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Luthans, Fred, et al. Behavioral Performance Management. Organizational Behavior: An Evidence-Based Approach. New York. Information Age Publishing. 2015. 1681231190. pp. 342-374.

**Date prepared:** 04/19/2016

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# Behavioral Performance Management

## LEARNING OBJECTIVES

- **Define** the theoretical processes of learning: behavioristic, cognitive, and social/social cognitive.
- **Discuss** the principle of reinforcement, with special attention given to the law of effect, positive and negative reinforcers, and punishment.
- **Analyze** organizational reward systems, emphasizing both monetary and nonfinancial rewards.
- **Present** the steps and results of behavioral performance management, or organizational behavior modification (O.B. Mod.).

In a sense, this whole text on organizational behavior is concerned with the *what* and *how* of managing and leading people for high performance in today's organizations. Certainly many of the chapters (e.g., Chapter 4 on reward systems, Chapter 6 on motivation, Chapter 7 on positive organizational behavior, and all of the chapters in Part Three) are directly, or at least indirectly, concerned with how to manage oneself and human resources more effectively. The same could be said of popular techniques that have strong consulting advocates such as the late Edwards Deming's "Total Quality Management," Steven Covey's "The Seven Habits of Highly Effective People," or Peter Senge's "Learning Organizations." As was pointed out in the Chapter 1 discussion of the evidenced-based approach taken by this text, purely academic approaches may not be directly applied enough, and the popular writers' techniques tend to be "quick fixes" and "fads" without research backup that come with a splash and then, unfortunately, go. In contrast, this last part of the text again takes an evidenced-based (theoretical foundation, research supported and sustainable, effective application techniques) approach to managing and leading for high performance. In particular, this chapter on behavioral management meets the evidence-based criteria. As one behavioral management advocate strongly points out:

Behavior Performance Management is not a good idea to be tried for a while and then cast aside for some other good idea. It is a science that explains how people behave. It cannot go away anymore than gravity can go away. In a changing world, the science of behavior must remain the bedrock, the starting place for every decision we make, every new technology we apply, and every initiative we employ in our efforts to bring out the best in people.

The purpose of this chapter is to provide an overview of learning theory and evidence-based principles and guidelines that serve as a foundation and point of departure for presenting the behavioral management approach. The first section summarizes the widely recognized theories of learning: behavioristic, cognitive, and social/social cognitive. Next, the

principles of reinforcement and punishment are given attention, followed by a discussion of both monetary and nonfinancial rewards. The last part of the chapter is devoted specifically to behavioral management. Both the steps of organizational behavior modification, or O.B. Mod., and the results of its basic research and application are given attention.

## LEARNING THEORY BACKGROUND

Although learning theory has not been as popular in organizational behavior as motivation or personality theories, both scholars and practitioners would agree on its importance to both the understanding and the effective development and management of human resources. In fact, practically all organizational behavior is either directly or indirectly affected by learning. For example, a worker's skill, a manager's attitude, a staff assistant's motivation, a salesperson's optimism and confidence, and an accountant's mode of dress are all learned. With the application of learning processes and principles, employees' behavior can be analyzed and managed to improve their performance.<sup>2</sup>

The most basic purpose of any theory is to better understand and explain the phenomenon in question. When theories become perfected, they have universal application and should enable prediction and control. Thus, a perfected theory of learning would have to be able to explain all aspects of learning (how, when, and why), have universal application (for example, to children, college students, managers, and workers), and predict and control learning situations. To date, no such theory of learning exists. Although there is general agreement on some principles of learning—such as reinforcement—that permit prediction and control, there is still a degree of controversy surrounding the theoretical understanding of learning in general and some of the principles in particular. This does not mean that no attempts have been made to develop a theory of learning. In fact, the opposite is true. The most widely recognized theoretical approaches incorporate the behavioristic and cognitive approaches and the emerging social cognitive theory that Chapter 1 indicated serves as the conceptual framework for this text. An understanding of these learning theories is important to the study of organizational behavior in general and behavioral performance management in particular.

### Behavioristic Theories

The most traditional and researched theory of learning comes out of the behaviorist school of thought in psychology (see Chapter 1). Most of the principles of learning and organizational reward systems, covered in Chapter 4, and the behavioral performance management approach discussed in this chapter are based on behavioristic theories, or behaviorism.<sup>3</sup>

The classical behaviorists, such as the Russian pioneer Ivan Pavlov and the American John B. Watson, attributed learning to the association or connection between stimulus and response (S-R). The operant behaviorists, in particular the well-known American psychologist B. F. Skinner, give more attention to the role that consequences play in learning, or the response-stimulus (R-S) connection.<sup>4</sup> The emphasis on the connection (S-R or R-S) has led some to label these the *connectionist theories* of learning. The S-R deals with classical, or respondent, conditioning, and the R-S deals with instrumental, or operant, conditioning. An understanding of these conditioning processes is vital to the study of learning and serves as a point of departure for understanding and modifying organizational behavior.

## Classical Conditioning

Pavlov's classical conditioning experiment using dogs as subjects is arguably the single most famous study ever conducted in the behavioral sciences. A simple surgical procedure permitted Pavlov to measure accurately the amount of saliva secreted by a dog. When he presented meat powder (unconditioned stimulus) to the dog in the experiment, Pavlov noticed a great deal of salivation (unconditioned response). On the other hand, when he merely rang a bell (neutral stimulus), the dog did not salivate. The next step taken by Pavlov was to accompany the meat with the ringing of the bell. After doing this a number of times, Pavlov rang the bell without presenting the meat. This time, the dog salivated to the bell alone. The dog had become classically conditioned to salivate (conditioned response) to the sound of the bell (conditioned stimulus). Thus, *classical conditioning* can be defined as a process in which a formerly neutral stimulus, when paired with an unconditioned stimulus, becomes a conditioned stimulus that elicits a conditioned response; in other words, the S-R (i.e., bell-saliva) connection is learned. The Pavlov experiment was a major breakthrough and has had a lasting impact on the understanding of learning.

Despite the theoretical possibility of the widespread applicability of classical conditioning and its continued refinement and application to areas such as modern marketing,<sup>5</sup> most contemporary learning theorists agree that it represents only a very small part of total human learning and behavior. Skinner in particular felt that classical conditioning explains only respondent (reflexive) behaviors. These are the involuntary responses that are elicited by a stimulus. Skinner felt that the more complex, but common, human behaviors cannot be explained by classical conditioning alone. When explaining why he was abandoning a stimulus-response psychology, Skinner noted, "The greater part of the behavior of an organism was under the control of stimuli which were effective only because they were correlated with reinforcing consequences."<sup>6</sup> Thus, Skinner, through his extensive research, posited that *behavior was a function of consequences*, not the classical conditioning eliciting stimuli. He felt that most human behavior affects, or operates on, the environment to receive a desirable consequence. This type of behavior is learned through operant conditioning.

## Operant Conditioning

*Operant conditioning* is concerned primarily with learning that occurs as a consequence of behavior, or R-S. It is not concerned with the eliciting causes of behavior, as classical, or respondent, conditioning is. The specific differences between classical and operant conditioning may be summarized as follows:

1. In classical conditioning, a change in the stimulus (unconditioned stimulus to conditioned stimulus) will elicit a particular response. In operant conditioning, one particular response out of many possible ones occurs in a given stimulus situation. The stimulus situation serves as a cue in operant conditioning. It does not elicit the response but serves as a cue for a person to emit the response. The critical aspect of operant conditioning is what happens as a consequence of the response. The strength and frequency of classically conditioned behaviors are determined mainly by the frequency of the eliciting stimulus (the environmental event that precedes the behavior). The strength and frequency of operantly conditioned behaviors are determined mainly by the consequences (the environmental event that follows the behavior).

**TABLE 12.1.** Examples of Classical and Operant Conditioning

Classical Conditioning	
The individual:	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(S) <b>Stimulus</b></p> <ul style="list-style-type: none"> <li>is stuck by a pin</li> <li>is tapped below the kneecap</li> <li>is shocked by an electric current</li> <li>is surprised by a loud sound</li> </ul> </div> <div style="width: 10%; text-align: center;"> <p>→</p> </div> <div style="width: 45%;"> <p>(R) <b>Response</b></p> <ul style="list-style-type: none"> <li>flinches</li> <li>flexes lower leg</li> <li>jumps/screams</li> <li>jumps/screams</li> </ul> </div> </div>
Operant Conditioning	
The individual:	<div style="display: flex; justify-content: space-between;"> <div style="width: 45%;"> <p>(R) <b>Response</b></p> <ul style="list-style-type: none"> <li>works</li> <li>talks to others</li> <li>enters a restaurant</li> <li>enters a library</li> <li>increases productivity</li> <li>completes a difficult assignment</li> </ul> </div> <div style="width: 10%; text-align: center;"> <p>→</p> </div> <div style="width: 45%;"> <p>(S) <b>Stimulus</b></p> <ul style="list-style-type: none"> <li>is paid</li> <li>meets more people</li> <li>obtains food</li> <li>finds a book</li> <li>receives merit pay</li> <li>receives praise and a promotion</li> </ul> </div> </div>

- During the classical conditioning process, the unconditioned stimulus, serving as a reward, is presented every time. In operant conditioning, the reward is presented only if the organism gives the correct response. The organism must operate on the environment (thus the term *operant conditioning*) in order to receive a reward. The response is instrumental in obtaining the reward. Table 12.1 gives some simple examples of classical (S-R) and operant (R-S) conditioning.

Operant conditioning has a much greater impact on human learning than classical conditioning. Today, even though Skinner died in 1990, he remains somewhat controversial<sup>7</sup> and his views are commonly misrepresented,<sup>8</sup> the operant theory is still being refined and expanded,<sup>9</sup> historical analyses recognize some limitations but also definite contributions,<sup>10</sup> and applications are being made in areas such as marketing<sup>11</sup> and performance management.<sup>12</sup> Operant conditioning also explains, at least in a very simple sense, much of organizational behavior. For example, it might be said that employees work eight hours a day, five days a week, in order to feed, clothe, and shelter themselves and their families. Working (conditioned response) is instrumental in obtaining the food, clothing, and shelter.

Some significant insights can be gained directly from operant analysis. The consequences of organizational behavior can change the environmental situation and greatly affect subsequent employee behaviors.<sup>13</sup> Managers can analyze the consequences of organizational behavior to help accomplish the goals of prediction and control. Some organizational behavior researchers are indeed using the operant framework to analyze specific areas such as escalation of commitment (where a tendency of decision makers is to “throw good money after bad”)<sup>14</sup> as well as more generally the effectiveness of managers at work.<sup>15</sup> In addition, this theory serves as the framework for operationalizing much of behavioral performance management presented in this chapter.

## Cognitive Theories

As was covered in Chapter 1 for understanding organizational behavior in general, the cognitive theories can also be used to understand learning and, especially as an input into social and social cognitive theories, to better understand behavioral performance manage-

ment.<sup>16</sup> Edward Tolman is widely recognized as a pioneering cognitive theorist. He felt that *cognitive learning* consists of a relationship between cognitive environmental cues and expectation. He developed and tested this theory through controlled experimentation. In fact, even though behaviorists are mostly associated with animal subjects in their research, Tolman was one of the first to extensively use the now-famous white rat in psychological experiments. He found that a rat could learn to run through an intricate maze, with purpose and direction, toward a goal (food). Tolman observed that at each choice point in the maze, expectations were established. In other words, the rat learned to expect that certain cognitive cues associated with the choice point might eventually lead to food. If the rat actually received the food, the association between the cue and the expectancy was strengthened, and learning occurred. In contrast to the S-R and R-S learning in the classical and operant approaches, Tolman's approach could be depicted as S-S (stimulus-stimulus), or learning the association between the cue and the expectancy.

In another early, classic study to demonstrate cognitive learning, Wolfgang Kohler used chimps presented with a problem of obtaining an out-of-reach suspended banana. At first the chimps attempted to jump for it, but soon gave up and seized a box that had been placed in another part of the room, dragged it under the object, mounted it, and took down the fruit. Kohler called this more complex learning "insight." The solution to the problem appeared as a whole, not as a series, gradual shaping of new responses as the operant approach would suggest. At the time (1927), famous social philosopher/critic Bertrand Russell concluded, "there are two ways of learning, one by experience, and the other by what Kohler calls 'insight.'"<sup>17</sup>

Besides being the forerunner of modern cognitive theory, Tolman's S-S connection and Kohler's insightful learning also had a great impact on the early human relations movement. Industrial training programs starting after World War II (and in many respects still today) drew heavily on their ideas. Programs were designed to strengthen the relationship between cognitive cues (supervisory, organizational, and job procedures) and worker expectations (incentive payments for good performance). The theory was that the worker would learn to be more productive by building an association between taking orders or following directions and expectancies of monetary reward for this effort. The same is true for the creativity, problem-solving groups that have been so popular over the years; they have drawn heavily from the notion of insightful learning.

Today, the cognitive sciences focus more on the structures and processes of human competence (for example, the role of memory and information processing) rather than on the acquisition and transition processes that have dominated learning theory explanations.<sup>18</sup> In organizational behavior, the cognitive approach has been applied mainly to motivation theories. Expectations, attributions and locus of control, and goal setting (which are in the forefront of modern work motivation) are all cognitive concepts and represent the purposefulness of organizational behavior. Many researchers are currently concerned about the relationship or connection between cognitions and organizational behavior.<sup>19</sup>

## Social Learning and Social Cognitive Theory

As brought out in Chapter 1, social learning theory served as the conceptual framework for the past several editions of this text. However, similar to the theory building in social psychology, primarily from the extensive work of widely recognized psychologist Albert Bandura,<sup>20</sup> this edition of the text and this overview of learning recognizes the evolution to the more comprehensive social cognition. After first recognizing social learning, the discussion turns to social cognition and its derivatives of modeling and self-efficacy.

## *Social Learning*

This theoretical approach to learning was the first to combine and integrate both behaviorist and cognitive concepts and emphasized the interactive, reciprocal nature of cognitive, behavioral, and environmental determinants. It is important to recognize that social learning theory recognizes and draws from the principles of classical and operant conditioning. But equally important is the fact that social learning theory went beyond classical and operant theory by recognizing that there is more to learning than direct learning via antecedent stimuli and contingent consequences. Social learning theory posits that learning can also take place via vicarious, or modeling, and self-control processes (see Chapter 1). Thus, social learning theory agrees with classical and operant conditioning processes, but says they are too limiting and adds vicarious, modeling, and self-control processes.

## *Social Cognition*

This theory has emerged in recent years to go beyond social learning theory. Social cognitive theory extends learning and/or modifying behavior by giving more attention to the self-regulatory mechanisms. Specifically, as was presented in Chapter 1, social cognitive theory identifies five capabilities that people use to initiate, regulate, and sustain their behavior: (1) symbolizing, (2) forethought, (3) vicarious/modeling learning, (4) self-regulation, and (5) self-reflection.<sup>21</sup> These human capabilities recognize cognitive processes, social learning, and self-efficacy. A closer look at social learning through the social cognitive derivatives of modeling and self-efficacy can lead to the better understanding of learning and contribute to the theoretical underpinning of behavioral performance management.

## *Modeling Processes*

The vicarious, or modeling, processes essentially involve observational learning. "Modeling in accordance with social learning theory can account for certain behavior acquisition phenomena that cannot be easily fitted into either operant or respondent conditioning."<sup>22</sup>

Many years ago, Miller and Dollard suggested that learning need not result from discrete stimulus-response or response-consequence connections. Instead, learning can take place through imitating (i.e., modeling) others. Bandura states:

Although behavior can be shaped into new patterns to some extent by rewarding and punishing consequences, learning would be exceedingly laborious and hazardous if it proceeded solely on this basis.... [It] is difficult to imagine a socialization process in which the language, mores, vocational activities, familial customs and educational, religious and political practices of a culture are taught to each new member by selective reinforcement of fortuitous behavior, without benefit of models who exemplify the cultural patterns in their own behavior. Most of the behaviors that people display are learned either deliberately or inadvertently, through the influence of example.<sup>23</sup>

Bandura has done considerable research demonstrating that people can indeed learn from others.<sup>24</sup> This learning takes place in two steps. First, the person observes how others act and then acquires a mental picture of the act and its consequences (rewards and punishers). Second, the person acts out the acquired image, and if the consequences are positive, he or she will tend to do it again. If the consequences are negative, the person will tend not to do it again. These positive and negative consequences, of course, are where there is a tie-

in with operant theory. But because there is cognitive, symbolic representation of the modeled activities instead of discrete response-consequence connections in the acquisition of new behavior or modifying existing behavior, modeling goes beyond the operant explanation. In particular, Bandura concludes that modeling involves interrelated subprocesses, such as attention, retention, and motoric reproduction, as well as reinforcement.

### *Self-Efficacy*

Although given detailed attention in Chapter 7 as a key positive construct in psychological capital, *self-efficacy* has also been recognized as a construct in behavioral performance management.<sup>25</sup> Bandura has defined self-efficacy as the “beliefs in one’s capabilities to organize and execute the courses of action required to produce given attainments.”<sup>26</sup> In particular, when faced with a specific task or job, an employee’s efficacy will determine whether the necessary behavior will be initiated, how much effort will be expended and sustained, and how much persistence and resilience there will be when there are obstacles or even failure.<sup>27</sup> In other words, people who believe they can perform well on a task (high self-efficacy) do better than those who think they will fail (low self-efficacy). Importantly for the field of organizational behavior, a stream of research studies meta-analyzed has found a strong relationship between self-efficacy and work-related performance.<sup>28</sup> Also, those with high self-efficacy have the tendency to remain calm in a stressful situation.<sup>29</sup> In other words, there is considerable evidence that those employees with high self-efficacy tend to persevere and end up doing a good job without suffering stress or burnout. Unlike predisposed personality traits, efficacy is a state that can be trained and developed. As discussed in detail in Chapter 7, the input into efficacy is recognized to be mastery experiences, vicarious/modeling learning, social persuasion, and physiological/psychological arousal.<sup>30</sup> Both managers and their employees who experience success, are trained through modeling, and are encouraged and aroused on a given task or job, will have their efficacy enhanced and will perform well. There seems to be considerable practical implications for understanding and developing self-efficacy in managers and employees for performance improvement.<sup>31</sup>

## **PRINCIPLES OF LEARNING: REINFORCEMENT AND PUNISHMENT**

Reinforcement and punishment play a central role in the learning process and provide evidence-based principles for behavioral performance management. Most learning experts agree that reinforcement is more important than punishment and is the single most important concept and application principle. Yet there is still some controversy over its theoretical explanation. The first theoretical treatment given to reinforcement in learning and the framework that still dominates today is pioneering psychologist Edward Thorndike’s classic law of effect.

### **Laws of Behavior**

In Thorndike’s own words, the law of effect is simply stated as follows: “Of several responses made to the same situation, those which are accompanied or closely followed by satisfaction [reinforcement] ... will be more likely to recur; those which are accompanied



or closely followed by discomfort [punishment] ... will be less likely to occur." From a strictly empirical standpoint, most behavioral scientists, even those with a strict cognitive orientation, generally accept the validity of this law. It has been demonstrated time after time in highly controlled learning experiments and is directly observable in everyday learning experiences. Sometimes called the laws of behavior, desirable, or reinforcing, consequences will increase the strength of the preceding behavior and increase its probability of being repeated in the future. Undesirable, or punishing, consequences will decrease the strength of the preceding behavior and decrease its probability of being repeated in the future. Sometimes a third law is added: If the behavior is followed by no consequence (neither a positive nor a negative contingent consequence) the behavior will extinguish over time (thus this is called the extinction principle or law).<sup>32</sup>

## Critique of Reinforcement Theory

Although there is wide acceptance of the laws of behavior, there may be some occasions when a person's cognitive rationalizations might neutralize them. For example, people with inaccurate self-efficacy beliefs may not be affected by the consequences of their actions. In the workplace, this is a real problem for managers. Those with inaccurate or false self-efficacy beliefs who experience performance failures time after time will not learn from their mistakes or respond to the manager's comments on how to correct the problem. They have high self-efficacy (they believe that their behaviors are appropriate to successfully accomplish the task), but they are wrong.<sup>33</sup> In addition to this type of cognitive processing that may neutralize the law of effect, there is some disagreement when it is carried a step further and used as an overall theory or an absolute requirement for learning.

Both Tolman's and Kohler's classic studies providing initial support for cognitive theories, presented earlier, discounted the need for incremental reinforcement as necessary for learning to occur. For example, Tolman conducted place learning, latent learning, and transposition experiments in an attempt to demonstrate that reinforcement was not a precondition for learning to occur. Specifically, in the place learning he trained a rat to turn right in a T maze in order to obtain the reward of food. Then he started the rat from the opposite part of the maze. According to operant theory, the rat should have turned right because of past conditioning. However, the rat turned toward where the food had been placed. Tolman concluded that the behavior was purposive; the rat had formed a cognitive map to figure out how to get to the food. Over time, the behaviorists were able to counteract Tolman's studies with more controlled (e.g., sterile mazes, etc.) experiments, and Kohler's conclusions about insight were also explained away by a reinforcement history alternative explanation.<sup>34</sup>

More recently, Deci<sup>35</sup> and Deci and Ryan,<sup>36</sup> through their cognitive evaluation theory and laboratory research studies, have posited that external consequences (i.e., rewards) have a negative impact on intrinsically motivated (see Chapter 6) behavior dealing with task persistence and creativity. These findings generated considerable follow-up research with mixed findings. One review of about 100 studies found some rewards may have a detrimental effect, but an equal number found no effect or a positive effect.<sup>37</sup> The conclusion from this extensive review was that (1) the detrimental effects of rewards occur under highly restricted, easily avoidable conditions; (2) mechanisms of classical and operant conditioning are basic for understanding incremental and detrimental effects of reward on task motivation; and (3) positive effects of rewards on performance are easily attainable using procedures derived from behavioral theory.<sup>38</sup>

Finally, a meta-analysis of 96 studies found that the only detrimental effect of rewards was the time spent carrying out laboratory activity following a performance-independent (i.e., a noncontingent) reward.<sup>39</sup> There is also systematic analysis that discounts cognitive evaluation theory when compared to operant theory explanations.<sup>40</sup> Yet, despite this considerable empirical and theoretical counterevidence, an unconvinced few such as popular author Alfie Kohn continue to write (not do research) with titles such as *Punished by Rewards* and “Why Incentive Plans Cannot Work.”<sup>41</sup> Based on his own assumptions and the now-countered Deci and Ryan theory and research, and in stark contrast to the large body of reinforcement theory and research, he makes unequivocal statements such as: “The bottom line is that any approach that offers a reward for better performance is destined to be ineffective.”<sup>42</sup>

Unfortunately, Kohn’s largely unsupported statements do not fall on deaf ears in the real world. This is because practicing managers have indeed experienced some implementation problems with pay-for-performance programs.<sup>43</sup> For example, after an extensive review of the relevant literature, Lawler concluded that process/design problems, not the underlying theory of reinforcement or the supporting basic research, limit the effectiveness of pay for performance.<sup>44</sup> There is also a research study that found that highly dispersed reward systems (i.e., very large differences between highest and lowest payouts) may have a negative effect on both individual and organizational performance, especially when collaborative efforts (such as in teams) are important.<sup>45</sup> Yet, once again, it is not that the theory/research on reinforcement is wrong, but rather it is the implementation that can cause problems. As Bandura points out, “To say that [only] thought guides action is an abbreviated statement of convenience rather than a conferral of agency of thought,”<sup>46</sup> because “if people acted ... on the basis of informative cues but remained unaffected by the results of their actions, they would be insensible to survive very long.”<sup>47</sup> As a final summary statement, it can be said that the theory of reinforcement, like learning in general, is not perfect and still needs development. However, it can also be said that reinforcement does serve as an excellent theoretical foundation and evidence-based guiding principle, and the implementation issues need to be overcome by effective behavioral performance management.

## Reinforcement as Used in Behavioral Management

The terms *rewards* and *reinforcers* are often used interchangeably and loosely, but in behavioral performance management have very precise definitions and usage. An often cited circular definition of reinforcement says that it is anything the person finds rewarding. This definition is of little value because the words *reinforcing* and *rewarding* are used interchangeably, but neither one is operationally defined. A more operational definition can be arrived at by reverting to the laws of behavior. Specifically, *reinforcement* in behavioral management is defined as anything that both increases the strength and tends to induce repetitions of the behavior that preceded the reinforcement. A *reward*, on the other hand, is simply something that the person who presents it deems to be desirable.

Reinforcement is functionally defined. Something is reinforcing only if it strengthens the behavior preceding it and induces repetitions. For example, a manager may ostensibly reward an employee who found an error in a report by publicly praising the employee. Yet on examination it is found that the employee is embarrassed and chided by coworkers, and the error-finding behavior of this employee decreases in the future. In this example, the “reward” of public praise is not reinforcing. Besides clearing up differences between reinforcers and rewards, behavioral management also requires making the distinction between positive and negative reinforcers.

**FIGURE 12.1.** Summary of the Operational Definitions of Positive and Negative Reinforcement and Punishment

		Consequence of	
		Reward (something desirable)	Noxious stimuli (something aversive and undesirable)
Contingent	Application	<b>POSITIVE REINFORCEMENT</b> Behavior increases	<b>PUNISHMENT</b> Behavior decreases
	Withdrawal	<b>PUNISHMENT</b> Behavior decreases	<b>NEGATIVE REINFORCEMENT</b> Behavior increases

## Positive and Negative Reinforcers

There is much confusion surrounding the terms positive reinforcement, negative reinforcement, and punishment. First of all, it must be understood that reinforcement, positive or negative, strengthens the behavior and increases the probability of repetition. But positive and negative reinforcers accomplish this impact on behavior in completely different ways. Positive reinforcement strengthens and increases behavior by the presentation of a desirable consequence. Negative reinforcement strengthens and increases behavior by the threat of the use of an undesirable consequence or the termination or withdrawal of an undesirable consequence. Figure 12.1 briefly summarizes the differences between positive and negative reinforcement and punishment. Giving recognition and attention to an employee for the successful completion of a task could be an example of positive reinforcement (if this does in fact strengthen and subsequently increase this task behavior). On the other hand, a worker is negatively reinforced for getting busy when the supervisor walks through the area. Getting busy prevents or terminates being “chewed out” by the supervisor.

Negative reinforcement is more complex than positive reinforcement, but it should not be equated with punishment. In fact, they have opposite effects on behavior. Negative reinforcement strengthens and increases behavior, whereas punishment weakens and decreases behavior. However, both are considered to be forms of negative control of behavior. Negative reinforcement is really a form of social blackmail, because the person will behave in a certain way in order not to be punished. A clearer understanding of punishment will help further clarify how it differs from negative reinforcement.

## The Use of Punishment

Punishment is one of the most used but least understood and badly administered aspects of behavioral management. Whether in rearing children or dealing with employees in a complex organization, parents and supervisors or managers often revert to punishment instead of positive reinforcement in order to modify or control behavior. Punishment is commonly thought to be the reverse of reinforcement but equally effective in altering behavior. However, this simple analogy with reinforcement is not warranted. The reason is that punishment is a very complex phenomenon and must be carefully defined and used.<sup>48</sup>

## *The Meaning of Punishment*

Punishment is anything that weakens behavior and tends to decrease its subsequent frequency. Punishment usually consists of the application of an undesirable or noxious consequence, but as shown in Figure 12.1, it can also be defined as the withdrawal of a desirable consequence. Thus, taking away certain organizational privileges from a manager who has a poor performance record could be thought of as punishment.

Regardless of the distinction between punishment as the application of an undesirable consequence and as the withdrawal of a desirable consequence, in order for punishment to be effective, there must be a weakening of, and a decrease in, the behavior that preceded it. Just because a supervisor criticizes an associate and thinks this is a punishment, it is not necessarily the case unless the behavior that preceded the criticism weakens and decreases in subsequent frequency. In many situations when supervisors think they are punishing employees, they are in fact reinforcing them because they are giving attention, and attention tends to be very reinforcing. This explains the common complaint that supervisors often make: "I call Joe in, give him heck for goofing up, and he goes right back out and goofs up again." What is happening in this case is that the supervisor thinks Joe is being punished, when operationally, what is obviously happening is that the supervisor is reinforcing Joe's undesirable behavior by giving him attention and recognition. Punishment, like reinforcement, is defined and operationalized by its effects on behavior, not by what the person thinks is or should be punishment.

## *Administering Punishment*

Opinions on administering punishment range all the way from the one extreme of dire warnings never to use it to the other extreme that it is the only effective way to modify behavior. As yet, research has not been able to support either view completely. However, there is little doubt that the use of punishment tends to cause many undesirable side effects.<sup>49</sup> Neither children nor adults like to be punished. The punished behavior tends to be only temporarily suppressed rather than permanently changed, and the punished person tends to get anxious or uptight and resentful of the punisher. There is growing research evidence that punishment has unintended negative effects on employees. For example, one recent study found that those who received rude, punishing feedback hurt their performance on complex tasks requiring creativity, flexibility, and memory recall<sup>50</sup> and another study found that over 90 percent of employees reported a negative outcome associated with being punished.<sup>51</sup> Thus, the use of punishment as a strategy to control behavior is a lose-lose approach. Unless the punishment is severe, the behavior will reappear very quickly, but the more severe the punishment, the greater the side effects such as hate and revenge. As described in the accompanying *OB in Action*, "forced rankings" in annual performance appraisals can be interpreted as punishing, and have undesirable side-effects.

To minimize the problems with using punishment, persons administering it must always provide an acceptable alternative to the behavior that is being punished. If they do not, the undesirable behavior will tend to reappear and will cause fear and anxiety in the person being punished. The punishment must always be administered as close in time to the undesirable behavior as possible. Calling subordinates into the office to give them a reprimand for breaking a rule the week before is not effective. All the reprimand tends to do at this time is to punish them for getting caught. The punishment has little effect on the rule-breaking behavior. When punishment is administered, it should be remembered that there is also an effect on the relevant others who are observing the punishment. While man-

agers often believe those watching a coworker being punished can learn what not to do, a survey found that nearly a third of the observers reported a loss of respect for the manager administering the punishment.<sup>52</sup>

### *Guidelines for Discipline*

A rule of thumb for effective behavioral management should be: always attempt to reinforce instead of punish in order to change behavior. Furthermore, the use of a reinforcement strategy is usually more effective in accelerating desirable behaviors than the use of punishment is for decelerating undesirable behaviors because no bad side effects accompany reinforcement. As one comprehensive analysis of punishment concluded: "In order to succeed, [punishment] must be used in an orderly, rational manner—not, as is too often the case, as a handy outlet for a manager's anger or frustration. If used with skill, and concern for human dignity, it can be useful."<sup>53</sup> In behavioral management, discipline should attempt to be a learning experience, never purely a coercive experience to prove mastery or control over others. Perhaps the best practical advice is the old red-hot-stove rule of discipline—like the stove, punishment should give advance warning (it is red) and be immediate, consistent, and impersonal (it burns everyone who touches it). In addition, most modern approaches stress that punishment should be situationally applied (a crew of nineteen-year-old high school dropouts should be treated differently from a team of \$100,000-per-year professionals) and progressive. The progressive discipline may start off with a clarifying verbal discussion, then move to a written mutual agreement signed by the person being disciplined, next move to time off with or without pay, and then only as a last step end in termination. As a recent comprehensive analysis of discipline concluded, "Regardless of an employee's infraction, managers must strive to maintain a positive working relationship by remaining open to dialogue and ensuring that the worker understands why he's being reprimanded. It's no small task."<sup>54</sup>

## **THE ROLE OF ORGANIZATIONAL REWARD SYSTEMS**

Because positive reinforcement consequences are so important to employee behavior, organizational reward systems become critical to behavioral performance management. The organization may have the latest advanced information technology, well-thought-out strategic plans, detailed job descriptions, and comprehensive training programs, but unless the people are reinforced for their performance-related behaviors, the "up-front" variables (technology, plans, and so on) for the rules that govern<sup>55</sup> or the establishing operation (i.e., there is enough motivation)<sup>56</sup> of their behavior, there will be little impact. In other words, going back to Skinner's original conception, the antecedent cues (technology, plans, and the like) have power to control or provide rules and establishing operation for behavior only if there are reinforcing consequences. As one behavioral management consultant points out:

A company is always perfectly designed to produce what it is producing. If it has quality problems, cost problems, productivity problems, then the behaviors associated with those undesirable outcomes are being reinforced. This is not conjecture. This is the hard, cold reality of human behavior.<sup>57</sup>

The challenge for performance management is to understand this behavioral reality, eliminate the reinforcers for the undesirable behaviors, and more importantly and effectively, reinforce the desirable behavior. Thus, organizational reward systems become a key, often overlooked, factor in bringing about improved performance and success.

Chapter 4 is specifically devoted to reward systems that are a vital part of the organizational environment (along with structure and culture) in the social cognitive model for this text. As was pointed out, money (pay) dominates organizational reward systems. The following sections analyze both monetary and nonfinancial reinforcers that can be used in behavioral performance management.

## Analysis of Money as a Reinforcer

Unfortunately, about the only reinforcing function that traditional monetary reward systems (covered in Chapter 4) such as base-pay techniques provide is to reinforce employees for walking up to the pay window or for opening an envelope and seeing their paycheck or direct deposit stub every two weeks or every month. These traditional pay plans certainly have come up short of having the intended impact on improving employee performance at all levels.<sup>58</sup> Yet, despite the problems with traditional pay approaches, money is still a very important reward to employees at all levels. For example, former GE head and now with his wife giving advice to managers in an online column, Jack Welch recently quipped,

You surely have seen how effective money is in lighting a motivational fire—even in employees who claim money doesn't matter to them. Plaques gather dust. Checks can be cashed. And employees know the difference in their bones.<sup>59</sup>

Recent analyses of the research studies also show that money contingently administered can have a positive effect on employee behavior.<sup>60</sup> However, there are even shortcomings with merit pay mainly due to implementation issues such as poor measurement of performance, lack of acceptance of supervisory feedback, limited desirability of merit increases that are too small, a lack of linkage between merit pay and performance, and potential unintended consequences such as focusing only on merit-related activities and behaviors<sup>61</sup> and lingering inequalities on merit pay for women and minorities.<sup>62</sup> Some compensation practitioners argue that merit pay only makes employees unhappy because they view it as an unfair way to reward for past performance instead of being geared to improved future performance.<sup>63</sup> Also, a laboratory study of merit pay led to the following conclusions:

1. Unless a merit raise is at least 6 to 7 percent of base pay, it will not produce the desired effects on employee behavior.
2. Beyond a certain point, increases in merit-raise size are unlikely to improve performance.
3. When merit raises are too small, employee morale will suffer.
4. Cost-of-living adjustments, seniority adjustments, and other nonmerit components of a raise should be clearly separated from the merit component.
5. Smaller percentage raises given to employees at the higher ends of base-pay ranges are demotivating.<sup>64</sup>

In other words, both the traditional base- and merit-pay plans have some problems.

The “New Pay” plans covered in Chapter 4 (e.g., pay for performance at both the individual and group levels, paying for customer and/or employee satisfaction, pay for knowledge, skill pay, competency pay, and broadbanding) have overcome many of the problems.<sup>65</sup> For example, a large study sponsored by the American Compensation Association was able to place a dollar value on the positive impact of pay-for-performance plans. The value of the performance improvement translates into a 134 percent net return on what is paid out to employees (excluding the costs associated with training, communications, and consulting), or, for every \$1 of payout, a gain of \$2.34 was attained.<sup>66</sup>

In terms of basic research, a field experiment conducted by Stajkovic and Luthans in the biggest credit card processing firm in the world found the following:

1. A traditionally administered pay-for-performance plan (i.e., announced through normal channels in terms of the amount of pay that would be received for various levels of performance) did increase performance by 11 percent; but
2. The same plan that was implemented through the behavioral performance management approach discussed next (i.e., specifying the critical performance behaviors that would lead to monetary consequences) had a significantly higher 32 percent increase in performance.<sup>67</sup>

In other words, because the performance behaviors strengthened and increased, the theory and principles of reinforcement explain that money can indeed be a powerful reinforcer. Importantly, money may not be a reinforcer when administered through the traditional pay plans, but when made contingent on identified performance behaviors as in behavioral performance management, money can be a powerful reinforcer.

The same could be said for the very expensive benefit plans in the organizational reward system (see Chapter 4). Flexible benefit plans and those that depend on performance may have better intended results.<sup>68</sup> Instead of benefits taking on an entitlement mentality, an increasing number of firms (18% according to an American Compensation Association survey) are making the amount and choice of benefits dependent on employee performance. For example, under Owens-Corning’s “Rewards and Resources Program,” workers get to clearly see how their work is reinforced with extra pay in the form of more benefit choices.<sup>69</sup>

## Nonfinancial Rewards

As Chapter 4 pointed out, money is the most obvious organizational reward, but the nonfinancial rewards are receiving increased attention. In fact, one comprehensive review of surveys that ask the value employees place on various rewards found that nonfinancial rewards were ranked much higher than financial ones.<sup>70</sup> For example, one study of 1,500 employees in a wide variety of work settings found personalized, instant recognition from managers as being the most important of the 65 types of rewards evaluated. However, more than half of these same employees reported that they seldom, if ever, received such personal recognition from their managers.<sup>71</sup> Also, a staffing company reported that the number-one reason employees give for leaving companies is the lack of praise and recognition.<sup>72</sup> Also in the same Stajkovic and Luthans research study cited previously, it was found that both social recognition (24%) and performance feedback (20%) had a significantly higher relative performance increase than did the traditionally administered pay for performance (11%).<sup>73</sup> Finally, in a study in the fast-food industry, we (Peterson and Luthans) found that financial incentives initially had a bigger effect on profit, customer ser-

vice, and employee retention outcomes, but, over time, except for employee retention, both financial and nonfinancial incentives had an equally significant impact.<sup>74</sup> In other words, there is little doubt that the nonfinancials can be very powerful, but are often overlooked as a reinforcer in behavioral performance management.

Table 12.2 summarizes some of the major categories of nonfinancial rewards. Notice that even though these are considered nonfinancial, they may still cost the organization. This is true of the consumables, manipulatables, and visual and auditory rewards. The job design category is a special case and is usually not, but could be, considered as an organizational reward. Chapter 6 was devoted to these, and they are not included here as part of behavioral performance management. On the other hand, the social recognition and attention and performance feedback categories are relatively easy to apply in behavioral performance management, cost nothing (except perhaps for preparing some of the performance feedback), and may be even more powerful than the cost-based nonfinancial rewards. These two are major reinforcers and deserve special coverage.

### *Social Recognition and Attention*

Informally providing contingent recognition and attention (and praise, if genuine) tends to be a very powerful reinforcer for most people. In addition, few people become satiated or filled up with this; no one “suffers” from too much genuine recognition. However, similar to monetary reinforcers, social reinforcers should be administered on a contingent basis to have a positive effect on employee performance. For example, a pat on the back or verbal praise that is insincere or randomly given (as under the old human relations approach) may have no effect or even a punishing “boomerang” effect. But genuine social reinforcers, contingently administered for performance of the target behavior, can be a very effective positive reinforcer for most employees and improve their performance.<sup>75</sup> The added benefit of such a strategy, in contrast to the use of monetary rewards, is that the cost of social reinforcers to the organization is absolutely nothing.

Importantly, this informal social recognition based on a valued person’s (e.g., boss, peer, subordinate, friend, spouse, etc.) attention and appreciation may have not only a bigger impact as a reinforcer in behavioral management than money, but also than formal recognition programs as detailed in Chapter 4. Unlike valued social recognition and attention, formal recognition programs, especially over time, can easily turn into being phoney, not valued by the recipient, or go against group and/or cultural norms. As Luthans and Stajkovic noted:

A formal recognition award such as the “Golden Banana” at Hewlett-Packard or “Employee of the Month” given at many companies can initially be a reinforcer, but over time may cross the line and become an empty reward and be perceived even in a negative light. The first few Employee of the Month recipients may be very deserving instances that everyone would agree with, but over time selections become more and more controversial and subjective, usually resulting in selecting less-qualified or not-qualified employees. At this point company politics often come into play and those who truly deserved the recognition feel betrayed. In this case, the program would actually produce negative effects (e.g., “rewarding A while hoping for B”). Also, from a (collectivistic) cultural values and individual differences standpoint, although everyone may like to be recognized for their efforts and achievements, not everyone likes to be singled out in the public way that usually goes along with formal recognition.<sup>76</sup>



TABLE 12.2. Categories of Nonfinancial Rewards

Consumables	Manipulatables	Visual and Auditory	Job Design	Formal Recognition	Performance Feedback	Social Recognition and Attention
<ul style="list-style-type: none"> <li>• Coffee-break treats</li> <li>• Free lunches</li> <li>• Food baskets</li> <li>• Easter hams</li> <li>• Christmas turkeys</li> <li>• Dinners for the family on the company</li> <li>• Company picnics</li> <li>• After-work wine and cheese parties</li> <li>• Time off Trips</li> <li>• Entertainment/Sports events</li> <li>• Education classes</li> </ul>	<ul style="list-style-type: none"> <li>• Desk accessories</li> <li>• Wall plaques</li> <li>• Company car</li> <li>• Watches</li> <li>• Trophies</li> <li>• Commendations</li> <li>• Rings/tie pins</li> <li>• Appliances and furniture for the home</li> <li>• PC for the home/personal use</li> <li>• Home shop tools</li> <li>• Garden tools</li> <li>• Clothing</li> <li>• Club privileges</li> <li>• Use of company recreation facilities</li> <li>• Use of company convenience center</li> <li>• Use of company facilities for personal projects</li> </ul>	<ul style="list-style-type: none"> <li>• Office with a window</li> <li>• Piped-in music</li> <li>• Internet and e-mail for personal use</li> <li>• Redecoration of work environment</li> <li>• Company literature</li> <li>• Private office</li> <li>• Popular speakers or lecturers</li> <li>• Book club discussions</li> </ul>	<ul style="list-style-type: none"> <li>• Jobs with more responsibility</li> <li>• Job rotation</li> <li>• Special assignments</li> <li>• Cross training</li> <li>• Knowledge training</li> <li>• Authority to schedule own work</li> <li>• Flexible hours</li> <li>• Flexible breaks</li> <li>• Job sharing</li> <li>• Participation in decisions</li> <li>• Participation in teams</li> <li>• Self-managed teams</li> </ul>	<ul style="list-style-type: none"> <li>• Formal acknowledgment of achievement</li> <li>• Feature in house newsletter</li> <li>• Story in newspaper/TV</li> <li>• Celebrations/banquets</li> <li>• Letters of commendation</li> <li>• Acknowledgment/praise in front of others</li> </ul>	<ul style="list-style-type: none"> <li>• Nonverbal performance information</li> <li>• Verbal performance information</li> <li>• Written reports</li> <li>• Performance evaluations/appraisals (including 360 degree)</li> <li>• Performance charts and graphs</li> <li>• Meters/counters or performance information</li> <li>• Self-information from performance or problem solutions</li> </ul>	<ul style="list-style-type: none"> <li>• Friendly greetings Informal recognition</li> <li>• Solicitation of suggestions</li> <li>• Solicitation of advice</li> <li>• Compliment of work progress</li> <li>• Pat on the back</li> <li>• Smile</li> <li>• Verbal or nonverbal recognition or praise</li> </ul>

With the increasing use of teams, there is also recent evidence that they may be providing social reinforcement to their members that yields organizationally desirable outcomes. For example, in the American Compensation Association research study cited earlier, team suggestion plans, under the umbrella of an organizational performance reward plan or operating independently, were found to be particularly powerful contributors to organizational success. Importantly, the team suggestion plans, which typically used nonfinancial rewards, outperformed the individually based plans, which typically used financial rewards, by 4 to 1.<sup>77</sup> For example, the average value per idea adopted from team suggestion plans using nonfinancial rewards was an impressive \$46,200 for a major airline, \$14,500 for a manufacturer, \$19,344 for a newspaper, and \$19,266 for a bank.<sup>78</sup>

### *Performance Feedback*

There is little question that despite the tremendous amount of data being generated by today's advanced information systems, individuals still receive very little, if any, feedback about their performance. People generally have an intense desire to know how they are doing; they engage in feedback-seeking behavior.<sup>79</sup> Even though feedback has been found to be complex in research studies,<sup>80</sup> it is generally accepted that feedback enhances individual performance in behavioral management.<sup>81</sup> A comprehensive review (30 laboratory and 42 field experiments) concluded that performance feedback had a positive effect.<sup>82</sup> Also, as cited earlier, the Stajkovic and Luthans study found that, although not as high as contingently administered money and social recognition reinforcers, the performance feedback intervention still yielded a highly significant 20 percent performance improvement.<sup>83</sup> Importantly, this was significantly higher than the traditionally administered pay for performance (11 percent). As a general guideline for behavioral management, the performance feedback should be as positive, immediate, graphic, and specific—thus, the acronym PIGS—as possible to be effective.<sup>84</sup>

Despite the recognized importance, there is still disagreement among scholars as to whether feedback per se is automatically reinforcing or too simplistic.<sup>85</sup> For example, after reviewing the existing research literature on feedback, one researcher concluded that its impact is contingent on factors such as the nature of the feedback information, the process of using feedback, individual differences among the recipients of the feedback, and the nature of the task.<sup>86</sup> One study, for instance, found that self-generated feedback with goal setting had a much more powerful effect on technical or engineering employees than externally generated feedback with goal setting.<sup>87</sup> Also, another study found subjects rated specific feedback more positively than they rated nonspecific feedback and preferred feedback that suggested an external cause of poor performance to feedback that suggested an internal cause.<sup>88</sup>

An argument can also be made that “actionable feedback” (feedback that leads to learning and appropriate results) is more effective than just critical, negative feedback.<sup>89</sup> And the source of the feedback seems important as well.<sup>90</sup> Not only are the amount and the frequency of feedback generated by a source important, but also the consistency and usefulness of the information generated, as a study found. Individuals viewed feedback from formal organizations least positively, from coworkers next, then from supervisors and tasks, with the best being self-generated feedback.<sup>91</sup> Feedback from multiple sources may be most effective,<sup>92</sup> and the 360-degree feedback systems (the individual is anonymously appraised not only by the boss but also by subordinates, peers, and sometimes customers) can be automated on a software system to provide more timely, objective, and less-costly feedback. Also, studies have found that choice of reward interacting with feedback had a

positive impact on task performance in a laboratory exercise,<sup>93</sup> but workers in highly routine jobs who received positive feedback did not improve their performance.<sup>94</sup> Despite these qualifications and contingencies, a general guideline regarding performance feedback is that it can be a very effective reinforcer for behavioral performance management.

## BEHAVIORAL PERFORMANCE MANAGEMENT, OR O.B. MOD.

Behavioral performance management is based on behavioristic, social learning, and social cognitive theories, and especially the evidence-based principles of reinforcement as summarized above. Figure 12.2 graphically depicts the historical development and theory building up to the present influence of Bandura's social cognitive theory. The full-blown organizational behavior modification, or O.B. Mod. model, is shown in Figure 12.3. The simplified steps are depicted in Figure 12.4. There are also other systematic approaches to behavioral performance management based on academic work and consultants.<sup>95</sup> Our (Stajkovic and Luthans) most recent meta-analysis of all the available behavioral management studies (including those using O.B. Mod.) found 72 studies that met the inclusion criteria (use of reinforcement interventions, task performance measures, and statistical information necessary to calculate effect sizes). We found an average of 16 percent improvement in performance from these behavioral management approaches.<sup>96</sup>

However, most relevant, consistent, and recognized in the organizational behavior field is the O.B. Mod. approach. In a meta-analysis on just O.B. Mod. studies (as generally followed in Figures 12.3 and 12.4), we identified 19 studies with 115 effect sizes, and a total sample size of 2,818 subjects met the O.B. Mod. inclusion criteria and found an average of 17 percent improvement in performance (see the meta-analytically based principles at the end of the chapter for details and complete results).<sup>97</sup> The following discussion summarizes the steps of applying the O.B. Mod. approach to behavioral performance management.

### Step 1: Identification of Performance Behaviors

In this first step the critical behaviors that make a significant impact on performance (making or selling a product or providing a service to clients or customers) are identified. In every organization, regardless of type or level, numerous behaviors are occurring all the time. Some of these behaviors have a significant impact on performance, and some do not. The goal of the first step of O.B. Mod. is to identify the critical behaviors—the 5 to 10 percent of the behaviors that may account for up to 70 or 80 percent of the performance in the area in question.

The process of identifying critical behaviors can be carried out in a couple of ways. One approach is to have the person closest to the job in question—the immediate supervisor or the actual jobholder—determine the critical behaviors. This goes hand in hand with using O.B. Mod. as a problem-solving approach for the individual manager or a team. Its advantages are that the person who knows the job best can most accurately identify the critical behaviors, and, because that person is participating, he or she may be more committed to carrying the O.B. Mod. process to its successful completion.

Another approach to identifying critical behaviors would be to conduct a systematic *behavioral audit*. The audit would use internal staff specialists and/or outside consultants. The audit would systematically analyze each job in question, in the manner that jobs are analyzed using job analysis techniques commonly employed in human resource manage-

FIGURE 12.2. Chronological Development of Conceptual Foundation for O.B. Mod.

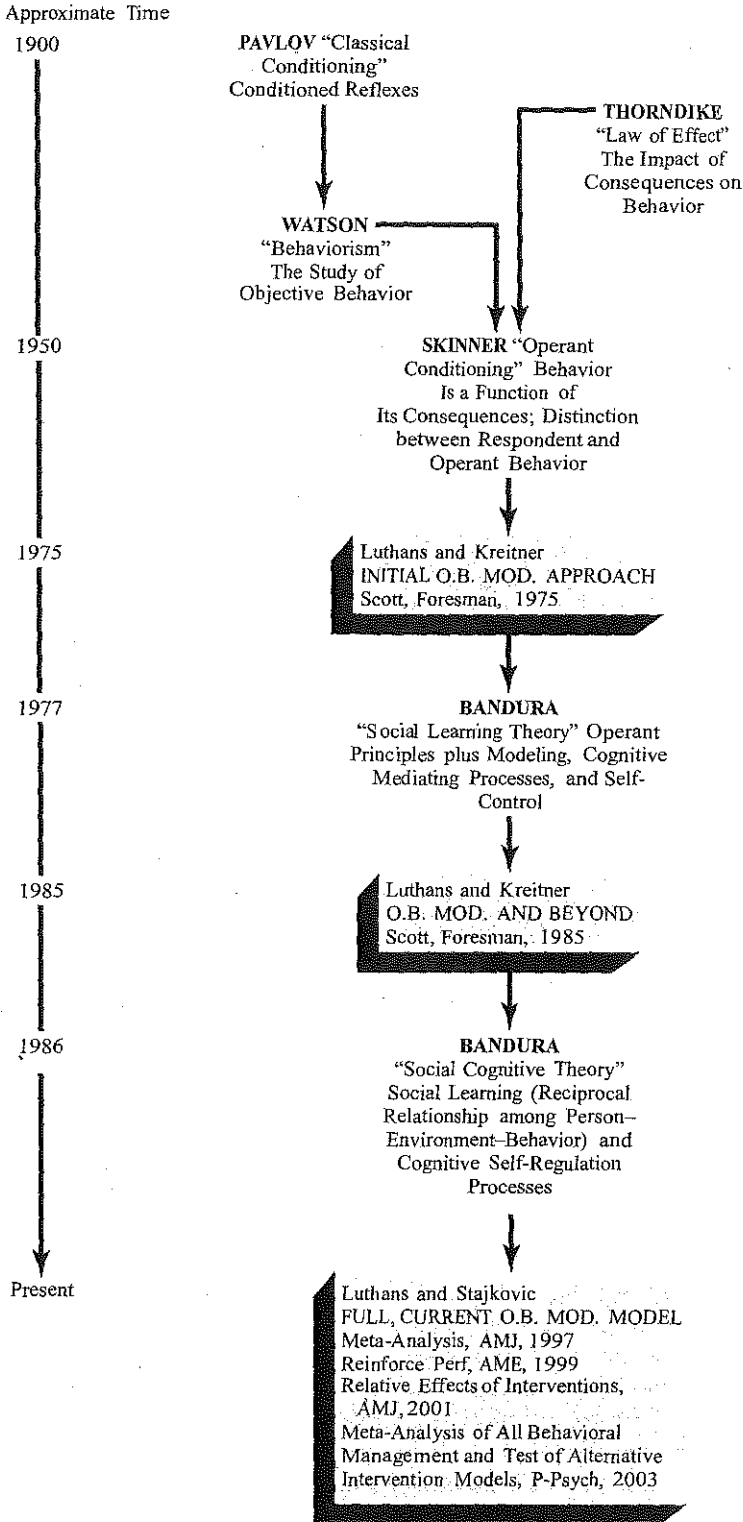
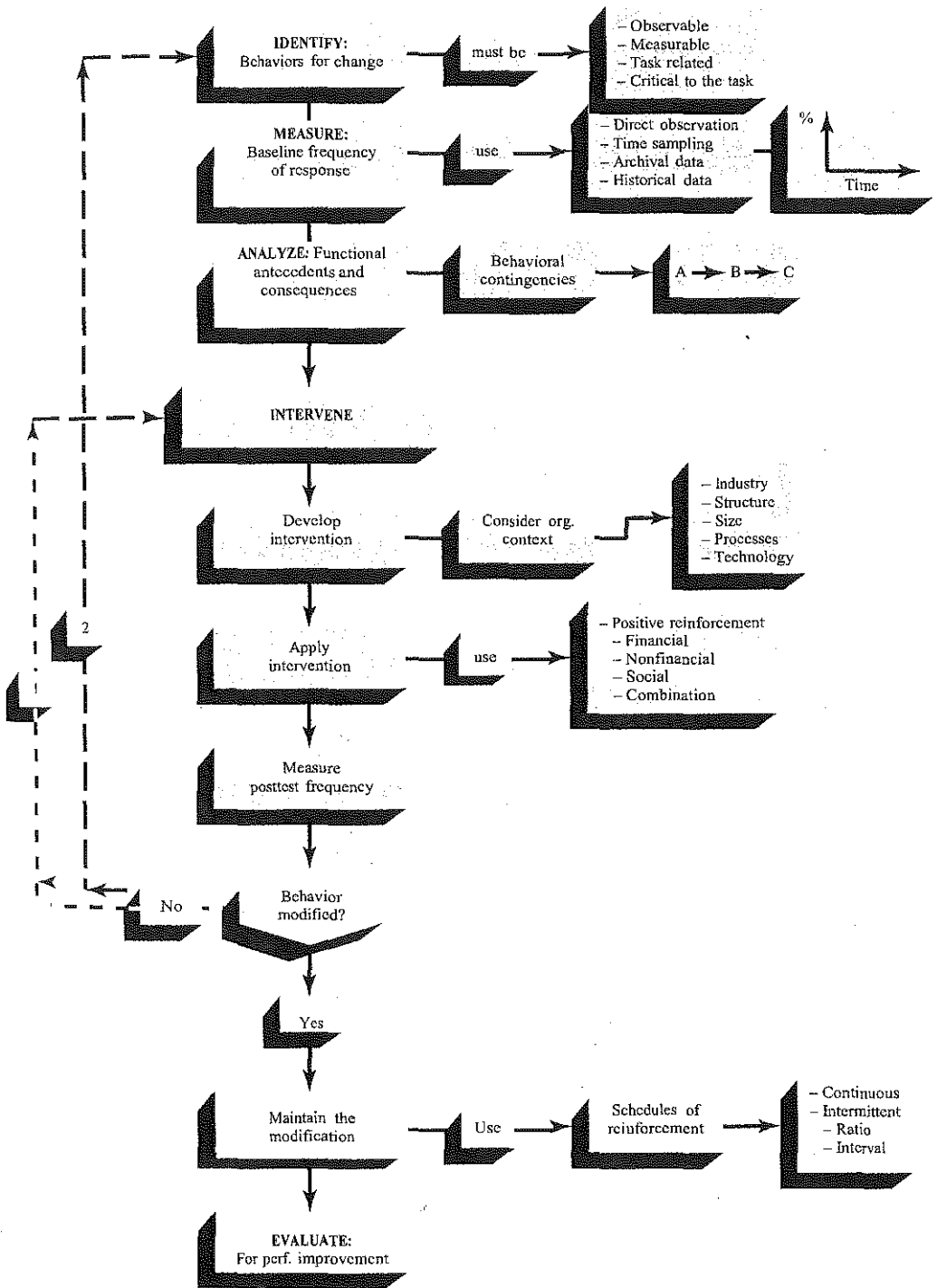
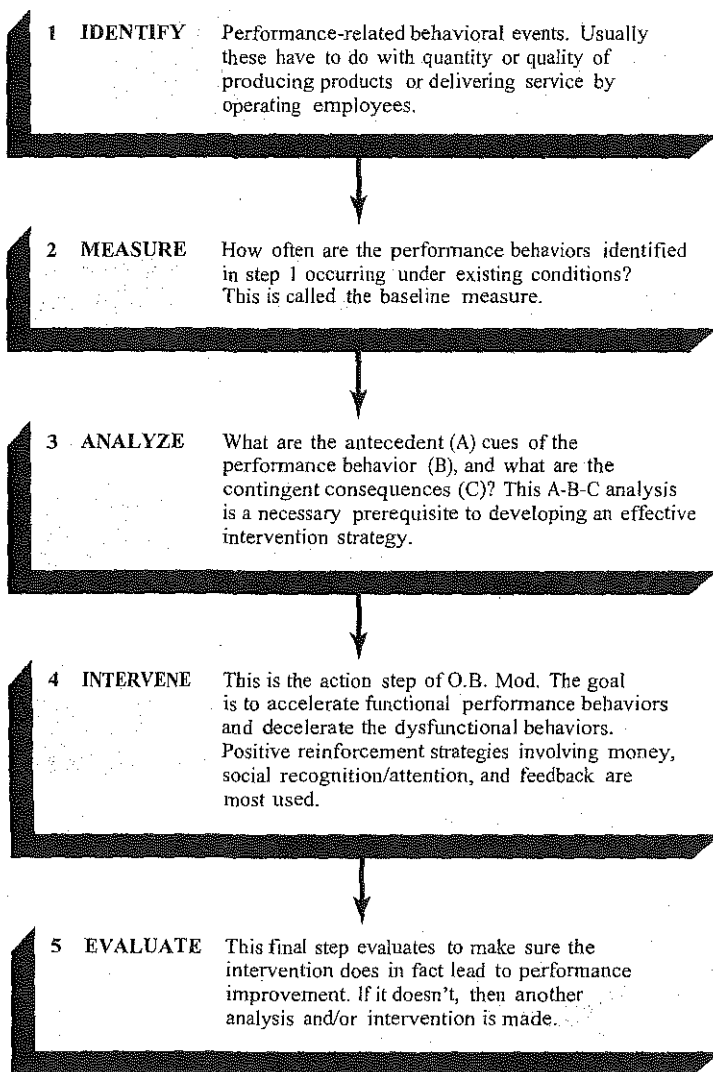


FIGURE 12.3. Luthans O.B. Mod. Application Model



Source: From Luthans and Kreitner, *Organizational Behavior Modification*, Glenview Ill.: Scott, Foresman, 1975, 1985; Stajkovic and Luthans, "A Meta-Analysis of the Effects of O.B. Mod." *Academy of Management Journal*, October 1997, p. 1123; and Luthans and Stajkovic, "Reinforce for Performance," *Academy of Management Executive*, May 1999, p. 53.

**FIGURE 12.4.** Major Steps of Luthans O.B. Mod. Approach to Behavioral Performance Management



ment. The advantages of the personal approach (where the jobholder, immediate supervisor, and/or team makes a vital input into the audit) can be realized by the audit. In addition, the advantages of information from those closest to the action and consistency can be gained.

Regardless of the method used, there are certain guidelines that can be helpful in identifying critical behaviors. First, only direct performance behaviors are included. A team's lack of commitment and teamwork or someone's "goofing off" all the time is unacceptable. Only direct performance behaviors such as absenteeism or attendance, tardiness or promptness, or, most importantly, doing or not doing a particular task or procedure that leads to quantity and/or quality outcomes play the major role in O.B. Mod. Something like goofing

off is not acceptable because it is not operationally measurable. It could be broken down into measurable behaviors such as not being at the workstation, being tardy when returning from breaks, spending time at the water cooler, disrupting coworkers, playing computer games or surfing for personal reasons, and even socializing with coworkers face-to-face or with others online. However, for a behavior to be identified as a critical behavior appropriate for O.B. Mod., there must be a positive answer to the questions: (1) Can it be directly measured? and (2) Does it have a significant impact on a performance outcome?

Most organizations do not have problems with their technology or the ability or training of their people, but they have many behaviorally related performance problems. Functional behaviors (those that contribute to performance goals) need to be strengthened and accelerated in frequency, and dysfunctional behaviors (those that detract from, or are detrimental to, performance goals) need to be weakened and decelerated in frequency. As in the initial step of any problem-solving process, these behaviors must be properly identified, or the subsequent steps of O.B. Mod. become meaningless for attaining the overall goal of performance improvement.

## Step 2: Measurement of the Behavior

After the performance behaviors have been identified in step 1, they are measured. A *baseline measure* is obtained by determining (either by observing and counting or by extracting from existing records) the number of times that the identified behavior is occurring under existing conditions. Often this baseline frequency is in and of itself very revealing. Sometimes it is discovered that the behavior identified in step 1 is occurring much less or much more frequently than anticipated. The baseline measure may indicate that the problem is much smaller or much bigger than was thought to be the case. In some instances, the baseline measure may cause the “problem” to be dropped because its low (or high) frequency is now deemed not to need change. For example, attendance may have been identified in step 1 as a critical behavior that needed to be improved. The supervisor reports that the people “never seem to be here.” The baseline measure, however, reveals that on average there is 96 percent attendance, which is deemed to be acceptable. In this example, the baseline measure rules out attendance as being a problem. The reverse, of course, could also have occurred. Attendance may have been a much bigger problem than anticipated.

The purpose of the baseline measure is to provide objective frequency data on the critical behavior. A baseline frequency count is an operational definition of the strength of the behavior under existing conditions. Such precise measurement is the hallmark of any scientific endeavor, and it separates O.B. Mod. from more subjective human resource management approaches, such as participation. Although the baseline is established before the intervention to see what happens to the behavior as a result of the intervention, it is important to realize that measures are taken after the intervention as well. Busy managers may feel that they do not have time to record behavioral frequencies objectively, but, at least initially, they should record them in order to use the O.B. Mod. approach effectively. Most measures, however, can be taken from existing archival data (e.g., quality, sales, and productivity numbers) that are gathered for other purposes and can be easily obtained for this measurement step of O.B. Mod.

### Step 3: Functional Analysis of the Behavior

Once the performance behavior has been identified and a baseline measure has been obtained, a functional analysis is performed. A *functional analysis* identifies both the antecedents (A) and consequences (C) of the target behavior (B), or, simply stated, an A-B-C analysis is performed. As discussed under behavioristic learning theory and operant conditioning, both the antecedent and the consequent environments are vital to the understanding, prediction, and control of human behavior in organizations. Remember that in an operant approach, cognitive mediating processes do not play a role. Such an omission may detract from the comprehensive understanding of organizational behavior and the analysis of modeling and self-control processes, but for pragmatic application, an A-B-C functional analysis may be sufficient.<sup>98</sup> In the A-B-C functional analysis, A is the antecedent cue, B is the performance behavior identified in step 1, and C is the contingent consequence. Table 12.3 identifies some of the As, Bs, and Cs for attendance and absenteeism. A review of absenteeism found work unit size, worker responsibility, and organizational scheduling to be three potential antecedent influences that could be used to improve employee attendance, and feedback, rewards, and punishers to be effective attendance control procedures.<sup>99</sup>

**TABLE 12.3. An Example of Functional Analysis**

Functional Analysis of Attendance Behaviors		
A	B	C
Antecedent Cues	Behaviors	Consequences
<ul style="list-style-type: none"> <li>• Awareness of any consequence</li> <li>• Advertising</li> <li>• Meetings</li> <li>• Memorandums</li> <li>• Orientation</li> <li>• Bulletin board</li> <li>• Observation of any consequence</li> <li>• Social status and pressure</li> <li>• Temporal cues</li> <li>• Special events</li> <li>• Weather</li> </ul>	<ul style="list-style-type: none"> <li>• Going to bed on time</li> <li>• Setting the alarm</li> <li>• Waking up</li> <li>• Getting dressed</li> <li>• Getting children off</li> <li>• to school</li> <li>• Leaving home</li> <li>• Getting a baby-sitter</li> <li>• Driving to work</li> <li>• Reporting to work</li> </ul>	<ul style="list-style-type: none"> <li>• Reward programs               <ul style="list-style-type: none"> <li>—Contingent time off</li> <li>—Gifts and prizes</li> <li>—Preferred jobs</li> </ul> </li> <li>• Social               <ul style="list-style-type: none"> <li>—Attention</li> <li>—Recognition</li> <li>—Praise</li> </ul> </li> <li>• Feedback               <ul style="list-style-type: none"> <li>—Data on attendance</li> </ul> </li> </ul>
Functional Analysis of Absenteeism Behaviors		
A	B	C
Antecedent Cues	Behaviors	Consequences
<ul style="list-style-type: none"> <li>• Illness/accident</li> <li>• Hangover</li> <li>• Lack of transportation</li> <li>• Traffic</li> <li>• No day care facilities</li> <li>• Family problems</li> <li>• Company policies</li> <li>• Group or personal norms</li> <li>• Seniority/age</li> <li>• Awareness/observation of any consequence</li> </ul>	<ul style="list-style-type: none"> <li>• Getting up late</li> <li>• Sleeping in</li> <li>• Staying home</li> <li>• Drinking</li> <li>• Fishing/hunting</li> <li>• Working at home</li> <li>• Visiting</li> <li>• Caring for sick child</li> </ul>	<ul style="list-style-type: none"> <li>• Discipline programs               <ul style="list-style-type: none"> <li>—Verbal reprimands</li> <li>—Written reprimands</li> <li>—Pay docks</li> <li>—Layoffs</li> </ul> </li> <li>• Dismissals</li> <li>• Social consequences from coworkers</li> <li>• Escape from and avoidance of working</li> <li>• Nothing</li> </ul>

Source: Fred Luthans and Mark Martinko, "An Organizational Behavior Modification Analysis of Absenteeism," *Human Resources Management*, Fall 1976, p. 15. Used with permission.



This functional analysis step of O.B. Mod. brings out the problem-solving nature of the approach. Both the antecedent cues that emit the behavior, and sometimes control it, and the consequences that are currently maintaining the behavior must be identified and understood before an effective intervention strategy can be developed. In this step, the question may be asked as to whether the employee can do the identified performance behavior if his/her life depended on it. If the answer is “no,” then there may be an “A” problem (i.e., equipment, training, even expectations) that must be attended to. However, this is usually not the case. The human resources of an organization can do the identified critical performance behavior if their lives depend on it, but they are not doing it. Then this becomes a “C” problem. They know how to do the desired performance behavior and there is all the necessary support to do it, but there are not reinforcing consequences and therefore the behavior is not occurring. This lack of reinforcing consequences is the major problem and challenge facing behavioral management. The accompanying Application Example: Functional Analysis in Action gives the functional analysis of a supervisor’s problem of his workers’ taking unscheduled breaks.

## Step 4: Development of an Intervention Strategy

The first three steps in an O.B. Mod. approach are preliminary to this action step, the intervention. The goal of the intervention is to strengthen and accelerate functional performance behaviors and/or weaken and decelerate dysfunctional behaviors. There are several strategies that can be used, but the main ones are positive reinforcement and punishment—positive reinforcement.

### *A Positive Reinforcement Strategy*

Positive, not negative, reinforcement is recommended as an effective intervention strategy for O.B. Mod. The reason is that positive reinforcement represents a form of *positive control of behavior*, whereas negative reinforcement represents a form of *negative control of behavior*. Traditionally, and to a large extent still today, organizations depend on negative control. People come to work in order not to be fired, and they look busy when the supervisor walks by in order not to be punished. Under positive control, the person behaves in a certain way in order to receive the desired consequence. Under positive control, people come to work in order to be recognized for making a contribution to their department’s goal of perfect attendance, or they keep busy whether the supervisor is around or not in order to receive incentive pay or because they get social recognition/attention and feedback for their good work. Positive control through a positive reinforcement intervention strategy is much more effective and longer lasting than negative control. It creates a much healthier and more productive organizational climate.

A positive reinforcer used as an O.B. Mod. intervention strategy could be anything, as long as it increases the performance behavior. Most often money is thought of as the logical, or sometimes the only, positive reinforcer available to managers using this approach. However, as the discussion of monetary reward systems in Chapter 4 and earlier in this chapter points out, money is potentially a very powerful reinforcer, but it often turns out to be ineffective because it is not contingently administered as a consequence of the behavior being managed. Besides money, positive reinforcers that are also very powerful, readily available to all behavioral managers, and cost nothing are the social reinforcers (attention and recognition) and performance feedback. These reinforcers (money, recognition, and

## OB IN ACTION: FUNCTIONAL ANALYSIS IN ACTION

In an actual case of an O.B. Mod. application, a production supervisor in a large manufacturing firm identified unscheduled breaks as a critical behavior affecting the performance of his department. It seemed that workers were frequently wandering off the job, and when they were not tending their machines, time—and irrecoverable production—was lost. When a baseline measure of this critical behavior was obtained, the supervisor was proved to be right. The data indicated that unscheduled breaks (defined as leaving the job for reasons other than to take a scheduled break or to obtain materials) were occurring in the department on a relatively frequent basis. The functional analysis was performed to determine the antecedent(s) and consequence(s) of the unscheduled-break behavior.

It was found that the clock served as the antecedent cue for the critical behavior. The workers in this department started work at 8 A.M., they had their first scheduled break at 10 A.M., and they had lunch at noon. They started again at 1 P.M., had a break at 3 P.M., and quit at 5 P.M. The functional analysis revealed that almost precisely at 9 A.M., 11 A.M., 2 P.M., and 4 P.M., a consistent number of workers were leaving their jobs

and going to the rest room. In other words, the clock served as a cue for them to take an unscheduled break midway between starting time and the first scheduled break, between the first scheduled break and lunch, between lunch and the scheduled afternoon break, and between the afternoon break and quitting time. The clock did not cause the behavior, it served only as a cue to emit the behavior. On the other hand, the behavior was under stimulus control of the clock because the clock dictated when the behavior would occur. The consequence, however, was what was maintaining the behavior. The critical behavior was a function of its consequences. The functional analysis revealed that the consequence of the unscheduled-break behavior was escaping from a dull, boring task (that is, the unscheduled-break behavior was being negatively reinforced) and/or meeting with coworkers and friends to socialize and have a cigarette (that is, the unscheduled-break behavior was being positively reinforced). Through such a functional analysis, the antecedents and consequences are identified so that an effective intervention strategy can be developed.

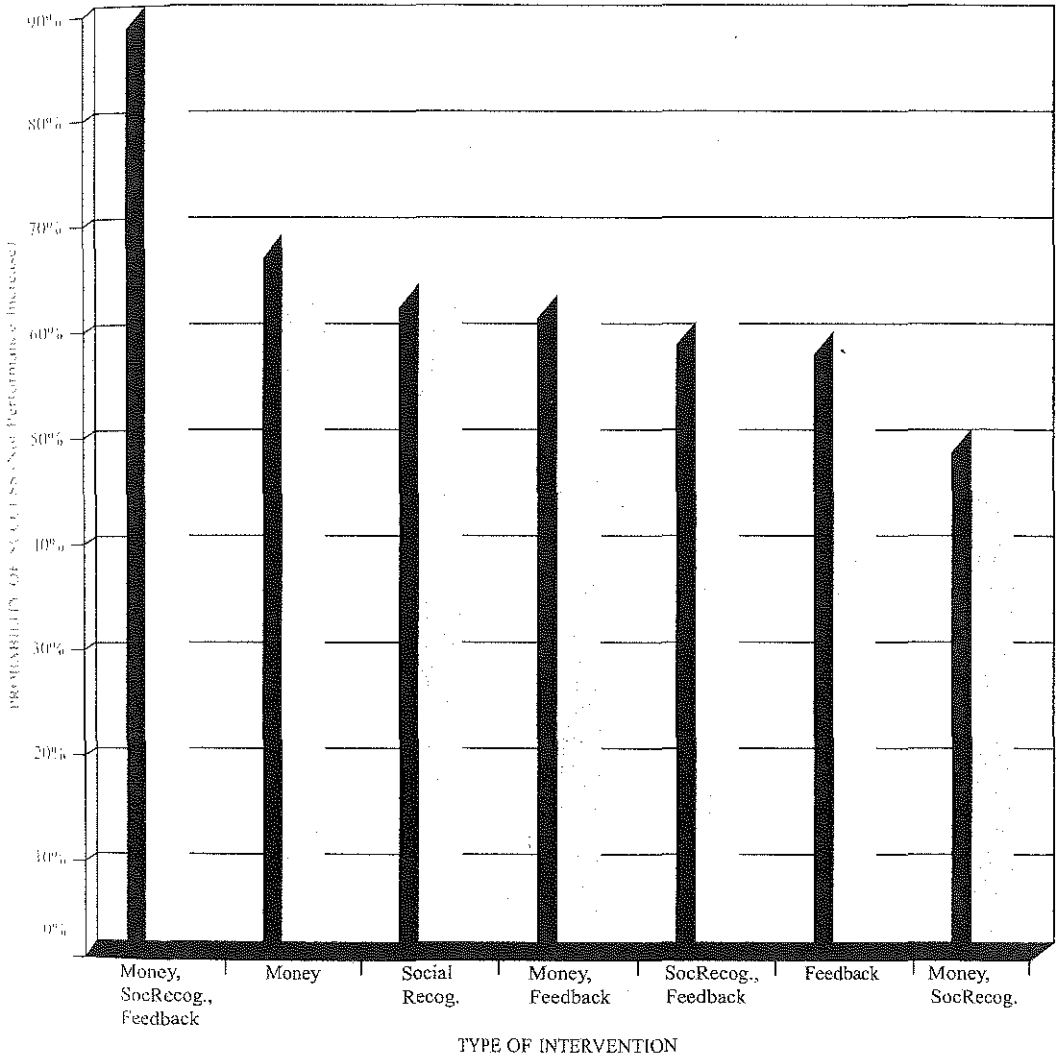
feedback) can be and, as has been demonstrated through research,<sup>100</sup> have been used as an effective O.B. Mod. strategy to improve employee performance. In fact, the most comprehensive evidence shown in Figure 12.5 indicates that when these three reinforcers are used in combination in the intervention, they produce a stronger (synergistic) effect and probability of success than any of the reinforcers used by themselves, the sum of the individual effects, or the combination of any two of the interventions.<sup>101</sup>

### *A Punishment-Positive Reinforcement Strategy*

There is little debate that a positive reinforcement strategy is the most effective intervention for O.B. Mod. Yet realistically it is recognized that in some cases the use of punishment to weaken and decelerate undesirable behaviors cannot be avoided. This would be true in the case of something like unsafe behaviors that need to be decreased immediately. However, as was pointed out earlier, so many negative side effects such as hate and revenge accompany the use of punishment that it should be avoided if at all possible. Punished behavior tends to be only temporarily suppressed; for example, if a supervisor reprimands an associate for some dysfunctional behavior, the behavior will decrease in the presence of the supervisor but will surface again when the supervisor is absent. In addition, a punished person becomes very anxious and uptight; reliance on punishment may have a disastrous impact on employee satisfaction and commitment and create unnecessary stress.

Perhaps the biggest problem with the use of punishment, however, is that it is very difficult for a supervisor to switch roles from punisher to positive reinforcer. Some supervisors and managers rely on a negative approach so much in dealing with their associates that it is almost impossible for them to administer positive reinforcement effectively. This is a

FIGURE 12.5. Average Probability of Success from Interventions of Money, Social Recognition, and Feedback, and the Various Combinations



Source: Adapted from Alexander D. Stajkovic and Fred Luthans, "Behavioral Management and Task Performance in Organizations: Conceptual Background, Meta-Analysis, and Test of Alternative Models," *Personnel Psychology*, Vol. 56, 2003, p. 174. ( $N = 72$  studies and total sample of  $N = 13,301$ ).

bad situation for the management of human resources because the use of positive reinforcement is a much more effective way of changing employee behavior. If punishment is deemed necessary, the desirable alternative behavior (for example, safe behavior) should be positively reinforced at the first opportunity. Use of this combination strategy will cause the alternative desirable behavior to begin to replace the undesirable behavior in the person's behavioral repertoire. Punishment should never be used alone as an O.B. Mod. intervention. If punishment is absolutely necessary, it should only be used in combination with positive reinforcement of the desirable alternative behavior.

## Step 5: Evaluation to Ensure Performance Improvement

A glaring weakness of most human resource management programs is the absence of any systematic, built-in evaluation. A comprehensive analysis of the evaluation of human resources programs concluded that the traditional approach has been “to review a program with one or two vice presidents at the corporate office, various managers in the field, and perhaps a group of prospective trainees. It continues to be used until someone in a position of authority decides that the program has outlived its usefulness. All of this is done on the basis of opinion and judgment.”<sup>102</sup> Such haphazard evaluations have resulted in the termination of some effective programs and the perpetuation of some ineffective ones. In either case, there are severe credibility problems, and today all programs dealing with people, whether they are government social service programs or human resource management programs, are under the pressure of evaluation and accountability. Human resource managers no longer have the luxury of just trying something new and different and hoping they can improve performance. Today there is pressure for everything that is tried to be proved to have value. As in the case of the validity of selection, training, and appraisal techniques, systematic evaluations of all human resource management techniques should have been done all along.

O.B. Mod. attempts to meet the credibility and accountability problems head on by including evaluation as an actual part of the process. In this last step of the approach, the need for Kirkpatrick’s well-known four levels of evaluation (reaction, learning, behavioral change, and performance improvement) is stressed. The reaction level refers simply to whether the people using the approach and those having it used on them like it. If O.B. Mod. is well received and there is a positive reaction to it, there is a better chance of its being used effectively. In addition, reaction evaluations are helpful because (1) positive reactions help ensure organizational support, (2) they can provide information for planning future programs, (3) favorable reactions can enhance the other levels of evaluation (learning, behavioral change, and performance improvement), and (4) they can provide useful comparative data between units and across time.<sup>103</sup>

The second level of evaluation is learning, which is especially important when first implementing an O.B. Mod. approach. Do the people using the approach understand the theoretical background and underlying assumptions and the meaning of, and reasons for, the steps in the model? If they do not, the model will again tend to be used ineffectively. The third level is aimed at behavioral change. Are behaviors actually being changed? The charting of behaviors started in step 2 of the O.B. Mod. process gives objective data for this level of evaluation. The fourth and final level, performance improvement, is the most important. The major purpose of O.B. Mod. is not just to receive a favorable reaction, learn the concepts, and change behaviors. These dimensions are important mainly because they contribute to the overriding purpose, which is to improve performance. “Hard” measures (for example, data on quantity and quality, turnover, absenteeism, customer complaints, customer satisfaction, employee grievances, safety, length of patient stay, number of clients served, sales revenue, and rate of return on investment) and scientific methodology are used whenever possible to systematically evaluate the impact of O.B. Mod. on performance.

## Application of Behavioral Management

There is a considerable body of research that has evaluated the effectiveness of behavioral performance management in general and the five-step O.B. Mod. approach in partic-

ular. It has been widely applied in manufacturing as well as in nonmanufacturing, service-oriented organizations. In addition to the direct application of O.B. Mod. as described, considerable basic research has been conducted on operant and social learning and social cognitive variables in experimental psychology. For many years and in very recent times, a number of studies have assessed the application of the behavioral management approach to improving employee performance in a number of different areas. The following summarizes some of these areas:

1. *Employee productivity.* Most applications by far have focused on performance output. The considerable number of research studies clearly indicate that employee productivity or task completion is positively affected by behavioral management techniques. The performance improvement is for both quantity and quality of employee output and cuts across virtually all organizational settings and all intervention techniques.<sup>104</sup>
2. *Absenteeism and tardiness.* This is probably the second-biggest area of application. Studies that have examined this area have typically used small monetary incentives or lottery incentive systems for attendance or promptness and/or punishers for absenteeism or tardiness. One extensive search of this literature found very positive results.<sup>105</sup> The six most sound methodological studies reported an 18 to 50 percent reduction in the absence rate and a 90 percent reduction in the frequency of tardiness. One study found a positive, causal impact that an O.B. Mod. program had on the attendance of employees in a bank.<sup>106</sup>
3. *Safety and accident prevention.* Most organizations, especially manufacturing firms and others in which dangerous equipment is used, are very concerned about safety. However, because accidents occur at such a relatively low frequency, most studies have focused on reducing identifiable safety hazards or increasing safe behaviors (for example, wearing earplugs, which went from 35 to 95 percent compliance according to one study;<sup>107</sup> wearing hard hats; and keeping the safety guard in place on dangerous equipment). A review of the research indicates the considerable success that behavioral management techniques have had in these areas.<sup>108</sup> Some actual company examples are Boston Gas, where employees without accidents are eligible for lottery drawings; Virginia Power, where employees can win from \$50 to \$1,000 for safe work habits; Southern New England Telecommunications, which gives gift coupons to employees without accidents; and Turner Corporation, a New York-based engineering and construction firm, where employees can earn company stock if they meet safety goals. All these companies report lower accident rates through the use of a behavioral management approach. Southern Fineblanking, a 225-employee metal stamping plant in South Carolina, reported a 33 percent reduction in accidents after implementing a behavioral management program aimed at safety, and the average cost per injury decreased from \$1,400 to \$500.<sup>109</sup>
4. *Sales performance.* Sales managers and trainers have traditionally relied on internal motivation techniques to get their salespeople to improve their performance. For example, one behavioral performance management consultant tells about a company that gave its sales personnel a typical high-powered, multimedia training program, which supposedly taught them effective selling skills. However, when the enthusiastic trainees finished the program and actually tried the things presented to them in the program, they received little, if any, feedback or reinforcement. Within a few weeks the enthusiasm began to wane, and, most important, actual sales performance began to decline.<sup>110</sup> In other words, even though these salespeople had probably acquired effective selling skills during their training, the environment did not support (rein-

force) the use of these skills. A behavioral performance management approach, in which important selling behaviors such as customer approach, suggestive statements, and closing statements are identified, measured, analyzed, intervened in, and evaluated, would be an alternative to the motivation-skill-teaching approach. A comprehensive review of the behavioral approach to sales in restaurants, retail stores, wholesale establishments, and telephone operations found considerable success.<sup>111</sup> When a combination of antecedent and consequence intervention strategies was used, dramatic improvements were shown in areas such as wine and dessert sales, average customer transactions, customer assistance, sales forecasting, sales-call frequency, sales of telephone services, and airline reservations. A study of fast-food restaurants also found that antecedent prompts (“Can I get you some fries with that?”) significantly increased consumer purchases,<sup>112</sup> and another more recent study in the same industry indicated a significant increase in customer service.<sup>113</sup> The successful application of O.B. Mod. to the selling, absent-from-the-workstation, and idle-time behaviors of clerks in a large retail store was also found.<sup>114</sup>

Although these results are not exhaustive and do not always reflect the exact O.B. Mod. model outlined in this chapter, they are representative of the very extensive application of the behavioral performance management approach. In addition, both comprehensive qualitative<sup>115</sup> and quantitative (meta-analytic)<sup>116</sup> reviews strongly support the findings.

## Manufacturing Versus Service Applications

As cited throughout, the specific O.B. Mod. model has been directly tested by basic research and has been found to have positive performance results in both manufacturing<sup>117</sup> and service organizations (retail, restaurants, banking, and hospitals).<sup>118</sup> The O.B. Mod. approach has also “gone international” and has been shown to have a positive impact on the performance behaviors and output of Russian factory workers,<sup>119</sup> Russian retail clerks,<sup>120</sup> and most recently South Korean telecommunication employees.<sup>121</sup>

The two Stajkovic and Luthans meta-analyses mentioned earlier and, especially, the one that specifically reviewed O.B. Mod. studies (as opposed to the latest one on all behavioral management studies) and is utilized in the principles at the end of the chapter, examined the relationship between O.B. Mod. as defined here and task performance.<sup>122</sup> The overall result of the O.B. Mod. meta-analysis was, on average, an impressive 17 percent increase in task performance (as indicated, it was 16 percent for all behavioral management studies). Further analysis revealed that O.B. Mod. had a stronger average effect in manufacturing firms (33%) than in service organizations (13%), but the O.B. Mod. approach was highly significant in both. The difference in application effectiveness of O.B. Mod. between manufacturing and service organizations was explained as (1) the definition and accurate assessment of performance outcomes; and (2) the nature of the employee behaviors and work processes involved in the delivery of performance outcomes. The first point refers to the difference between the definition and measurement of the more vague and complex service organization performance outcomes (e.g., customer satisfaction, return business) versus tangible performance outcomes (e.g., productivity and quality) in manufacturing organizations. The second point refers to the difference between specifying service delivery employee behaviors and processes that go into making a tangible product. Service performance behaviors and outcomes are more complex and less identifiable than those found in manufacturing organizations.<sup>123</sup>

So, although O.B. Mod. may be more difficult to apply in service than in manufacturing organizations, it still works in both, and the challenge is to make it even more effective in service applications. The overall implications of these findings from the meta-analyses are that behavioral management systematically applied through steps such as the O.B. Mod. model can help meet the performance improvement challenges facing today's and future organizations.

## SUMMARY

Learning is a major psychological process, but it has not been as popular in the study of organizational behavior as constructs such as personality, attitudes, or motivation. Also, it has not been generally recognized that there are different types of learning and different theoretical explanations of learning (behavioristic, cognitive, and social). Despite the controversy surrounding learning theory, there are many evidence-based principles of learning that are derived largely from experimentation and the analysis of operant conditioning. Reinforcement is generally recognized as the single most important principle in the learning process and is most relevant to behavioral performance management. On the basis of the classic law of effect, or "Laws of Behavior," reinforcement can be operationally defined as anything that increases the strength of a behavior and that tends to induce repetitions of the behavior that preceded the reinforcement. Reinforcers may be positive (the application of a desirable consequence) or negative (prevention, termination, or withdrawal of an undesirable consequence), but both have the impact of strengthening the behavior and increasing its frequency. Punishment, on the other hand, decreases the strength and frequency of the behavior. There is also the special case of extinction (no consequence) that also will decrease the behavior over time.

The major direct application of learning theories and the reinforcement principle in particular is behavioral performance management. Both financial and nonfinancial (social attention/recognition and performance feedback) are important but somewhat complex reinforcers that must be carefully applied in behavioral performance management. Behavioral management can be effectively applied through the O.B. Mod. steps: identify the performance-related behavior; measure it to determine the baseline frequency; functionally analyze both the antecedents and the consequences of the behavior (A-B-C); intervene through a positive reinforcement strategy to accelerate the critical performance behaviors; and evaluate to make sure the intervention is, in fact, increasing performance. The behavioral management approach in general and O.B. Mod. in particular have been demonstrated to have a significant positive impact on employee performance in both manufacturing and nonmanufacturing service-oriented organizations.

## QUESTIONS FOR DISCUSSION AND REVIEW

1. Do you agree with the statement that learning is involved in almost everything that everyone does? Explain.
2. What are the major dimensions of behavioristic, cognitive, social learning, and social cognitive theories of learning?
3. What is the difference between classical and operant conditioning?
4. What is the difference between positive and negative reinforcement? What is the difference between negative reinforcement and punishment? Provide some examples.

5. What could be done to make money more effective as a reinforcer for behavioral management?
6. What are some examples of nonfinancial reinforcers? How can these be used to improve employee performance?
7. What are the five steps of O.B. Mod.? Briefly summarize the critical dimensions of each step that will help improve employee performance.
8. In what areas has behavioral management been successfully applied?
9. Summarize the results of the meta-analysis on O.B. Mod. What recommendations would you make to the HRM department based on these findings?

### Organizational Behavior Case: Contrasting Styles

Henry Adams has been a production supervisor for eight years. He came up through the ranks and is known as a tough but hardworking supervisor. Jane Wake has been a production supervisor for about the same length of time and also came up through the ranks. Jane is known as a nice, hardworking boss. Over the past several years these two supervisors' sections have been head and shoulders above the other six sections on hard measures of performance (number of units produced). This is true despite the almost opposite approaches the two have taken in handling their workers. Henry explained his approach as follows:

The only way to handle workers is to come down hard on them whenever they make a mistake. In fact, I call them together every once in a while and give them heck whether they deserve it or not, just to keep them on their toes. If they are doing a good job, I tell them that's what they're getting paid for. By taking this approach, all I have to do is walk through my area, and people start working like mad.

Jane explained her approach as follows:

I don't believe in that human relations stuff of being nice to workers. But I do believe that a worker deserves some recognition and attention from me if he or she does a good job. If people make a mistake, I don't jump on them. I feel that we are all entitled to make some errors. On the

other hand, I always do point out what the mistake was and what they should have done, and as soon as they do it right, I let them know it. Obviously, I don't have time to give attention to everyone doing things right, but I deliberately try to get around to people doing a good job every once in a while.

Although Henry's section is still right at the top along with Jane's section in units produced, personnel records show that there has been three times more turnover in Henry's section than in Jane's section, and the quality control records show that Henry's section has met quality standards only twice in the last six years, while Jane has missed attaining quality standards only once in the last six years.

1. Both these supervisors have similar backgrounds. On the basis of learning theory, how can you explain their opposite approaches to handling people?
2. What are some of the examples of punishment, positive reinforcement, and negative reinforcement found in this case? If Jane is using a reinforcement approach, how do you explain this statement: "I don't believe in that human relations stuff of being nice to workers"?
3. How do you explain the performance, turnover, and quality results in these two sections of the production department?



### Organizational Behavior Case: *Volunteers Can't Be Punished*

Jenette Jackson is head of a volunteer agency in a large city, in charge of a volunteer staff of over 25 people. Weekly, she holds a meeting with this group in order to keep them informed and teach them the specifics of any new laws or changes in state and federal policies and procedures that might affect their work, and she discusses priorities and assignments for the group. This meeting is also a time when members can share some of the problems with and concerns for what they are personally doing and what the agency as a whole is doing. The meeting is scheduled to begin at 9 A.M. sharp every Monday. Lately, the volunteers have been filtering in every five minutes or so until almost 10 A.M. Jenette has felt she has to delay the start of the meetings until all the people arrive. The last few weeks the meetings haven't started until 10 A.M. In fact, at 9 A.M., nobody has shown up. Jenette cannot understand what has

happened. She feels it is important to start the meetings at 9 A.M. so that they can be over before the whole morning is gone. However, she feels that her hands are tied because, after all, the people are volunteers and she can't push them or make them get to the meetings on time.

1. What advice would you give Jenette? In terms of reinforcement theory, explain what is happening here and what Jenette needs to do to get the meetings started on time.
2. What learning theories (operant, cognitive, and/or social) could be applied to Jenette's efforts to teach her volunteers the impact of new laws and changes in state and federal policies and procedures?
3. How could someone like Jenette use modeling to train her staff to do a more effective job?

### Organizational Behavior Case: *Up the Piece Rate*

Larry Ames has successfully completed a company training program in O.B. Mod. He likes the approach and has started using it on the workers in his department. Following the O.B. Mod. model, he has identified several performance behaviors, measured and analyzed them, and used a positive reinforcement intervention strategy. His evaluation has shown a significant improvement in the performance of his department. Over coffee one day he commented to one of the other supervisors, "This contingent reinforcement approach really works. Before, the goody-goody people up in human resources were always telling us to try to understand and be nice to our workers. Frankly, I couldn't buy that. In the first place, I don't think there is anybody who can really understand my people—I certainly can't. More important, though, is that under this approach I am only nice contingently—contingent on good performance. That makes a lot more sense, and my evaluation proves that it works." The other supervisor commented, "You are being reinforced for use of the reinforcement technique on your

people." Larry said, "Sure I am. Just like the trainer said: 'Behavior that is reinforced will strengthen and repeat itself.' I'm so reinforced that I am starting to use it on my wife and kids at home, and you know what? It works there, too." The next week Larry was called into the department head's office and was told, "Larry, as you know, your department has shown a substantial increase in performance since you completed the O.B. Mod. program. I have sent our industrial engineer down there to analyze your standards. I have received her report, and it looks like we will have to adjust your rates upward by 10 percent. Otherwise, we are going to have to pay too much incentive pay. I'm sure you can use some of the things you learned in that O.B. Mod. program to break the news to your people. Good luck, and keep up the good work."

1. Do you think Larry's boss, the department head, attended the O.B. Mod. program? Analyze the department head's action in terms of O.B. Mod.

2. What do you think Larry's reaction will be now and in the future? How do you think Larry's people will react?
3. Given the 10 percent increase in standards, is there any way that Larry could still use the O.B. Mod. approach with his people? With his boss? How?

### Organizational Behavior Case: *A Tardiness Problem*

You have been getting a lot of complaints recently from your boss about the consistent tardiness of your department's sales associates at a large retail store. The time-sheet records indicate that your people's average start-up time is about 10 minutes late. Although you have never been concerned about the tardiness problem, your boss is really getting upset. He points out that the tardiness reduces the amount of time associates are providing assistance and replenishing items on display. You realize that the tardiness is a type of avoidance behavior—it delays the start of a very boring job. Your work group is very cohesive, and each of the members will follow what the group wants to do. One of the leaders of the group seems to spend a lot of time getting the group into

trouble. You want the group to come in on time, but you don't really want a confrontation on the issue because, frankly, you don't think it is important enough to risk getting everyone upset with you. You decide to use an O.B. Mod. approach.

1. Trace through the five steps in the O.B. Mod. model to show how it could be applied to this tardiness problem. Make sure you are specific in identifying the critical performance behaviors and the antecedents and consequences of the functional analysis.
2. Do you think the approach you have suggested in your answer will really work? Why or why not?