

15.301/15.310 Managerial Psychology  
Fall, 2006  
John S. Carroll  
QUIZ #1  
Due Session 11 in class

You MUST answer 3 of the following 5 essay questions. Each answer should be between 1 and 2 pages in length (250-500 words). Each answer should be on separate sheets of paper with your name on EVERY PAGE.

The intent of this quiz is to give you an opportunity to apply the course material. In answering, try to show your understanding of the course material. Be as specific as you can in using concepts, principles, theories, and research studies from lectures and readings to support your points. Signal your command of the material by using real names, e.g., Dissonance Theory, Expectancy Theory, Tversky and Kahneman (1974). It is NOT necessary to give full reference citations or bibliography.

1. You are a leader of the powerful public transit union and you are set to bargain wages and benefits for 3,000 union members with a representative of the employer. You would like to gain at least a \$5 hourly wage increase and health insurance for part time workers, while the employer is seeking to cut losses and increase shareholder revenue. How would you create goals and prepare a strategy for the negotiation? What could you do in order to turn this into an integrative negotiation (as opposed to a distributive one)? How and why might a real negotiation like this differ from a role-play of this negotiation with MIT undergraduates?

2. Imagine that Lincoln Electric has been bought by a giant company (enough of the shareholders were persuaded by an offer three times their current share value). The company put a new CEO in place who is interested in getting more value to the new shareholders. Think of three different things the CEO might do with the intent of increasing shareholder returns that might actually undermine work motivation and end up harming the company. Explain how and why each of these things might harm the company, using the course material.

3. Joey, an MIT undergraduate, was injured last month on the MIT campus while riding his bike. Last month, he and his parents sued MIT for \$88,000 in damages, claiming physical and emotional trauma. Let us assume that both parties accurately predict that the court is **equally likely** to rule for either side.

- (a) Using the concept of framing from decision making, which party would be more interested in settling out of court? Why? Be sure to explain in detail.
- (b) Would you predict this settlement to be more than, less than, or equal to \$88,000. Why? Be sure to explain in detail.
- (c) In expectancy theory, where would “framing” of this case have its major impact and why: expectancy, instrumentality, or valence?

4. Imagine that it is your first job, and you seem to be having a problem with your boss. She seems disinterested in what you are doing and generally unengaged. When you have presented her with a work product, she has been critical. You don't agree with her criticisms because you think she hasn't taken the time to listen and understand what you have done. You are wondering if you should look for another job. What perceptual error are you in danger of making? How could this become a self-fulfilling prophesy? If you were the co-worker of this employee and were told about this situation, what advice would you give about how to avoid making this perceptual error and why would that help?

5. You are the marketing manager for a consumer products company. Each Monday, your product managers meet to discuss their accounts and to identify areas for new products. In the past 18 months, it seems as though fewer and fewer new products are being proposed, and those that are proposed seem to receive more negative comments than positive ones. Several times you have suggested that the product managers come up with new ideas, but they seem to take it as disapproval. Suggest three things that you and/or your managers could do to enhance the production of new ideas, drawing on the motivation and creativity readings and discussions in class. Describe how each of these suggestions would work to create more effective ideas.