Studies have shown that 90% of error in thinking is due to error in perception. If you can change your perception, you can change your emotion and this can lead to new ideas.

—Edward de Bono, author and psychologist
Learning Objectives

By the end of this chapter, you will be able to:

3.1 Describe the basic concept of perception
3.2 Explain the different types of perceptual distortions
3.3 Apply attribution theory to more effectively interpret behavior
3.4 Use reinforcement theory to understand learning and modify behavior
3.5 Apply social cognitive theory to social learning and cognitive processes

CASE STUDY: TWITTER’S ADAPTABILITY

A Tech Giant

The seemingly indestructible tech giant that we know as “Twitter” consistently finds itself at the front of the pack alongside the other tech giants of our day. Twitter generates over $600 million in revenues, employs over 3500 people all over the world, and reports over 300 million daily users. What started as a tiny podcast start-up in Silicon Valley is now a 21st-century cultural phenomenon. World leaders, professional athletes, students use Twitter as a means of making their voices heard.

Twitter is an incredibly powerful tool that is at the fingertips of everyone with access to the internet. In response to the ever-changing sphere of technology and global trends, Twitter’s functions are constantly changing. Through regular updates and improvements to its user interface, Twitter is always one step ahead of its competitors. If Twitter was unable to adapt early on, it would have surely failed. Ever since Twitter’s start under the name of “Odeo” back in 2005, it has proved to be a great example of the success that comes when a company masters the ability to adapt to changing market conditions.

Humble Beginnings

In 2005, Evan Williams and some friends moved to Silicon Valley and created the start-up Odeo. It was a podcasting platform which, at the time, was all the rage. With fourteen full-time employees finally rolling out their product in summer 2005, it looked as though Odeo could not fail. However, another company called Apple had just rolled out its free podcasting service, rendering Odeo’s product irrelevant. CEO Evan Williams needed to pivot—and fast. Williams asked his employees to collectively come up with any potential solution. After long days and nights of throwing around new business ideas, the Odeo team decided to completely shift gears from a podcasting platform to a status-updating micro-blogging platform. The idea was originally conceived by Jack Dorsey, one of Odeo’s web designers.

A Slow, Volatile Start

It took about six months for things to really kick off for Twitter. After the slow start, Evan Williams wrote a letter to investors urging them to pull out their money. He is
quoted as saying, “By the way, Twitter, which you may have read about, is one of the pieces of value that I see in Odeo, but it’s much too early to tell what’s there. Almost two months after launch, Twitter has less than five thousand registered users. I will continue to invest in Twitter, but it’s hard to say it justifies the venture investment Odeo certainly holds—especially since that investment was for a different market altogether.”

The everyday tech consumer wasn’t ready for the service that Twitter offered. This new service came with new challenges for Twitter’s employees. Employees would stay long hours researching new marketing techniques, computer engineering designs, and new ways to grow Twitter’s brand. The key to the ultimate success of Twitter was the team’s ability to learn on the job and then quickly apply what they learned. At a conference in Austin, Twitter was introduced as a way for attendees to share their thoughts and experiences with other attendees via a “status.” The platform was hugely popular at the conference and the number of users skyrocketed. After a few short months, Twitter became one of the world’s most widely visited websites with over 1 million subscribers.

**Management in Action**

The theme of Twitter’s success is, simply, adaptability. A business is most able to adapt to new trends and technology only when it has a workforce of employees who have the ability to learn on the fly. Managers play a huge role in empowering their employees to do this. Hence, the corporate culture of Twitter that originated when Evan Williams turned to his employees to come up with new ideas. Ever since, Twitter has maintained a corporate culture that emphasizes employee contributions, learning, and advancement. Twitter’s corporate culture was ranked #1 in the United States. According to one employee, “Great people, great food, great compensation, great learning opportunities, great opportunities. You get to do what matters to the world. Great work/life balance as well.” Twitter’s managers do many different things to maintain this perception of their corporate culture. Twitter’s culture of learning and development shapes employees’ perceptions in a positive way that encourages them to buy into the overarching mission. There are programs in place at Twitter to help enhance employees’ various skills whether they are learning to code, aiming to get an MBA, or planning to start a business venture of their own. Twitter’s empowering environment then enables employees to put what they have learned into practice. Another employee said, “The amount of power entrusted to employees is huge. You are empowered to go explore and find data, build things, and generally choose the course of action you think will have the most impact.” This has a powerful impact on employee self-efficacy, which is the belief one has in one’s own ability to succeed in a specific task or situation. When employees believe in themselves, they will not be afraid to take risks, just like Jack Dorsey did by pushing for his idea of Twitter.

Additionally, by giving employees the power to contribute to the direction of the organization, managers also consequently give employees the choice whether to learn more or not. Naturally, employees who don’t strive to learn will perform poorly and eventually lose their job. On the other hand, the employees who go out of their way to learn more naturally empower themselves to do more. They can do this by first setting goals through self-regulation, then finding learning methods that best work for them. Vicarious learning, or learning by emulating the behavior of managers, is just one of the very reliable methods
that team members can employ to develop their skills in the workplace. Twitter managers are willing to help any employee seeking to grow by providing constructive criticism and giving employees an opportunity to take part in more advanced projects. Their performance is then evaluated and along with constructive criticism, various types of reinforcement are served as well. With a good balance, this makes for an ideal learning environment that pushes employees to grow while also empowering them to seek out guidance and growth on their own.

Critical-Thinking Questions

1. What was valuable about Evan Williams’s decision to task his employees with mustering up a new business idea?

2. How are employee empowerment, adaptability, and on-the-job training related?

Sources:

Perception: Interpreting Our Environment

>> LO 3.1 Describe the basic concept of perception

A number of years ago, the Washington Post carried out an experiment in perception by placing world-famous violinist Joshua Bell, disguised as a street musician, in a Washington Metro station.1 Wearing a baseball cap, T-shirt, and jeans, Bell performed a 43-minute set of six classical pieces for unsuspecting commuters. Of the 1,097 who passed by, only seven stopped for just over a minute to listen to his virtuoso performance before continuing their journey. By the end of his performance, the virtuoso Bell had made a grand total of $30 and a few cents—hardly enough to buy a ticket to one of his own sell-out concerts.

So what does this experiment tell us about perception? Was it because Bell was dressed as a street musician that the commuters didn’t stop to listen? Or was it because of the setting—after all, how likely is it that a world-famous musician would perform for free in a Metro station? Whatever the reason, we can conclude that most people perceived Bell to be someone other than who he was, which affected their ability to recognize and appreciate his talent as a musician.

We define perception as the process by which we receive and interpret information from our environment.2 Managing perceptions in the workplace is important for nurturing a healthy organizational culture, especially when people hold different perceptions about their colleagues, how tasks are carried out, and even the organization itself.

As our case study shows, Twitter intentionally shapes employees’ perceptions in a positive way by nurturing an empowering environment of learning and development that encourages them to buy into Twitter’s overarching mission.
But there are times when information from our environment negatively affects our perception. In recent times, concerns have been raised by the level of fake news and its dangerous influence on the wider public. Most of the more notorious fake news headlines from 2016 involve politics and politicians. They include Pope Francis’s supposed endorsement of Donald Trump for presidency, and Hillary Clinton’s sale of weapons to Islamic State terrorists (ISIS). Both stories were completely fabricated of course, but it didn’t stop them being shared over social media. In the final three months leading up to the US presidential election, these stories attracted more engagement than legitimate stories reported by reputable news outlets *New York Times, Washington Post, Huffington Post*, and *NBC News*.

According to a survey by Pew Research Center, over 60 percent of the 1,002 US adults surveyed believe that made-up news stories are causing confusion about the basic facts of current issues and events. And the news only spreads faster when it is shared online.

When respondents were asked how fake news could be prevented, many felt that social networking providers and search engines, politicians, and the public itself should do its share to stop the level of fake news.

Although the respondents felt the negative impact of fake news, over one in four were confident in their ability to spot a fabricated news story, believing that their perception was not colored by the content of these reports.

Take a look at Figure 3.1. What do you see?

You might say you see three bars while someone else sees four. In this trick drawing neither answer is the “right” one. The cartoon illustrates the fact that we often perceive things differently from one another.

**Components of the Perception Process**

A number of factors may influence and distort perception, including the perceiver, the environment, and the focal object.

**The Perceiver**

Perceptions are shaped by past experiences, culture, attitude, values, upbringing, and more. This means the nature of the perceiver has a strong influence on
the perceptual process. For example, say you were raised in an environment where working hard and being on time were considered very important. You might have a negative attitude toward a coworker who comes to work late or takes long work breaks. Once you have formed this perception, it might be difficult for you to change your mind about your coworker even if he performs well.

The Environment

The context or the setting also affects the perception process. For example, you may not notice a person dressed in athletic attire running on the street, but if she turned up at a high-level work meeting in the same clothes, she would definitely look out of place. People flocked to see Joshua Bell perform in a concert hall but failed to recognize him in the Metro station. The person remained the same, but the situation or context had changed, which in turn influenced the perception of him.

The Focal Object

The person, thing, or event being interpreted also affects our perception. Many businesspeople choose to drive expensive cars because they feel it makes a good impression on others, who they hope will perceive them as wealthy, successful, and
professional. However, in today’s social context, do people really perceive owners of expensive cars in this way, or do they resent them for flaunting their success?6 We tend to perceive objects in terms of contrast. For example, we might interpret the driver of the expensive car in a different way to someone else depending on their situation. Similarly, we perceive people who stand out differently from others—a work colleague who is vocal in meetings might be perceived differently from one who says very little.

Why Is Perception Important?

In 1936, psychologist Kurt Lewin observed that people act not upon the basis of reality, but upon their perceptions of reality.7 In other words, we tend to interpret events differently from what actually happens in our environment. Therefore, understanding perception is a critical part of understanding behavior. In the workplace, the way we are perceived and the way in which we perceive others are crucial for career progress and for building our relationships. For example, a salesperson’s success or failure depends on how he is perceived by prospective customers. He could have all the knowledge in the world about a product, but if he is perceived as overeager or too talkative, he is unlikely to make the sale. This is why many people in sales roles use self-critiquing techniques such as videoing themselves or seeking feedback from others in order to perceive themselves as others do. Salespeople who actively listen, communicate sincerely, and show a genuine interest in the person to whom they are selling tend to excel and to have more successful customer relationships.8

Uncritically allowing our perceptions to take control can create distorted versions of reality that can be very harmful to working relationships.

THINKING CRITICALLY

1. Consider the text’s point that we often perceive things differently from others and that no one perception is necessarily right. What, from an OB perspective, are the benefits of differences of perception when a team of people is working on a project? What are the potential drawbacks of perceptual differences when a team is working together on a project?

Common Perceptual Distortions

>> LO 3.2 Explain the different types of perceptual distortions

Each and every day we take in and process a huge amount of complex information. Our attempts to organize and sift this information can lead to inaccuracies and clouds our perceptions of different people, situations, and events. Let’s explore some common perceptual distortions:

- **Stereotypes** are an individual’s fixed beliefs about the characteristics of a particular group.9 When we have a particular feeling or attitude (often negative) toward members of a specific group, we call this **prejudice**. In a study of how people interact with avatars during an online game conducted by Penn State, researchers discovered that stereotypes in the real world relating to women and appearance were also reflected in the virtual world.10
For instance, women avatars tended to receive less help from players than male avatars, especially when male players operated an unattractive female avatar.

- Selective attention is the tendency to selectively focus on aspects of situations that are most aligned with our own interests, values, and attitudes. Two classic experiments show the power of selective attention. In the first, participants are asked to watch a short video of six people playing basketball. The challenge is to count the number of passes made by the three players wearing white T-shirts. During the game, a gorilla walks into the middle of the players, thumps his chest, and leaves. Over half of the participants in the experiment missed the gorilla because their attention was focused on counting the passes. The second experiment called “the Door Study” shows a man asking another man for directions. At one point, people carrying a door passes between them, allowing the man who is asking directions to quickly swap places with another person. The person giving directions doesn’t notice he is interacting with an entirely different person. Both these experiments reveal the extent of how much we miss around us without having any idea of what we are missing.

- Halo effect is a perception problem in which our impression of someone is influenced by how we think or feel about their character. Studies have found that we tend to ascribe positive personality traits to attractive people. So if we perceive a person as good-looking, successful, and likable, then we also believe them to be intelligent, kind, and humorous. However this sort of perception can be dangerous—one study found that when the Halo effect is in force, jurors are less likely to give a guilty verdict to an attractive criminal.

- Primacy effect is a perception problem in which an individual assesses a person quickly on the basis of the first information encountered. Research conducted by Harvard Business Review based on recordings of over 160 candidates shows that small talk does have an influence on how interviewers perceive the candidates and vice versa. By engaging in competent, friendly, informal talk before the formal interview, both parties will have a better chance of building a rapport and making a good impression, thus minimizing the primacy effect.

- Recency effect is a perception problem in which we use the most recent information available to assess a person. For example, if you test drive or buy a certain car, suddenly you see all kinds of these cars—same exact make and color—on the road that you never saw before.

- Contrast effect takes place when people rank something higher or lower than they should as a result of exposure to recent events or situations. Contrast effect occurs particularly among recruiters who tend to compare large volumes of résumés in a row, judging each résumé on the one that came before it, or when interviewing, forming an opinion on candidates based on the candidate before them. This is problematic as recruiters should only be basing their opinions on how candidates’ skills and attributes fit the job, rather than making comparisons with others.

- Projecting is a process in which people transfer their own thoughts, motivations, feelings, and desires to others. For example, a person who takes a dislike to someone else may project their own feelings onto that person and convince themselves that the other person doesn’t like them either.
Self-fulfilling prophecy: The way a person behaves based on pre-existing expectations about another person or situation so as to create an outcome that is aligned with those expectations.

Impression management: The process by which we attempt to influence the perceptions others may have of us.

Ingratiation: A strategy of winning favor and putting oneself in the good graces of others before making a request.

- **Self-fulfilling prophecy** occurs when a person bases behavior on preexisting expectations about another person or situation in order to create an outcome aligned with those expectations. One growing type of self-fulfilling prophecy is the “school-to-prison pipeline.” Sociologists believe that children who are labeled by others as delinquents or criminals has the effect of producing that same behavior.

- **Impression management (IM)** is the process by which we attempt to influence the perceptions others may have of us. For example, we tend to engage in IM on social media sites such as Facebook and Instagram to make a certain impression on our friends and family but may engage in a different sort of IM when it comes to posting on professional sites, such as LinkedIn. A facet of impression management is **ingratiation**, in which an individual attempts to influence others by becoming more attractive or likable. A recent HBR study found that the business executives who behave in the most ingratiating manner toward their CEOs are also the ones most likely to speak about those CEOs negatively or criticize them to the press.

Forming accurate perceptions of others is a complex process. Awareness of these common perceptual distortions may help you to avoid making them about others and may also allow you to combat inaccurate perceptions others may form about you. In addition to perceptual distortion, it’s also important to understand attribution theory.

**THINKING CRITICALLY**

1. Choose one of the perceptual distortions discussed (stereotypes, selective attention, halo effect, primary effect, recency effect, contrast effect, project, self-fulfilling prophecy, and impression management) and briefly describe a situation where your perception of another person was impacted by that distortion.

2. What do you think are the top three perceptual distortions that managers are most likely to be affected by when forming perceptions of their direct reports? Explain your answer.

3. What do you think are the top three perceptual distortions that employees are most likely to be affected by when forming perceptions of a new manager? Defend your answer.

**Common Attribution Errors**

**LO 3.3** Apply attribution theory to more effectively interpret behavior

When we see someone behave in a certain way, we tend to try and make sense of it or at least attach some meaning to it. **Attribution theory** holds that people look for two causes to explain the behavior of others: **internal attributions**, which are personal characteristics of others, and **external attributions**, which are situational factors.

For example, say you worked with a colleague called Tom who has a problem with absenteeism. How would you make sense of his behavior? Do you think he is lazy and...
indifferent? Or do you think he is so overloaded with responsibilities that he finds the prospect of coming to work overwhelming? If you choose the first option, you would ascribe Tom’s behavior to internal causes; you believe Tom’s absenteeism is a result of laziness and apathy. However, if you choose the latter option, you are attributing Tom’s behavior to external causes: you blame overwhelming amounts of work for his poor attendance record.

Three factors influence our internal and external attributions: consistency, distinctiveness, and consensus, as outlined in Figure 3.2.29

Consistency is the extent to which a person responds in the same way over a period of time. For example, if Tom is late arriving at work every morning (high consistency in the same situation), we tend to ascribe his tardiness to internal causes and assume he is just not a punctual person. If, however, he is only late to work on Fridays (low consistency in the same situation), then we might assume an external cause, such as his wife must be at work early on Fridays and he must drop his children off at school.

Distinctiveness is the extent to which a person behaves consistently in similar situations. For example, if Tom tends to be frequently late to work, late returning from lunch, and late to mid-morning staff meetings (low distinctiveness across situations), we might ascribe his behavior to internal factors such as being lazy and indifferent. Conversely, if Tom is punctual in most situations but is sometimes late returning from lunch (high distinctiveness across situations), we might ascribe his tardiness in that particular situation to the fact that he sometimes visits his aging grandmother during lunch to see if she needs any heavy chores done around her house.

Consensus looks at how everyone else responds in the same situation. For example, if several people in the office are absent or late on the same day (high consensus with other people in the same situation), we might ascribe this behavior to an external attribution such as a dust storm that has slowed the morning commute for everyone or a virus or flu that has spread through the office. Conversely, if everyone else but Tom has arrived on time and is not absent on a given day (low consensus with other people in the same situation), we are more likely to attribute Tom’s tardiness or absence to internal factors.

It is important to try and make sense of the behaviors of others in order to form the most meaningful conclusion. However, as the following section shows, it is also easy for us to make wrong judgments.

When perceiving others, we sometimes make erroneous judgments when assessing their behaviors. Take Nike employee Amanda, for instance. She traveled a lot but she still wanted to stay connected to her team, so whenever she was back in the office, she instituted an open-door policy. When she received her performance review, she was shocked to read that some people didn’t feel they were being listened to. When she investigated further, she found that what she perceived as multitasking (such as replying to emails, etc.) during the meetings, they perceived as rudeness. So Amanda changed around her office and made sure she gave her full attention to the person she was talking to and kept her computer out of sight. In making these changes, she was able to change people’s erroneous judgment about her behavior.30
There are two common attribution errors: fundamental attribution error, and self-serving bias. **Fundamental attribution error** is the inclination to attribute internal factors to the behavior of others more than external factors. For example, if we are working with someone we perceive to be difficult or who keeps making mistakes, we might put the blame on some facet of their personality such as laziness or disorganized. However, when we make a mistake, we usually attribute the error to our own situation (“I made a mistake because I’m tired, stressed, working too hard…”) rather than blaming our own personality.

**Self-serving bias** is the tendency for individuals to attribute external factors more than internal factors for one’s own failures. For example, say you got top marks in an exam; you might attribute your success to studying hard (internal factors). But what if you failed? Instead of accepting your lack of study as the reason you failed, you might blame external factors such as the room being too warm, or being tired.

### THINKING CRITICALLY

1. Imagine that you are waiting in line to purchase groceries. You notice that your line is moving very slowly because the high school aged student who is bagging groceries is flirting with the cashier rather than working quickly and paying attention to customers. What internal and external attributions might you apply to this behavior? Try to generate at least 3 options for each type of attribution.

2. Briefly describe distinctiveness, consistency, and consensus. Apply these three concepts to a recent situation in your life at work, home, or school. Explain how these concepts attributed to your perception of the situation. Support your answer.

3. Describe what you could do in a difficult work situation to protect yourself from falling prey to fundamental attribution error.

4. Based on the chapter’s discussion of self-serving bias, devise a list of questions you could ask yourself in order to determine whether you are attributing all positive outcomes to your own internal attributes and all negative outcomes to external attributes.

### Learning Processes: Behavioral Theory

**Learning:** An ongoing process through which individuals adjust their behavior based on experience. Understanding the way we learn is essential to OB because it has a direct influence on our work performance, our ability to relate to others, and our career progression. We all learn in different ways, and it is never too late to learn new skills. In fact, recent studies have shown that contrary to common thought, it is not just children who can easily absorb new languages; adults are just as capable of learning new linguistic skills with the same ease. Indeed, studies demonstrate that we are capable of learning any new skill, or even a few at a time, as long as we change our mind-set and focus on the task at hand.

Learning opens up so many opportunities for us in every aspect of our daily existence. In the OB in the Real World feature, we see how Matt Nuyen of Currency Capital implements various techniques and strategies such as on-the-job training to help cultivate a culture that values learning.
To better understand learning behaviors, it is useful to evaluate the behavioral interpretations provided by different theorists over the past century. The behavioral view holds that behavior is shaped and learned as a result of external environmental stimuli. There are three important contributions within the behavioral perspective: classical conditioning, operant conditioning, and reinforcement theory.

**Classical Conditioning**

The concept of classical conditioning was developed by Russian physiologist Ivan Pavlov. Classical conditioning suggests that learning can be accomplished through the use of stimuli.37 Pavlov’s most famous experiment used different stimuli to elicit a behavioral response in dogs. Pavlov found that dogs began to salivate in response to the ringing of a bell—a neutral stimulus—before they were given food—an unconditioned stimulus. Eventually, the bell became a conditioned stimulus that caused the dogs to salivate (conditioned response) without the food being present. The steps are outlined in Figure 3.3.

We find evidence of classical conditioning in the workplace during fire drills. Most companies carry out fire drills to instill safety procedures in their employees in the event of a fire. When we hear the fire alarm (conditioned stimulus), we respond by leaving the building (conditioned response). However, if we saw a fire (unconditioned response) in the office without the fire alarm going off, many of us would react with the conditioned response of running away from the perceived danger. Although classical conditioning explains a great deal about why we react to certain stimuli, researchers have developed more sophisticated theories to explain why we behave the way we do.

**Operant Conditioning**

Operant conditioning is the process of forming associations between learning and behavior that occurs when the consequences of behavior are being controlled.38 At the root of operant conditioning is the law of effect theory devised by US psychologist E. L. Thorndike, which states that behavior followed by pleasant results is more likely to be repeated, whereas behavior followed by unpleasant results is not.39 For example, if your boss reprimands you for being late to work, you are less likely to repeat the behavior. Theorists have since refined operant conditioning into the more comprehensive reinforcement theory.

**Reinforcement Theory**

Pioneered by psychologist B. F. Skinner and his colleagues, reinforcement theory is
PART II  INDIVIDUAL PROCESSES

In Division Processes the most fully developed theory of operant conditioning to date. We define reinforcement as the application of consequences for the purpose of establishing patterns of behavior. Within reinforcement theory, behavior is a function of its consequences and is determined exclusively by environmental factors such as external stimuli and other reinforcers. The steps in the reinforcement process, sometimes referred to as the ABCs of behavior, are outlined in Figure 3.4.

For example, a curious child sees a hot stove (stimulus); the child touches the stove (response); the child gets burned and cries out in pain (consequence); the child avoids touching hot stoves in the future (future responses).

The practical application of reinforcement in the workplace is called organizational behavior modification, which is the use of behavioral techniques to reinforce positive work behavior and discourage unhelpful work behavior. Research has shown that when employees are permitted to design their own roles in accordance with their skills, passion, and values—in organizations like Google, for example—it leads to a more positive work performance. There are four main types of behavioral reinforcement techniques: positive reinforcement, negative reinforcement, punishment, and extinction.

Positive and Negative Reinforcement

Many managers use positive reinforcement, in which positive consequences are used to reinforce positive behaviors to make the employee more likely to behave in similar ways in the same or similar situations. Disney applies positive reinforcement through recognition programs, and by showing sincere appreciation for its employees by writing personal thank you notes.

Conversely, negative reinforcement is the removal of a particular item or stimulus following the demonstration of a certain behavior in order to increase that behavior. For example, say you hate when your mom nags you to wash the dishes. You might start doing the dishes immediately after the meal is finished in order to avoid your mom’s nagging.

In another example of positive and negative reinforcement, a group of university psychology students carried out a behavioral experiment on their professor. The professor had a habit of pacing back and forth and up and down the classroom during lectures, which the students found distracting and frustrating. To encourage him to remain in the center of the room where all the students could see and hear him, whenever he wandered there, the students applied the positive reinforcement of behaving as if they were fully engaged and focused on what he was saying. However, when the professor wandered to another point in the room, the students behaved as if they weren’t listening until he returned to the center of the room, at which time they...
refocused their attention, thereby providing negative reinforcement. A quarter of the way through the semester, the students noticed a change in the professor’s lecturing habit: he remained in the center of the classroom from then on.46

**Punishment**

**Punishment** is the administration of unpleasant consequences or removal of positive ones for the purpose of discouraging undesirable behavior.47 There are two types of punishment: positive punishment—the administering of unpleasant consequences—and negative punishment—the removal of pleasant consequences.48 For example, say your manager reprimands you for interrupting him during a meeting—this is positive punishment because your manager has administered unpleasant consequences that decrease the likelihood of your interrupting him again. Conversely, suppose that after the interruption your manager stops addressing comments to you and asking for your input; this is negative punishment because your manager has removed positively reinforcing consequences in an effort to eliminate your unappreciated behavior.

**Extinction**

Using punishment techniques in the workplace can be risky and demotivating, which is why many managers often choose extinction, the absence of any consequences, which reduces the likelihood that the behavior will be repeated in the same or similar situations.49 In one example, an employee continually makes jokes during important meetings, resulting in disapproving frowns from some of his teammates and laughter from others. In this situation, the employee may be seeking attention, which both the positive and negative reactions are rewarding. The manager instructs the rest of the team to pay no attention to this person during meetings. As a result, he no longer makes jokes because the reinforcing consequences of that behavior have been removed.

**Schedules of Reinforcement**

Schedules of reinforcement determine how often specific instances of behaviors will be reinforced. In the real world, it is unrealistic to think that every single behavior will be reinforced every time it occurs, but some organizations select a reinforcement schedule when they are trying to reinforce specific desired behaviors. There are two main types of schedules: continuous reinforcement and intermittent reinforcement.

**Continuous reinforcement** is a reinforcement schedule in which behavior is rewarded every time it takes place.50 For example, some companies reward their sales teams with commissions every time they make a sale.

In **intermittent reinforcement**, behavior is not rewarded every time it occurs.51 There are four types of intermittent schedules:

- Many companies use a fixed interval schedule, a reward provided only after a certain period of time has elapsed, as the most common form of reinforcement schedule.52 For example, employees receive a monthly or annual paycheck for working during a fixed period of time or interval.
- A fixed ratio schedule is followed when desired behaviors are rewarded after they have been exhibited a fixed number of times.53 For example, production
line workers may be rewarded with a cash incentive every time they produce a certain number of items.

- A variable interval schedule is designed to reinforce behavior at varying times. For example, an employee may be rewarded with high praise following desirable behavior during periods of different length. However, employees need to ensure that too much time does not pass between reinforcements, because this might reduce the schedule’s effectiveness.

- Finally, a variable ratio schedule rewards people after the desired behavior has occurred after a varying number of times. For example, in a call center, the more calls workers make, the higher the chance of closing a sale, leading to greater financial compensation.

Behavioral theory provides a greater understanding of workplace behavior that occurs in response to external environmental stimuli. However, cognitive theorists believe the behavioral view is too limited, arguing that behavioral theorists do not take into account the mental processes behind the behavior. In the next section, we explore the cognitive view and the role it plays in shaping human behavior.

**THINKING CRITICALLY**

1. Re-read the fire alarm example in the classical conditioning section. Develop a different example of a type of classical conditioning response.

2. Praise can be a type of positive reinforcement used by managers. List at least three additional positive reinforcements that are used in the workplace. Of the reinforcements you list, which do you find most personally motivating and why?

3. You are the CTO of an educational startup focused on building a learning management system that out-performs Blackboard. You’re concerned that your programmers are sticking to the same tried and true methods to improve your platform. What negative reinforcements might you apply in order to foster more creative and novel solutions? What positive reinforcements might you apply? Which of the two types of reinforcement do you believe would be most successful in fostering a spirit of innovation among your programmers?

4. You are an African American woman who has been hired to lead an all-white, all-male team of programmers. They don’t have difficulty accepting your authority, but they do seem to have a hard time getting over the novelty of reporting to a woman and minority in an industry in which most workers are white and male. You’re getting tired of their jokes and quips. How could you use the concept of extinction to reduce and eventually put a stop to this behavior? How could you use negative punishment to reduce the behavior? Do you believe one approach or the other would be more effective in diminishing the behavior? Why or why not?

5. Compare continuous reinforcement strategies to intermittent reinforcement strategies. What benefits would a company receive from implementing intermittent reinforcement strategies rather than continuous reinforcement strategies to achieve sales goals? What potential problems might arise as a result of this decision?
Learning Processes: The Cognitive View

LO 3.5 Apply social cognitive theory to social learning and cognitive processes

In social cognitive theory, psychologist Albert Bandura proposed that we learn by observing, imitating, and modeling the behavior of others within our social context. The theory holds that our cognitive processes, which include awareness, perception, reasoning, and judgment, play important roles in how we learn new knowledge and skills.

This type of learning is particularly significant in the workplace, where employees tend to model the behavior of their managers. For example, a manager who demonstrates commitment, works late when needed, and completes projects on time is likely to lead a team with a similar work ethic. Conversely, if a manager arrives to work late, leaves early, and takes long lunch breaks, then employees are likely to imitate this behavior, leading to a decrease in work productivity and performance. Another example involves our OB in the Real World manager, Matt Nuyen, and his focus on mentorship. A mentor is a guide who advises less experienced employees to support them with their career direction help to develop new skills and abilities.

There are several important aspects of social cognitive theory. The first is self-efficacy, which describes our personal belief in our ability to perform certain tasks or behaviors. For example, Twitter's policy of entrusting its employees to put their learning into practice gives them a high degree of self-efficacy.

The second component of social cognitive theory is vicarious learning, a process of learning by watching the actions or behaviors of another person. Twitter encourages its employees to learn by emulating the behavior of their managers. Similarly, Currency Capital fosters vicarious learning through its mentorship program where new hires learn from seasoned high-performing employees.

Vicarious learning is particularly important in organizations as it encourages the sharing of knowledge among employees. Studies have shown that Fortune 500 companies lose over $30 billion per year because of insufficient vicarious learning. Google promotes vicarious learning by creating dedicated spaces (small kitchen spaces) where people can interact and hold learning conversations.

This type of learning is also important in the sports world. For example, an amateur tennis player may find that her ground strokes are better after watching TV coverage of the Championships, Wimbledon tennis tournament, and seeing professionals hitting the ball so effectively.

Vicarious learning also influences our degree of self-efficacy. For example, if you see a colleague on a similar career path successfully giving the weekly presentation during a meeting, you might be more inclined to volunteer to do the next one, because you have observed this event as a positive experience, thereby increasing your self-efficacy for doing presentations. However, if you observe the same colleague stumble nervously through the presentation, it might give you second thoughts about doing one yourself, resulting in low self-efficacy for giving presentations.
After the market crashed in 2008, small businesses found it increasingly difficult to get the financing they needed to expand their operations. Banks were lending less and when they were, the application process took way too long. In response to this, a team of financial gurus created a system that streamlined the lending process and made it easier for businesses to get the loans they needed. Initial approvals of loans and funding to a business’s bank accounts can now happen overnight with Currency Capital’s methods of gaining a more complete financial picture of a business at the beginning of the process. Currency’s more than one hundred fifty employees are spread out between its headquarters in Los Angeles and satellite offices in Orange County, San Francisco, and Scottsdale. W Capital’s operations reach much farther than the West Coast as it funds businesses in every corner of the country.

Matt Nuyen, head of sales in the Scottsdale, AZ office, has been with the company since its beginning and has been a huge contributor to its current corporate culture. Matt’s job is highly multi-faceted as he is responsible for revenue growth, human resources, business strategy, the sustainable growth of the Scottsdale office, and employee training. Matt has implemented various techniques and strategies to help cultivate a culture that values self-sufficiency, collaboration, and most importantly, learning.

Matt knows that his people are his greatest, most valuable assets so he invests in them. On-the-job training, especially in sales, is vital to the growth of any employee. Before even getting to work on the sales floor a new employee has two days of classroom training. After that, they are assigned a mentor and thrown onto the sales floor. Mentorship is a very important tactic that Matt uses in training new hires. The mentors are typically seasoned, high-performing employees who receive compensatory benefits that are tied to the performance of their mentee. Their primary job is to help the new hires learn from their failures and gain confidence in their work.

According to Matt, “Confidence starts day 1. We want to build a culture of transparency where we encourage learning from failure. We want a very gritty group of individuals who accept challenges and embrace failures as learning opportunities.”

This starts with the interview process. When Matt and his other hiring managers go to interview a potential new hire, they are constantly analyzing the candidate’s “coachability.” This job requires people who are coachable and who are hungry to learn and develop. Currency’s employees are taught never to take short cuts and to embrace learning the skills their jobs require.

As Matt puts it, “rather than giving someone fish, we want to teach them how to fish.”

Teaching the employees how to “fish for themselves” goes a long way in maintaining an extremely productive work environment and helps to develop future leaders of the business.

While reaching the point of self-sufficiency is valued, collaboration and learning from one’s peers is what makes Currency’s work environment so special. Employees know that they are encouraged to ask questions and seek advice from their colleagues and superiors. If you were to go and walk the sales floor at the Scottsdale office, you would see employees asking each other questions, constructively criticizing each other’s work, and strategizing with one another for certain situations. You would also see Matt walking the floor, engaging with his employees, answering questions, and running an occasional spot check on an employee. Matt is a hybrid leader who has qualities of a directive leader but also knows how to empower his employees to take initiative, make recommendations, and get the job done the way they see fit (only if it is effective, of course).

1. Why might mentorship be a good strategy to develop new hires?
2. Explain Matt’s mantra, “instead of giving people fish, we want to teach them how to fish,” and how it relates to management.
3. How does social cognitive theory apply to Matt’s approach to managing his employees? ⚫

Source: Interview with Matt Nuyen on May 1, 2017
EXAMINING THE EVIDENCE

Snakes, Self-Efficacy, and Task Performance: Too Much of a Good Thing?

Some very interesting early classic studies examining the concept of self-efficacy focused on people with a fear of snakes.* Albert Bandura and his colleagues set up an experiment using both an experimental group and a control group, with a pre-test indicating that both groups had strong fear of snakes and low self-efficacy for approaching and handling them. The researchers then carried out an intervention with the experimental group. They explained that the snakes were not poisonous and would not bite, and they described how the snakes would react when the subjects handled them. They also informed the group that the snakes were not cold and slimy, but actually dry and scaly. The researchers then measured the fear and self-efficacy levels in both groups again. Both groups still had a high fear of snakes, but the experimental group had a much higher level of self-efficacy for approaching and handling the snakes. Consequently, when members of both groups were asked to approach and handle the snakes, those from the experimental group whose level of self-efficacy had increased were able to do so at a much higher rate than those with low self-efficacy.

Although hundreds of studies have shown similar positive effects for self-efficacy on task performance, some recent studies have called this relationship into question.# These studies suggest that high levels of self-efficacy within an individual could cause that person to become overconfident and to allocate fewer resources and less effort to the task at hand, thereby resulting in lower levels of task performance. For example, one study of students playing an analytical game showed a negative relationship between self-efficacy and performance.58 Self-efficacy resulted in overconfidence and the increased likelihood of making a logical error in the game.

Critical-Thinking Questions

1. Given the conflicting research evidence, how can self-efficacy affect individual task performance in the workplace?
2. What can managers do to try to enhance the positive effects of self-efficacy in their employees?

Sources

The third factor of social cognitive theory is self-regulation, the process in which we set goals that create a discrepancy between a desired state and a current state.62 This discrepancy creates tension, which drives us to increase effort to reduce tension and reach the goal. For example, your manager sets a goal for you to complete a complex project within two weeks; you might feel uncomfortable or nervous about your ability to achieve the goal within the allotted time frame, so you work harder in order to reduce your feelings of discomfort and to successfully complete the assignment on time.

Triadic Reciprocal Model of Behavior

Bandura also believed human functioning is shaped by three factors that are reciprocally related: reinforcement, cognitive processes, and behavior.63 The relationship is shown graphically in the triadic reciprocal model of behavior (Figure 3.5).

Figure 3.5 shows how cognitive processes mediate the effects of reinforcers on behavior and how behavior influences both reinforcers and cognitive processes. Consider two quarterbacks in a football game. The first throws an interception. This causes him to think that he is not an effective passer and lowers his self-efficacy for completing passes. Lower self-efficacy causes him to become tentative,
PART II

In Divisional Processes

 make more mistakes, and throw more incompletions and interceptions. His poor play encourages the defensive players to try even harder, which creates more negative reinforcers in the form of pressure.

In contrast, the second quarterback also throws an interception. However, unlike the first, he acknowledges his mistake and is determined to try harder; his self-efficacy remains constant. He increases his efforts, which leads to a touchdown pass. This success increases his self-efficacy even further. The defensive players become tentative because of his good play, which leads to even more success for the quarterback.

In this chapter, we have focused on the nature of perception and the differing ways in which we perceive each other and ourselves. We have also explored learning and its importance to our working, personal, and professional lives. In the next chapter, we look at how motivation, attitudes, and stress impact our behavior.

THinking Critically

1. You join a company where managers regularly reprimand their direct reports in front of others, play favorites, and encourage coworkers to report one another for making small mistakes. Based on Bandura's social cognitive theory, what sort of company culture is likely to spring from these practices? How would a new employee seek to "get ahead" at such a company and to what extent would efforts to succeed in this culture directly benefit the company's shareholders?

2. Of the three key aspects of social cognitive theory (self-efficacy, vicarious learning, and self-regulation), which do you think is most important in adjusting to a new and particularly challenging job? Defend your response.

3. Apply the triadic reciprocal model of behavior to a recent situation in your life at work, home, or school. How does the model help to explain your behavior in this situation?

Visit edge.sagepub.com/neckob2e to help you accomplish your coursework goals in an easy-to-use learning environment.

- Mobile-friendly eFlashcards and practice quizzes
- Video and multimedia content
- Chapter summaries with learning objectives
- EXCLUSIVE! Access to full-text SAGE journal articles

IN REVIEW

3.1 Describe the basic concept of perception

Perception is the process by which we receive and interpret information from our environment. A number of factors influence and perhaps distort perception, including
the perceiver, the environment, and the focal object. Perceptions are shaped by past experiences, culture, attitude, values, upbringing, and so on. This means that the nature of the perceiver has a strong influence on the perceptual process. The context or the setting also affects the perception process. The person, thing, or event being interpreted also affects our perception.

3.2 Explain the different types of perceptual distortions

People process a huge amount of complex information, and their attempts to organize and sift this information can lead to inaccuracies. There are a number of common perceptual distortions. Stereotypes are an individual’s fixed beliefs about the characteristics of a particular group. Selective attention is the tendency to selectively focus on aspects of situations that are most aligned with our own interests, values, and attitudes. Halo effect is a perception problem through which we form a positive or negative view of one aspect of an individual based on our overall impressions of that person. Primacy effect is a perception problem through which an individual assesses a person quickly on the basis of the first information encountered. Recency effect is a perception problem through which we use the most recent information available to assess a person. Contrast effect takes place when people rank something higher or lower than they should as a result of exposure to recent events or situations. Projecting is a process through which people transfer their own thoughts, motivations, feelings, and desires to others. Self-fulfilling prophecy occurs when a person bases behavior on pre-existing expectations about another person or situation in order to create an outcome aligned with those expectations. Impression management is ingratiating, by which an individual attempts to influence others by becoming more attractive or likeable.

3.3 Apply attribution theory to more effectively interpret behavior

Attribution theory holds that people look for two causes to explain the behavior of others: internal attributions, which are personal characteristics of others, and external attributions, which are situational factors. The theory holds that people tend to use two types of causal attributions to look for ways to explain the behavior of others: internal attributions, which are personal characteristics; and external attributions, which are situational factors.

There are three types of determinants of attribution that influence our internal and external attributions: distinctiveness, consensus, and consistency. Distinctiveness is the extent to which a person behaves consistently in similar situations. Consensus involves looking at how everyone else responds in the same situation. Consistency is the extent to which a person responds in the same way over a period of time.

3.4 Use reinforcement theory to understand learning and modify behavior

Learning is an ongoing process through which individuals adjust their behavior based on experience. Reinforcement is defined as the application of consequences to establish patterns of behavior. Within reinforcement theory, behavior is determined exclusively by environmental factors such as external stimuli and other reinforcers.

The practical application of reinforcement process in the workplace is called organizational behavior modification, which is the use of behavioral techniques to reinforce positive work behavior and discourage unhelpful work behavior.

3.5 Apply social cognitive theory to social learning and cognitive processes

The social learning theory proposes that learning takes place through the observation, imitation, and the modeling of others within a social context. There are several important components to social learning theory. The first is self-efficacy, which describes our personal conviction in our ability to perform certain tasks or behaviors. The second component to social learning is vicarious learning, a process of learning that involves watching the actions or behaviors of another person. Vicarious learning influences our degree of self-efficacy. The third factor of social learning is self-regulation, in which people set goals that create a discrepancy between the desired state and the current state.
KEY TERMS

Attribution theory 76
Classical conditioning 79
Continuous reinforcement 81
Contrast effect 75
Extinction 81
Fundamental attribution error 78
Halo effect 75
Impression management 76
Ingratiation 76
Intermittent reinforcement 81
Learning 78
Negative reinforcement 80
Operant conditioning 79
Organizational behavior modification 80
Perception 71
Positive reinforcement 80
Primacy effect 75
Projecting 75
Punishment 81
Recency effect 75
Reinforcement 80
Reinforcement theory 80
Selective attention 75
Self-efficacy 83
Self-fulfilling prophecy 76
Self-regulation 85
Self-serving bias 78
Social cognitive theory 83
Stereotypes 74
Triadic reciprocal model of behavior 85
Vicarious learning 83

EXERCISE 3.1: The Power of Perception

Objective
The purpose of this exercise is to gain a greater of perceptions.

Instructions
Perception is the process by which we receive and interpret information from our environment. Given that definition, think about your perceptions of this very course. In this exercise, you’ll pair up with another student and discuss your initial perceptions of this course. Discuss what you initially thought based upon the professor, the syllabus, assignments, other students, and so on. Recall the first day of the class and your very first thoughts. Whether the course is a traditional classroom style class, online, or a hybrid course, try and remember how you initially felt about the class.

Reflection Questions
1. What did you glean from the classroom environment on that first day that affected your perception of the course? What factors had the greatest influence? Do you still have these same perceptions about the course? Why or why not?
2. Did your partner have similar perceptions about the course? How were your and your partner’s perceptions the same? Different?
3. What were your initial perceptions when you started your most recent job? How were those perceptions formed? Have your perceptions about the job changed? Why or why not?

EXERCISE 3.2: How Are Stereotypes Formed?

Objective
The purpose of this exercise is to grasp the concept of stereotypes.

UP FOR DEBATE: Setting High Expectations for New Hires

Large, world-class firms are known for setting very high expectations for new hires. In the financial services industry, for example, analysts often describe an “eat or be eaten” culture. They claim this stems from the expectation that analysts adjust and adapt the teaching style of the firm. Amidst all the criticism, these firms still tend to produce reliable, flexible, and hardworking employees that could bring tremendous value to virtually any industry. This goes to show that there is tremendous value in a rigid learning environment that drives out underperformers early on. Agree or disagree? Explain your answer.
Instructions

All kinds of stereotypes exist in business. As a class, brainstorm common business stereotypes you have heard of or you may even believe to be true. Your professor will capture the list on the board. Think in terms of every demographic—race, age, gender, social class, etc.

Once the list is complete, discuss why these stereotypes exist. Why do some continue while others are not so common? Are any of the stereotypes true? How does this affect our interactions with one another in the workplace?

Reflection Questions

1. How are stereotypes formed? Can our ideas about stereotypes change? Why or why not?
2. What stereotypes have you personally experienced in the workplace—as the one being stereotyped or where you stereotyped another person? How do you feel now about this experience?
3. How difficult was the process of identifying stereotypes in this exercise? Did any of the stereotypes make you feel uncomfortable? If so, why?

EXERCISE 3.3: Using OB to Improve Your Life

Objectives

After completing this exercise you will be able to better understand reinforcement theory concepts, and be able to apply reinforcement theory and social cognitive theory concepts to your personal and professional life.

Instructions

Step 1: Think about some behavior in your life you would like to improve and that you feel comfortable discussing with members of your class. Write down this behavior, and classify (i.e., does it relate to your school, personal, or work life?). Then decide if it is a behavior that you would like to increase the frequency of (such as exercising), or reduce the frequency of or eliminate (such as smoking). Note the key reasons you would like to change this behavior. Be sure to include what benefits the change would bring to you, friends, family, and colleagues. Then, using the reinforcement concepts you have learned in the chapter, set up a self-reinforcement plan for changing your behavior. Clearly define the behavior you want to change, set intermediate goals for your behavioral change (e.g., initially work out once a week, then advance to three times a week, and then reach five times a week). Next, set self-rewards for achieving and sustaining these behavioral changes. Be sure to specify the reward schedule and specific rewards that you will apply, and give the rationale behind your chosen schedule. Are there any natural rewards (related to changing the behavior) that might help? For example, would working out to your favorite music be more motivational? If possible, include ways that you can recruit friends, family, and other people to help you in your change plan. (10 minutes)

Step 2: Form into six groups based on behavioral change goal similarity. The groups are as follows:

- Behavior Frequency Increase—Work
- Behavior Frequency Increase—Social
- Behavior Frequency Increase—School
- Behavior Frequency Decrease—Work
- Behavior Frequency Decrease—Social
- Behavior Frequency Decrease—School

Once everyone has joined the appropriate group, each person should read their goal(s) and plan. In turn, the others should provide feedback on ways to improve the plan. (20 to 30 minutes)

Step 3: Be prepared to present your plan to the class, including any improvement suggestions from your group members. In your presentation, use chapter terms to describe your plan, and explain why you expect the plan to be effective using chapter concepts. (10 to 15 minutes)
Reflection Questions

This exercise is a good opportunity for you to think about and apply chapter concepts to personal, work, and educational goals and behaviors.

1. For your selected behavior, have you tried to change these behaviors before? How effective were you in making these changes?
2. Based on chapter concepts, if you implement your behavioral change plan, do you expect to see a different outcome?
3. Did the social cognitive aspect (discussing your plan with other people with similar behavioral plans) help you in the process?
4. As a manager, how might you apply similar methods to help workers reach their full potential at work?

Exercise contributed by Milton R. Mayfield, Professor of Business, Texas A&M International University, and Jacqueline R. Mayfield, Professor of Business, Texas A&M International University.

EXERCISE 3.4: The Maze Rat and Positive Reinforcement and Punishment

Objective

The purpose of this exercise is to grasp the concepts of positive reinforcement and punishment.

Instructions

This exercise requires several volunteers from the class and involves creating an obstacle course that a student will complete while blindfolded. First, a volunteer is chosen to be the “maze rat.” Once this person is selected, he or she leaves the room for a moment. Then, three more volunteers come down to the front of the room and create a very simple obstacle course, consisting of tables and chairs. Again, nothing too complex—just something that keeps the “maze rat” from getting from point A to point B in a straight line. Finally, a volunteer is chosen to provide positive reinforcement.

Once the obstacle course is created, the “maze rat” is blindfolded (a scarf or jacket over his or her head should suffice) and brought by hand back into the classroom. The “maze rat” is placed at point A and told that he or she must get to point B in the obstacle course without removing the blindfold.

The “maze rat” is released and must slowly and carefully make his or her way to point B. If the “maze rat” goes in the wrong direction, the entire class should yell their disapproval. When the “maze rat” takes a step in the right direction, the person who volunteered to provide positive reinforcement will hand the “maze rat” a piece of candy.

The “maze rat” continues through the obstacle course—receiving positive reinforcement in the form of candy when the right path is chosen and punishment in the form of yelling from the audience when the wrong path is charted.

This continues until the “maze rat” completes the obstacle course and arrives at point B.

Reflection Questions

1. How effective was the punishment and positive reinforcement in helping the “maze rat” get from point A to point B?
2. What if no punishment or positive reinforcement occurred during this exercise? Would it have taken the “maze rat” longer to arrive at point B? Why or why not?
3. In the workplace, what forms of punishment and positive reinforcement are utilized? How effective are these?

Exercise contributed by Steven Stovall, Southeast Missouri State University.
ONLINE EXERCISE 3.1: Understanding Perceptions about Workplace Norms

Objective

The purpose of this exercise is to gain an appreciation for perceptions about workplace norms.

Instructions

On a discussion board, post a common normally accepted practice at your most recent job. For example, some companies highly value being on time for every meeting. Others, ensuring that PowerPoint presentations follow a particular format. Still, others have everyone using the same workplace jargon or wearing similar style clothes even though no uniform is required. Try and recall a particular norm from your job and explain it on your initial post.

Comment on others’ posts asking, “How did that norm emerge?” or “Why is that important at your company?” and similar questions. Engage in a dialogue with one another as to why and how these norms occur and are perpetuated. Most importantly, also ask about perceptions of these norms. Do people seem to like the norm or do they resent it, or do they simply accept it without any real thought? Have their perceptions changed since they first encountered a particular workplace norm?

Reflection Questions

1. In the workplace, who do you think usually establishes a particular norm—the top leaders of the organization or the front line workers?
2. How has your own perceptions changed since the first day of the job you posted about? Do you still think of the norms associated with your organization as odd or have you accepted them as quite normal at this point? Why?
3. Were you surprised by anyone else’s post? Did someone post a norm to which you had an instant negative reaction? What was it and what is your perception of this? If you worked at that particular company, do you think your perception would change about that norm that the other student posted? Why or why not?

Exercise contributed by Steven Stovall, Southeast Missouri State University.

CASE STUDY 3.1: Kempinski Hotels

Kempinski Hotels, headquartered in Switzerland, is Europe’s oldest luxury hotel group, specializing in five-star properties that include the Emirates Palace in Abu Dhabi, the Hotel Taschenbergpalais Kempinski in Dresden, and the Çiragan Palace Kempinski in Istanbul. Founded in 1897, the Kempinski brand has an intriguing story to tell. “Our employees have been a part of creating history around the world,” the website reads. “From historic buildings to the most avant-garde of modern architecture, our properties are the setting for some of life’s greatest moments. We’ve witnessed historic meetings between world leaders, celebrities taking sanctuary in the world of calm we create for them, and created incredible memories for guests on a ‘once-in-a-lifetime’ journey.”

In 2008, Kempinski was ready for a journey of its own: its portfolio of hotels was set to double by 2015, and its workforce was expected to grow from 7,500 to 37,500. How could Kempinski expand so dramatically without losing the soul that made it so unique?

Mia Norcão, vice president of corporate communication, realized that it was time to do some serious company soul-searching. Did employees understand the Kempinski brand? Were they armed with the knowledge and loyalty they needed to be true ambassadors to guests and to the world?

Norcão was part of a team that devised and implemented an elaborate plan to give every Kempinski employee a solid, intuitive understanding of what Kempinski was all about. The challenges were monumental. First and foremost, what was Kempinski all about? Despite its long, rich history, corporate values had never been consistently articulated—not in the Geneva-based boardroom, and certainly not at the front desk of any of its hundreds of hotels.

Once those values had been identified, how could Norcão and her team communicate them to employees throughout the organization, given their widely varying levels of responsibility and education and the dozens of different languages they spoke?
Norcao knew she needed resources and buy-in from every level of the organization, starting with the top. “This last task was especially crucial—top management [the management board and regional presidents] had to commit their time and assign company resources to this program if we were to be successful with senior management on a group wide basis. They had to understand the link between delivering a consistent brand promise and guest experience, and actively managing our corporate culture,” Norcao said. Explaining the benefits in dollars and sense was important. “We were able to demonstrate in business terms that when employee engagement is higher than 60 percent, total shareholder return can almost double, and conversely that if engagement drops below 25 percent, total shareholder return can be negatively impacted.” Norcao’s team showed that the organization already had 29 percent engagement—compared to the industry standard of 21—a solid start but with much room for improvement.

Once the top brass was on board, Norcao and her team conducted intensive interviews across the organization. Listening to the staff who lived the Kempinski experience every day helped shape what would eventually become five core values. “Being people oriented, being straightforward, encouraging entrepreneurial performance amongst staff, having the freedom to create traditions and being passionate about European luxury.” The DNA of Kempinski’s corporate culture had been identified. Now came the hard part: implementation.

How to reach every member of the organization in a meaningful way? How to make an impression on the concierge in Cairo and the maid in Munich? Clearly, an all-saturating, trickle-down approach was needed. But what was the model? “Our aim throughout was to create a corporate culture, which would empower staff to know instinctively what would be an appropriate way at Kempinski to solve a challenge, work with colleagues or serve our guests—not to limit them with strict rules,” said Norcao.

Her team eventually opted for storytelling. “All cultures in the world have some form of story-telling tradition,” Norcao said. Stories were collected from employees about emotional or memorable happenings at the hotel that represented one or more of the five core values. Campaigns were designed around the best of them, with “artwork and colors [that] were associated with each value, so that all collateral could have a consistent visual language—important again in helping illiterate staff identify values or stories.”

Norcao started a storybook as her team built a wealth of tools to support managers: presentations, games, activities, session plans, Q&As, plus posters and brochures. A storytelling mini-site, “myStory”, was constructed to collect touching, personal stories from employees all over the world. “The myStory space is among the most visited areas online and we’ve collected nearly 300 stories,” Norcao commented. “This is very positive in an industry where most staff don’t have time to regularly access a computer. Anecdotal evidence from sessions shows that staff often believe some or all of the original stories are about their hotel, which exhibits their pride, and belief in and ownership of these stories.”

Today, Kempinski’s growth plan is well underway, with more than seventy-five hotels worldwide in more than thirty countries and counting. “When I look back at the road we’ve traveled,” Norcao continued, “I’m amazed to see how much we’ve accomplished with a relatively small budget but using a powerful storytelling approach to propagate our core values. . . . As part of my role, I spend time with senior managers when they first arrive at the company and often ask for their initial impressions of Kempinski (before mentioning our values) and am reassured that we haven’t lost our soul—they always remark on how friendly, welcoming and practical everyone is. Some have even already heard of our values and can tell me their own stories.”

**Case Questions**

1. Why did Norcao think that employee engagement was important? Can you explain the importance of perception in this case?

2. Describe how Kempinski used social cognitive theory to establish their corporate culture and core values.

3. What reinforcement activities were chosen to support the growth plan at Kempinski Hotels?

**Sources**


### General Self-Efficacy

Although Bandura originally conceptualized self-efficacy as a person’s belief that he or she is capable of performing a specific task, many researchers have subsequently found it useful to expand it to describe general self-efficacy, our perceived ability to cope with daily hassles and adapt after experiencing stressful events.

*For each statement, circle the number that best describes you based on the following scale:*

1. **NOT AT ALL TRUE**  
2. **HARDLY TRUE**  
3. **MODERATELY TRUE**  
4. **EXACTLY TRUE**

<table>
<thead>
<tr>
<th></th>
<th>NOT AT ALL TRUE</th>
<th>HARDLY TRUE</th>
<th>MODERATELY TRUE</th>
<th>EXACTLY TRUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I can always manage to solve difficult problems if I try hard enough.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2. If someone opposes me, I can find the means and ways to get what I want.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>3. It is easy for me to stick to my aims and accomplish my goals.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>4. I am confident that I could deal efficiently with unexpected events.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>5. Thanks to my resourcefulness, I know how to handle unforeseen situations.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>6. I can solve most problems if I invest the necessary effort.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>7. I can remain calm when facing difficulties because I can rely on my coping abilities.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>8. When I am confronted with a problem, I can usually find several solutions.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>9. If I am in trouble, I can usually think of a solution.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>10. I can usually handle whatever comes my way.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
</tr>
</tbody>
</table>

### Scoring

Add the numbers you circled and write your score in the blank: ___________

### Interpretation

- **30 and above** = You have very strong general self-efficacy. You are likely to be quite effective in coping with daily challenges and adapting to stressful events.
- **20 – 29** = You have a moderate level of general self-efficacy. Your confidence in your ability to perform difficult tasks and cope with adversity, though generally steady, may falter in certain situations.
- **19 and below** = You have a low level of general self-efficacy. As a result, you may be more susceptible to the effects of stress, anxiety, burnout, and depression. You could benefit from the self-leadership strategies discussed in Chapter 13. Research has linked self-leadership with higher self-efficacy perceptions.