancing critical thinking by teaching two distinct approaches to management. *Journal of Education for Business,87*(6), 343-357. [↑](#endnote-ref-16)
17. Henri Fayol’s original mention of the functions was in Fayol H. (1916). Administration industrielle et générale, Bulletin de la Société de l’Industrie Minérale, 10, 5-164. Réédité 13 fois chez Dunod. He identified the five functions of management as planning, organizing, commanding, coordinating and controlling. A translation in 1949 by C. Storrs led to its wider dissemination. Coordinating was later dropped by most management scholars in recognition of it being instrumental to the other functions. Commanding also was revised to be leading. [↑](#endnote-ref-17)
18. Practical wisdom is the opposite of an attitude to life that is small, calculating and “which refuses to see and value anything that fails to promise an immediate utilitarian advantage” (Schumacher, 1973: 249). [↑](#endnote-ref-18)
19. Solomon (1992). [↑](#endnote-ref-19)
20. Neisser, D. (2010, July 28). A 7-Point Guide to Doing Well by Doing Good. Fast Company. Retrieved from <http://www.fastcompany.com/1674513/7-point-guide-doing-well-doing-good>; Lipton, J. (2010, May 19). Religious CEOs: Timberland's Jeffrey Swartz. Retrieved from <http://www.minyanville.com/special-features/articles/jeff-swartz-timberland-religious-ceos-wolverine/5/19/2010/id/28272>; Cody, T., & MacFadyen, K. (2011). CSR: An Asset or Albatross?. Mergers & Acquisitions: *The Dealermaker's Journal, 46*(8), 14-48. [↑](#endnote-ref-20)
21. Lipton, J. (2010, May 19). Religious CEOs: Timberland's Jeffrey Swartz. Retrieved from http://www.minyanville.com/special-features/articles/jeff-swartz-timberland-religious-ceos-wolverine/5/19/2010/id/28272. [↑](#endnote-ref-21)
22. Longenecker, J., Moore, C. Palich, L. Petty, W. and McKinney, J. (2006). Ethical attitudes in small businesses and large corporations: Theory and empirical findings from a tracking study spanning three decades. *Journal of Small Business Management, 44*, 167-183. Emerson, T. L., McKinney, J. A., & Neubert, M. J. (2010). The effects of ethical codes on ethical perceptions of actions toward stakeholders. *Journal of Business Ethics, 97*, 505-516. [↑](#endnote-ref-22)
23. . Zimbardo, P. (1982). Pathology of imprisonment. In D. Krebs (Ed.), *Readings in social psychology: Contemporary perspectives* (2nd ed., p. 249). New York: Harper & Row. Cited in Brady, F. N., & Logsdon, J. M. (1988). Zimbardo’s “Stanford Prison Experiment” and the relevance of social psychology for teaching business ethics. *Journal of Business Ethics*, 7(9), 703–710. [↑](#endnote-ref-23)
24. . “The individual comes to the job in a state of what we have previously defined as role-readiness, a state that includes the acceptance of legitimate authority and compliance with its requests, a compliance that for many people extends to acts that they do not understand and that may violate many of their own values” [Katz, D., & Kahn, R. (1978). *The social psychology of organizations* (2nd ed., p. 194). New York: John Wiley & Sons. Cited in Brady & Logsdon, 1988)]. [↑](#endnote-ref-24)