

Myth or Science?

Preconceived Notions Versus Substantive Evidence

Assume you signed up to take an introductory college course in finance. On the first day of class, your instructor asks you to answer this question: “What is the net present value at a discount rate of 12 percent per year of an investment made by spending \$1,000,000 this year on a portfolio of stocks, with an initial dividend next year of \$100,000 and an expected rate of dividend growth thereafter of 4 percent per year?” It’s unlikely you’d be able to answer without some instruction in finance.

Now, change the scenario. You’re in an introductory course in organizational behavior. On the first day of class your instructor asks you to write the answer to the following question: “What’s the most effective way to motivate employees at work?” After a little thought you’d likely have no problem coming up with suggestions on motivation.

That’s one of the main challenges of teaching, or taking, a course in OB. We enter with a lot of preconceived notions we accept as facts. In contrast to many other disciplines, OB not only introduces a comprehensive set of concepts and theories; it also has to deal with commonly accepted “facts” about human behavior and organizations we’ve all acquired over the years, like “You can’t teach an old dog new tricks,” “Leaders are born, not made,” and “Two heads are better than one.” But these “facts” aren’t necessarily true. So one of the objectives of a course in organizational behavior is to replace them with science-based conclusions.

A you’ll see in this book, the field of OB is built on decades of research. In boxes titled “Myth or Science?” we call your attention to some of the most popular notions or myths about organizational behavior and show how OB research has disproved or, in some cases, proved them. They’ll help remind you that the study of human behavior at work is a science and that you need to be vigilant about “seat-of-the-pants” explanations of work-related behaviors.

CLASS EXERCISE

Place students in groups of three to five. Have them brainstorm a list of at least three popular “facts” or myths that they have heard about colleges, college students, and faculty. Example—college students are rebels; college “boys” (or girls) do not want to get their hands dirty on the job; those who can, do, those who can’t, teach; etc.

Record ideas on the board. Go round-robin; take one idea at a time from each group in turn until groups contribute all their ideas.

Now have students brainstorm about what objective data exists or could be collected to counter each of these myths. Collect the information the same way, posting it on the board.

Close with a discussion of the importance of these misperceptions to students and faculty and why the parallel misperceptions about organizational behavior are important.

An Ethical Choice

Statistics Can Lie

Although a major theme of this chapter—and this book—is that evidence can help you be a better manager, evidence is not perfect. For example, people can manipulate numbers to suit their purpose or confirm their bias.

Sometimes statistics lie because the information is purposely manipulated or distorted. We might show that Republicans report more satisfaction with their sex lives than Democrats, or that a majority of white-collar criminals come from New York and California. While both statistics are true, they are misleading because the real cause of the difference is not what is implied (men are more likely to report high satisfaction with sex and are also more likely to be Republican).

Sometimes the problem is interpretation. One report tells us workplace crime is up; another says it's down. A close look reveals that while incidents of workplace violence like murder and assault are down, theft is up.

So what should you do?

1. Use evidence, but be an active consumer. Evidence is crucial to making effective management decisions. But realize that evidence is created, and it often is not independent of its creator. Ask questions not only about the data but also about how it was gathered. Consider other sources. The questioning mind has a way of getting to the bottom of things.
2. Be fair and balanced yourself. You will often be in the position of compiling and producing evidence yourself. Try your best to be fair and unbiased. If there are two sides to an argument, present evidence for both. For example, people in favor of tax increases on the wealthy point out that income inequality (the gap between the rich and the poor) is rising. Those on the side of tax cuts like to counter that the richest 1 percent to 5 percent pay a higher percentage of the total federal income taxes collected than they ever have. Both are right.
3. Don't give up. Because numbers can lie (or mislead), we are often tempted to throw in the towel and go back to wholesale reliance on intuition and experience. Remember, evidence is very valuable, which is also the reason it's so often manipulated.

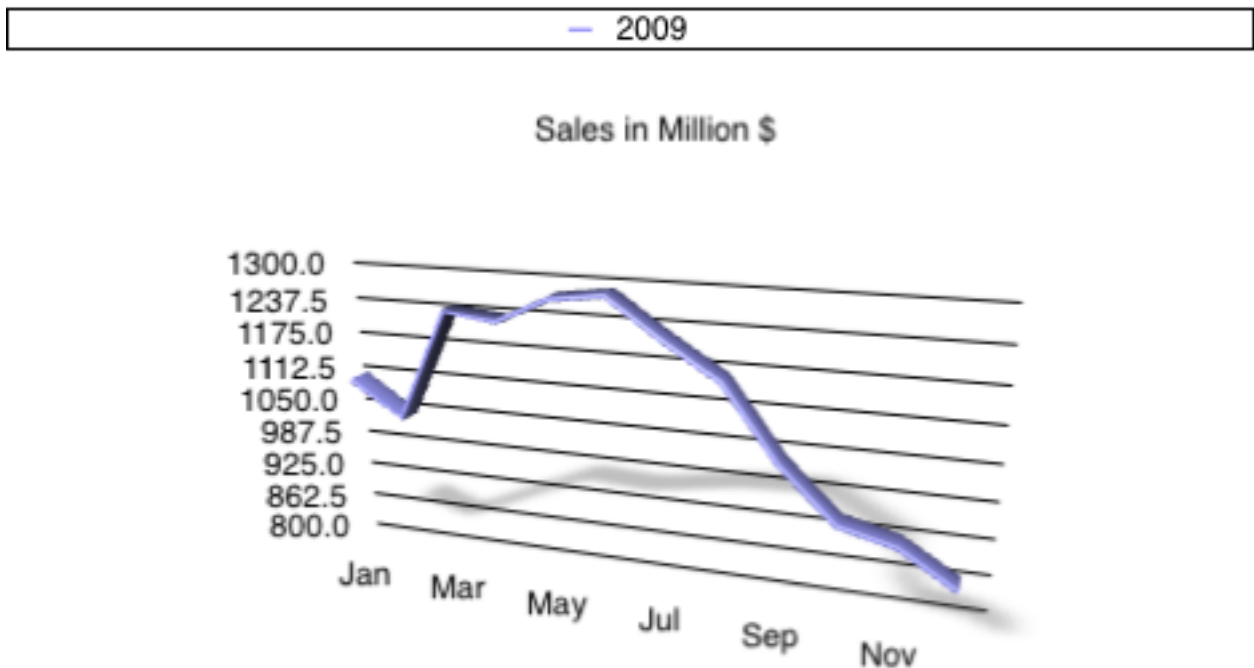
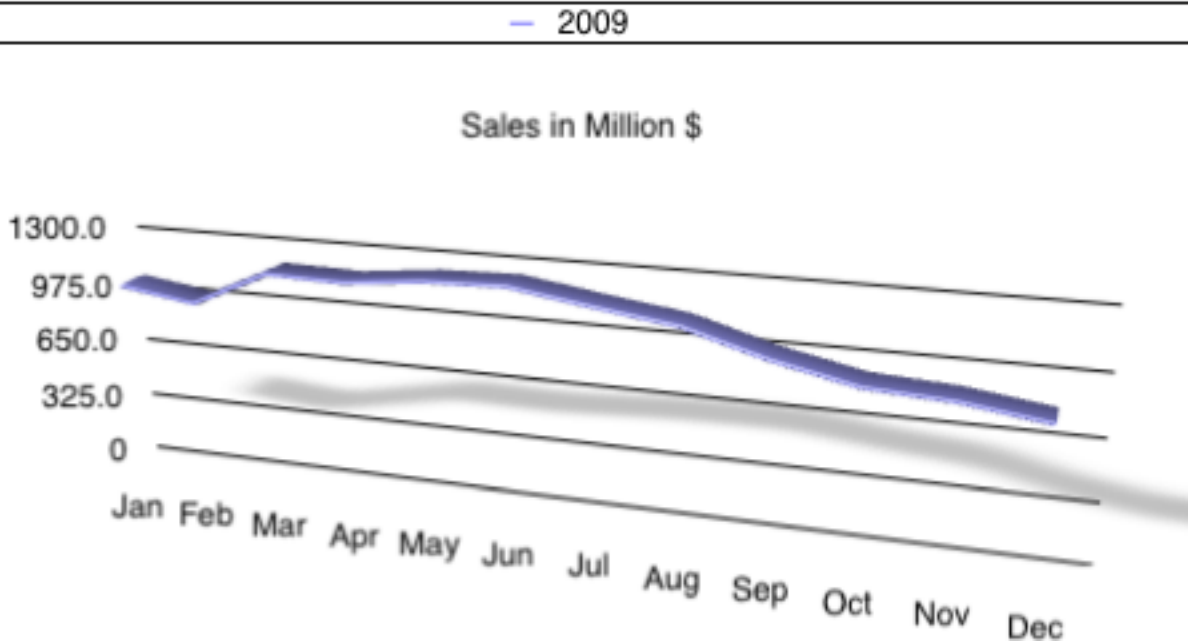
Source: Based on B. Gewen, "What Are the Odds a Handy, Quotable Statistic Is Lying? Better Than Even," *New York Times* (February 3, 2009), p. C6.

Have students divide into teams of three. Request they produce a chart to present last year's sales to a staff meeting.

Sales in Millions \$

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2009	1125	1067	1256	1245	1287	1298	1235	1178	1056	968	945	888

The presentation will be made before the sales group as well as company officials. The sales manager has a reputation for being a tough manager who tends to quick temper. He has been known to treat bearers of bad news severely. The team fears what he may do if they report bad



news. After creating the chart, the team should confirm that sales have been decreasing during the past few months. Can they find a way to present the information in different ways to alter the perception about the facts? Is such an approach to presenting the information ethical? These are charts produced from the data. The charts use different Y- and X-axis parameters to plot the same data. One chart appears to illustrate much more dynamic and decreasing sales than the other chart. Some people would tend to present the top chart in the face of potential fear of a manager. The message would be that sales are falling, but not at a severe rate. The lower chart probably represents a better illustration of the firm's situation, with a significant and worrisome decrease in sales. As you can see, different interpretations of the firm's position can be accurately presented with statistics. The way it's used is a matter of the individual's objective influenced by his or her ethic.

International OB

Transfer Pricing and International Corporate Deviance

Workplace deviance isn't limited to the harmful behaviors of employees within one location. It can extend across country borders. Consider transfer pricing, which governs the price one part of a company charges another for a product or service. What happens if parts of the company are in different countries?

Tax rates on company profits differ— sometimes greatly—from country to country. Transfer pricing, when used to shift income from high-tax to low-tax countries, can be a deviant corporate policy if abused. One way to increase overall profit—that is, the combined profit of the multinational's headquarters and its subsidiaries—is to take profits in the country with the lower taxes.

Consider a multinational firm whose headquarters sold toothbrushes to a subsidiary for \$5,000—each. The subsidiary, with the higher tax of the two, claimed a loss (after all, it paid \$5,000 per toothbrush). The multinational firm, with the lower tax, took the profit and paid the tax on it. Because the two firms were part of the same organization, they combined the results of the transaction, and the company made a staggering profit.

Transfer pricing, according to a survey by the international auditing firm Ernst & Young, has become a heated issue among multinational companies. Why? The U.S. Multistate Tax Commission estimated that states were losing almost one-third of their corporate tax income because of the tax-sheltering practices of multinational companies—transfer pricing among them. The U.S. Internal Revenue Service is keeping a watchful eye on international transactions.

Source: Based on "Case of the U.S. \$5000 Toothbrush," Finance Week, April 27, 2005, pp. 45–46.

Class Exercise:

- Have students form groups of five.
- Have students read the International Transfer Pricing article at http://wps.aw.com/aw_carltonper_modernio_4/21/5566/1425037.cw/content/index.html
- Have the groups discuss the issue of International Transfer Pricing to determine a consensus of the students' feelings and beliefs about the concept regarding its legal and ethical considerations.
- Have a representative from each group present the group's position before the class.
- Have the students note how the groups differed or were similar in their final positions.

Point/CounterPoint

In Search of a Quick Fix

Point

Walk into your nearest major bookstore. You'll undoubtedly find a large section of books devoted to management and managing human behavior. A close look at the titles will reveal that there is certainly no shortage of popular books on topics related to organizational behavior. Consider the following popular book titles that are currently available on the topic of leadership:

- The Verbal Judo Way of Leadership (Looseleaf, 2007)
- If Harry Potter Ran General Electric: Leadership Wisdom from the World of Wizards (Currency/Doubleday, 2006)
- High Altitude Leadership: What the World's Most Forbidding Peaks Teach Us About Success (Jossey-Bass, 2008)
- Killing Cockroaches: And Other Scattered Musings on Leadership (B&H Publishing, 2009)
- The Leadership Secrets of Santa Claus (Performance Systems, 2004)
- Leadership Lessons from a Chef: Finding Time to Be Great (Wiley, 2008)
- Leadership Wisdom from the Monk Who Sold His Ferrari (Hay House, 2003)
- Leadership 101 for White Men: How to Work Successfully with Black Colleagues and Customers (Morgan James, 2008)
- A Pirate Captain's Guide to Leadership (Lighthouse, 2008)

Organizations are always looking for leaders; and managers and manager-wannabes are continually looking for ways to hone their leadership skills. Publishers respond to this demand by offering hundreds of titles that promise insights into the subject of leadership. Books like these can provide people with the secrets to leadership that others know about. Moreover, isn't it better to learn about management and leadership from people in the trenches, as opposed to the latest esoteric musings from the "Ivory Tower"? Many of the most important insights we gain from life aren't necessarily the product of careful empirical research studies.

CounterPoint

Beware of the quick fix! We all want to find quick and simplistic solutions to our complex problems. But here's the bad news. On problems related to organizational behavior, the quick and simple solutions are often wrong because they fail to consider the diversity among organizations, situations, and individuals. As Einstein said, "everything should be made as simple as possible, but not simpler."

When it comes to trying to understand people at work, there is no shortage of simplistic ideas and the books and consultants to promote them. And these books aren't just on leadership. Consider three recent bestsellers, *Who Moved My Cheese?* is a metaphor about two mice that is meant to convey the benefits of accepting change. *Fish!* tells how a fish market in Seattle made its job motivating. And *Whale Done!* proposes that managers can learn a lot about motivating people from techniques used by whale trainers at Sea World in San Diego. Are the "insights" from these books generalizable to people working in hundreds of different countries, in a thousand different organizations, and doing a million different jobs? It's very unlikely.

Popular books on organizational behavior often have cute titles and are fun to read. But they can be dangerous. They make the job of managing people seem much simpler than it really is. They are also often based on the author's opinions rather than substantive research.

Organizational behavior is a complex subject. There are few, if any, simple statements about human behavior that are generalizable to all people in all situations. Should you really try to apply leadership insights you got from a book on Robert E. Lee or Geronimo to managing software engineers in the twenty-first century?

Class Exercise:

Choose two teams of three to five students; the remainder of the class can act as the jury. Select one or two of the titles listed in the exercise. Have one team defend the “lessons” taken from the selected reading; the other team will prepare an argument as to why the lessons from the readings may not be appropriate from an OB perspective. Give each team adequate time to present their case to the remainder of the class. After each team has presented their arguments, the remainder of the class should ask probing questions based on their understanding of the OB concepts covered in this first chapter. The class acting as jury can then vote on which team provided the most compelling arguments.