

Organizational Behaviour

Adapted for Seneca College

By Melissa Warner , PhD and Nadia Bedok, MEd.



Seneca

Acknowledgements

This book is an adaptation of *Organizational Behavior* originally published by [University of Minnesota Libraries Publishing](#). This adapted version has been reorganized by Dr. Melissa Warner (moving, removing chapters, removing some content) and expanded to include some Canadian context and examples.

This adaptation was sponsored by Seneca's Open Text Adaptation Grant Program. Resources and support were also provided by the Teaching & Learning Centre at Seneca.

Front cover photo by Mimi Thian on Unsplash



Organizational Behaviour: Adapted for Seneca is licensed under a Creative Commons Attribution-Non-Commerical 4.0 International license, except where otherwise noted.

Table of Contents

Acknowledgments

Chapter 1: What is Organizational Behaviour?	4
Chapter 2: Managing Demographic and Cultural Diversity	19
Chapter 3: Understanding People at Work, Individual Differences and Perception	38
Chapter 4: Individual Attitudes and Behaviours	62
Chapter 5: Theories of Motivation	76
Chapter 6: Designing a Motivating Work Environment	91
Chapter 7: Managing Stress and Emotions	106
Chapter 8: Communication	127
Chapter 9: Managing Groups and Teams	151
Chapter 10: Conflict and Negotiations	170
Chapter 11: Making Decisions	191
Chapter 12: Leading People within organizations	215
Chapter 13: Power and Politics	238
Chapter 14: Organizational Culture	261
References	290



Chapter

1

What is Organisational Behavior?

Learning Objectives

After reading this chapter, you should be able to do the following:

1. What organisational behaviour (OB) is.
2. Why organisational behaviour matters.
3. Current challenges for OB.
4. Current opportunities for OB.

This book is all about people, especially people at work. We will share many examples of people making their workplaces fit their needs. People can make work an exciting, fun, and productive place to be; or they can make it a routine, boring, and ineffective place where everyone dreads going.

Steve Jobs, cofounder, chairman, and CEO of Apple Inc. attributes the innovations at Apple to **people**, noting, “Innovation has nothing to do with how many R&D dollars you have....It’s not about money. It’s about the people you have, how you’re led, and how much you get it” (Kirkpatrick, 1998).



Figure 1.1 Steve Jobs presenting a new Apple product.

organizations such as Manulife Financial and Royal Bank of Canada, as well as small start-ups.

Just like people, organizations come in many shapes and sizes. We understand that the career path you will take may include a variety of different organizations. On average, 30% of Canadians stay in any one job for over four years (Workopolis, 2014). In order to succeed in this type of career situation, individuals need to be armed with the tools necessary to be lifelong learners. This book will not give you all the answers to every situation you may encounter in your career. Instead, this book will give you the vocabulary, framework, and critical thinking skills necessary for you to diagnose situations, ask tough questions, evaluate the answers you receive, and act in an effective and ethical manner in various professional scenarios.

Throughout this book, we will use examples of organizations that are comparable to a diverse range of other organizations such as publicly held and for-profit companies like Google and Air Canada. We will also focus on both small and large corporations. You will see examples from *Fortune* 500

Together, we will examine people at work both as individuals and within work groups. We will study how they impact and are impacted by the organizations they work for. Before we can understand the different levels of organizational behaviour, we first need to agree on a definition of organizational behaviour.

Organizational behaviour (OB) is the study of how people think, feel, and behave individually or in groups within organizations. The goal of OB is to understand the behaviour of people at work in order to develop interventions, systems, and processes that create happier and more productive employees, more effective leaders, and more meaningful work. As you will see throughout this book, definitions are important. They are important because they tell us what something is as well as what it is not. For example, we will not be addressing childhood development in this course—the concept is often covered in psychology—but we might draw on research about twins raised apart to understand whether job attitudes are affected by genetics.

OB draws from other disciplines to create a unique field. As you read this book, you will most likely recognize OB’s roots in other disciplines. For example, when we cover topics such as

personality and motivation, we will again review studies from the field of psychology. The topic of team processes relies heavily on the field of sociology. In the chapter relating to decision making, you will encounter the influence of economics. When we study power and influence in organizations, we borrow heavily from political sciences. Even medical science contributes to the field of organizational Behaviour, particularly to the study of stress and its effects on individuals.

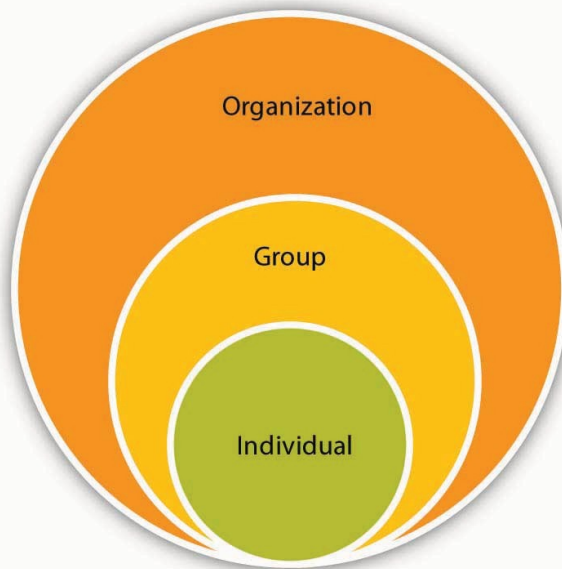


Figure 1.2 OB covers topics related to the individual, group, and organization.

Those who study organizational behaviour—which now includes you—are interested in several outcomes such as work attitudes (job satisfaction and organizational commitment) and job performance (customer service and counterproductive work behaviors).

A distinction is made in OB regarding which level of the organization is being studied at any given time. There are three key levels of analysis in OB: the individual, the group, and the organization. For example, if I want to understand my boss's personality, my analysis would be at the individual level. If I want to understand how my manager's personality affects the team, I would consider the team level. But, if I want to understand how my organisation's culture affects my boss's behaviour, I would be interested in the organizational level of analysis.

Why Organizational Behaviour Matters

OB matters to three key stakeholders. Firstly, it matters to workers. OB can help employees become a more engaged organizational member. Getting along with others, doing great work, lowering stress levels, making more effective decisions, and working effectively within a team—these are all things OB addresses!

OB matters to three key stakeholders. Firstly, it matters to **workers**. OB can help employees become a more engaged organizational member. Getting along with others, doing great work, lowering stress levels, making more effective decisions, and working effectively within a team—these are all things OB addresses!

Secondly, OB matters to **employers**. A recent survey asked employers which skills are the most important for them when evaluating job candidates, and at the top of the list were topics covered by OB.

Finally, it matters to **organizations**. The best companies in the world understand that the people make the place. How do we know this? Well, we know that organizations that value their employees are more profitable than those that do not (Huselid, 1995; Pfeffer, 1998; Pfeffer & Veiga, 1999; Welbourne & Andrews, 1996).

Research shows that successful organizations have a number of things in common such as providing employment security, engaging in selective hiring, utilizing self-managed teams, being decentralized, offering competitive compensation, training employees, reducing status differences, and sharing information (Pfeffer & Veiga, 1999).

Research shows that organizations that are considered healthier and more effective have strong OB characteristics such as role clarity, information sharing, and performance feedback. Unfortunately, research shows that most organizations are unhealthy, with 50% of respondents saying that their organizations do not engage in effective OB practices (Aguirre et al., 2005).

In the rest of this chapter, we will cover how you can add ideas from this book to your OB Toolbox in each section and assess your own learning style along the way. In addition, it is important to understand the research methods used to define OB, so we will also review those. Finally, you will see what challenges and opportunities businesses face and how OB can help overcome these challenges.

Throughout the book, you will see many OB Toolbox features. Our goal is to create something useful for you to use now and as you progress through your career. Sometimes we will focus on tools you can use today. Other times we will focus on things you may want to consider in the future. As you progress, you may discover some OB tools that are particularly relevant to you while others are not as relatable at the moment. You can always go back and pick up tools later on if they do not seem applicable right away.

The important thing to keep in mind is that the more tools and skills you have, the higher the quality of your interactions with others will be and the more valuable you will become to organizations that compete for top talent (Michaels, Handfield-Jones, & Axelrod, 2001). It is not surprising that, on average, the greater the level of education you have, the more money you will make (Education and training have financial payoffs as illustrated by these unemployment and earnings for workers 25 and older. Source: U.S. Bureau of Labor Statistics, <http://www.bls.gov>.)

Tom Peters is a management expert who talks about the concept of thinking of one's self as a brand to be managed. Further, he recommends that individuals manage themselves like free agents (Peters, 1997; Peters, 2004). The following OB Toolbox includes several ideas on effectively updating your skill set.

OB is also important when determining whether an organization is effective or not. organizational effectiveness requires assessing: (1) how well the organization performs, (2) how well the internal operations function, (3) what external factors are impacting the organization, and (4) the perceptions of shareholders, managers, and customers (Richard et al., 2009). There are various internal aspects of the organization that need to be examined, including the following:

- Decision Making
- Change & Learning
- Group Effectiveness
- Self-Organizing and Adaptive Systems

All of the above areas are studied in OB!

Isn't OB Just Common Sense?

As teachers, we have heard this question many times. The answer, as you might have guessed, is *no*—*OB is not just common sense*. As we noted earlier, OB is the systematic study and application of knowledge on how individuals and groups act within the organizations they work for. *Systematic* is an important word in this definition. It is easy to think we understand something if it makes sense, but research on decision making shows that this can easily lead to faulty conclusions because our memories fail us. We tend to notice certain things and ignore others. The manner in which we frame information can affect the choices we make. Therefore, it is important to rule out alternative explanations one by one rather than assuming we know human behaviour just because we are humans! Go ahead and take the following quiz and see how many of the 10 questions you get right. If you miss a few, you may realize how OB isn't just common sense. If you get them all right, you are way ahead of the game!

Putting Common Sense to the Test			
Please answer the following 10 questions by noting whether you believe the sentence is <i>true</i> or <i>false</i> .		True	False
1	Brainstorming in a group is more effective than brainstorming alone.		
2	The first 5 minutes of a negotiation are just a warm-up to the actual negotiation and don't matter much.		
3	The best way to help someone reach their goals is to tell them to do their best.		
4	If you pay someone to do a task they routinely enjoy, they'll do it even more often in the future.		
5	Pay is a major determinant of how hard someone will work.		
6	If a person fails the first time, they try harder the next time.		
7	People perform better if goals are easier.		
8	Most people within organisations make effective decisions.		
9	Positive people are more likely to withdraw from their jobs when they are dissatisfied.		
10	Teams with one smart person outperform teams in which everyone is average in intelligence.		

Key Takeaway

This book is about people at work. Organisations come in many shapes and sizes. Organisational behaviour is the systematic study and application of knowledge on how individuals and groups act within the organisations they work for. OB matters for your career, and successful companies tend to employ effective OB practices. The OB Toolboxes throughout this book are useful for increasing your OB skills now and in the future.

Exercises

1. Which type of organisations do you have the most experience with? How did that affect your understanding of the issues in this chapter?
2. Which skills do you think are the most important for being an effective employee?
3. What are the three key levels of analysis for OB?
4. Have you ever used journaling before? If so, were your experiences positive? Do you think you will use journaling as a tool in the future?
5. How do you plan on using the OB Toolboxes in this book? Creating a plan now can help make you more successful throughout the term.

1.1 Trends and Changes

Challenges and Opportunities

There are many trends within the workplace and around the globe that have and will continue to affect the workplace and your career. We are sure you have noticed many of these trends simply by reading news headlines. We will highlight some of these trends along with the challenges and opportunities they present for students of organizational behaviour.

Ethical Challenges

Business ethics refers to applying ethical principles to situations that arise at work. It feels like

it's been one ethical scandal after the other. Enron Corp., AIG, Tyco International, WorldCom, and Halliburton Energy Services have all been examples of poor judgment or outright illegal behaviour. The immediate response by government has been the Sarbanes-Oxley Act, which went into effect in 2002. This act consists of 11 different requirements aimed at greater accountability, which companies must comply with in terms of financial reporting. While there may be some benefits to businesses from complying with these rules (Wagner & Dittmar, 2006), few see this as the long-term solution to dealing with unethical behaviour. The challenge is to continue to think about business ethics on a day-to-day basis and institute cultures that support ethical decision making. There is great opportunity for organizations to be on the forefront of ethical thinking and actions. OB research finds that the most important determinant of whether a company acts ethically is not necessarily related to their ethical conduct policies and rules. Instead, the most valuable indicator is whether a company has a culture that fosters consistent ethical behaviour and leaders who are committed to it (Driscoll & McKee, 2007).



OB Toolbox

Take an Ethics-at-Work Audit

- *Do you integrate ethics into your day-to-day decisions at work? It's easy to think about ethics as something big that you either have or don't have, but the reality is that ethical decisions are made or not made each and every day.*
- *Do you take the "front page" test when making important decisions at work? Thinking about how you would feel if the decisions you are making at work showed up on the front page of your local newspaper can help you avoid engaging in questionable behaviour.*
- *Are you a role model for ethics at work? Seeing others engage in unethical behaviour is the start of a slippery slope when it comes to ethics. Consider the decisions you are making and how they are consistent or inconsistent with how you would like to be seen by others.*
- *Do you consider whether rewards are distributed ethically at work? Situations in which there are "haves" and "have nots" are breeding grounds of unethical behaviour. Maintaining pay equity can help keep everyone more honest.*
- *Have you held a "risk brainstorm" at work? If you ask those around you if they see any situations that are challenging ethical behaviour, you can uncover some seriously risky situations and avoid them (Callahan, 2004; Toffler, 2003; Trevino et al., 2006).*

Lack of Employee Engagement

Studies suggest that fostering engagement, a concept related to passion, in employees has a significant impact on the corporate bottom line. Gallup, for instance, has been on the forefront of

measuring the impact of what is called employee engagement. **Employee engagement** is generally viewed as methods for which a company manages the discretionary efforts of its employees, that is, the effort that extends beyond the minimum requirement which employees willingly exert to further their organisation's interests. An engaged employee is a person who is fully involved in and enthusiastic about their work (Employee engagement, 2008). The consulting firm BlessingWhite offers this description of engagement and its value: "Engaged employees are not just committed. They are not just passionate or proud. They have a line-of-sight on their own future and on the Organisation's mission and goals. They are 'enthused' and 'in gear' using their talents and discretionary effort to make a difference in their employer's quest for sustainable business success" (BlessingWhite, 2008).

Engaged employees are those who are performing at the top of their abilities and happy about it. According to statistics that Gallup has drawn from 300,000 companies in its database, 75% - 80% of employees are either "disengaged" or "actively disengaged" (Gallup Press, 2006).

That's an enormous waste of potential. Consider Gallup's estimation of the impact if 100% of an organisation's employees were fully engaged:

- Customers would be 70% more loyal.
- Turnover would drop by 70%.
- Profits would jump by 40%.

Job satisfaction studies in the United States routinely show job satisfaction ratings of 50% - 60%. But one recent study by Harris Interactive of nearly 8,000 American workers went a step further (Zinkewicz, 2005). What did the researchers find?

- Only 20% feel very passionate about their jobs.
- Less than 15% agree that they feel strongly energized by their work.
- Only 31% (strongly or moderately) believe that their employer inspires the best in them.

It is clear that engagement is both a challenge and an opportunity for OB.

Technology



Technology has transformed the way work gets done and has created many great opportunities. The nexus of increasing personal computing power, the Internet, as well as nanotechnology are allowing creations that were unimaginable 50 years ago. The rate of technological change is not expected to slow down anytime soon. Gordon Moore, cofounder of Intel Corp., shocked the world in 1975 with what is now termed Moore's Law, which states that computing power doubles every 2 years. This explains why a 4-year-old computer can barely keep up with the latest video game you have purchased. As computers get faster, new software is written to capitalize on the increased computing power. We are also more connected by technology than ever before. It is now possible to send and receive e-mails or text messages with your coworkers and customers regardless of where in the world you are. Over 100 million adults in the United States use e-mail regularly (at least once a day) (Taylor, 2002) and Internet users around the

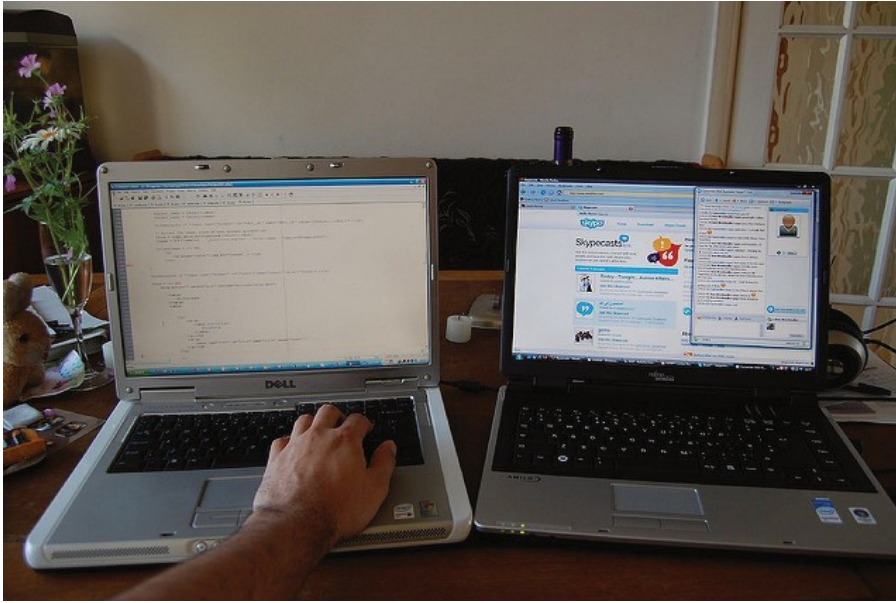


Figure 1.3 A consequence of greater connectivity is the potential for more work-family spillover and conflict. Ben W – John Woo style – CC BY-NC 2.0.

world send an estimated 60 billion e-mails every day (CNET UK., 2006), making e-mail the second most popular medium of communication worldwide, second only to voice. Technology has also brought a great deal of challenges to individuals and organizations alike. To combat the overuse of e-mail, companies such as Intel have instituted “no e-mail Fridays,” in which all communication is done via other channels. This technology trend contains challenges for organizational behaviour.

Flattening World

Thomas Friedman’s book *The World Is Flat: A Brief History of the Twenty-First Century* makes the point that the Internet has “flattened” the world and created an environment in which there is a more level playing field in terms of access to information. This access to information has led to an increase in innovation, as knowledge can be shared instantly across time zones and cultures. It has also created intense competition, as the speed of business is growing faster and faster all the time. In his book *Wikinomics*, Don Tapscott notes that mass collaboration has changed the way work gets done, how products are created, and the ability of people to work together without ever meeting.

There are few barriers to information today, which has created huge opportunities around the globe. Marc Andreessen, cofounder of Netscape Communications Corporation, notes, “Today, the most profound thing to me is the fact that a 14-year-old in Romania or Bangalore or the Soviet Union or Vietnam has all the information, all the tools, all the software easily available to apply however they want” (Friedman, 2005). Of course, information by itself is not as important as having the right information at the right time. A major challenge for individuals in the flattened world is learning how to evaluate the quality of the information they find. For tips on how to evaluate the quality of information, see the OB Toolbox below.



OB Toolbox

Tips for Evaluating the Quality of Information

Here are a few Internet resources to refer to when evaluating information you find on the Web:

- <http://guides.library.jhu.edu/evaluatinginformation>
- <http://guides.lib.berkeley.edu/evaluating-resources>
- <http://www.library.georgetown.edu/tutorials/research-guides/evaluating-internet-content>

Sustainability and Green Business Practices

The primary role of for-profit companies is to generate wealth for their shareholders. More recently, the concept of the triple bottom line has been gaining popularity. Those subscribing to the **triple bottom line** believe that beyond economic viability, businesses need to perform well socially and environmentally. While some organizations have embraced the triple bottom line, businesses are also undergoing a great deal of “greenwashing,” where products or processes are marketed as green to gain customers without truly engaging in sustainable business practices. **Sustainable business practices** are those that meet the present needs without compromising the needs of future generations. The challenge is to reconcile the accountability that publicly owned firms have to their shareholders while attending to the triple bottom line.

On the other hand, organizations also have an opportunity to proactively innovate for not only sustainability but also even greater profits. For example, sales of the Toyota Prius, which combines combustion engine efficiency with hybrid electric technology, have been dramatic and have helped propel Toyota to record market share and profits. An unlikely leader in the sustainability movement is Wal-Mart. Wal-Mart hired Adam Werbach, the former president of the Sierra Club, to help train 1.3 million North American Wal-Mart employees on sustainability. Wal-Mart has also been pressuring suppliers to produce compact fluorescent lightbulbs with less mercury and has slashed the resources needed in packaging by requiring all suppliers to make packages smaller (Fetterman, 2006; Sacks, 2007). In the future, increasing interdependence between businesses, governmental agencies, and NGOs is bound to effect change throughout the economy (Campbell, 2007; Etzion, 2007).

Aging Workforce and the Millennial Generation

You have probably heard that the American workforce is aging. Over the next 30 years, 76 million baby boomers will retire, but there will only be 46 million new workers from Generations X and Y entering the labor force. For example, everything from air traffic controllers to truck drivers are predicted to be in huge demand as thousands of retiring workers leave these industries at roughly the same time (Ewart, 2008; Watson, 2008).

The Millennial Generation (which includes those born between 1980 and 2000) differs from previous generations in terms of technology and multitasking as a way of life. Having never known anything different, this population has technology embedded in their lives. In addition, they value teamwork, feedback, and challenging work that allows them to develop new skills. If you are in this generation or know those who are, you know there is an expectation of immediate interaction (Oblinger, 2003). The challenge for organizational behaviour is to keep individuals of different generations communicating effectively and managing people across generational lines despite differing values on teamwork, organizational rewards, work–life balance, and desired levels of instruction.

The Global Marketplace for Staffing: Outsourcing

Outsourcing has become a way of life for many organizations—especially those based in the United States who are outsourcing to countries where labor is relatively inexpensive. *Outsourcing* refers to having someone outside the formal ongoing organization do work that was previously handled in-house. This practice can involve temporary employees, consultants, or even offshoring workers. **Offshoring** means sending jobs previously done in one country to another country. Nowhere is there more outsourcing and offshoring than in the software technology industry. A survey of software developers revealed that 94% outsource project work. When they offshore, the work most frequently goes to India, Singapore, Russia, and China (McGee, 2007). Microsoft has been expanding their use of employees in Canada for a variety of reasons such as closer proximity to Microsoft's headquarters in Seattle, Washington, as well as similarity of language and time zones. Across industries, more than 80% of boards of directors in the United States have considered offshore outsourcing (Diana, 2003). Charles Handy, author of *The Age of Paradox*, coined the term *shamrock organization*, which is an organization comprised of one-third regular employees, one-third temporary employees, and one-third consultants and contractors. He predicts that this is where organizations are headed in the future. The darker side of the changing trend in organization composition revolves around potential unemployment issues as companies move toward a shamrock layout. Fortunately, this shift also presents an opportunity for organizations to staff more flexibly and for employees to consider the tradeoffs between consistent, full-time work within a single organization versus the changing nature of work as a temporary employee, contract worker, or consultant—especially while developing a career in a new industry, in which increased exposure to various organizations can help an individual get up to speed in a short amount of time. The challenge for organizational behaviour

is managing teams consisting of different nationalities separated not only by culture and language but also by time and space.

Key Takeaway

Trends include ethical challenges, rapid technological change, a flattening world, sustainable business practices, demographic trends, and the global marketplace. A number of trends will influence the way work gets done today and in the future. Understanding organisational behaviour will help you anticipate and adapt to these changes as a lifelong learner.

Exercises

1. Share an ethical dilemma you have observed at work or school to someone in your class. What do you think should have been done differently and why?
2. How has technology and the flattening world affected you in the last 10 years? Please share examples of this.
3. Do you think the sustainability movement in business is a trend that's here to stay or a business fad? Why or why not?
4. Do you see the aging (and retiring) workforce as an opportunity or a threat for businesses? How do you think this will affect your career?

1.2 Maintaining Core Values: The Case of Nau

While it might be easy to see the negative effects on the environment from car emissions to the waste we produce, fewer people think about the effects of discarded clothes on the environment. Many donate out-of-date garments to a thrift store for resale, but few think about what happens to the clothing that can't be resold and are beyond use. However, the apparel industry uses more water than any industry after agriculture. At least 8,000 chemicals are used to turn raw materials into textiles, and 25% of the world's pesticides are used to grow nonorganic cotton. To run a successful business, profits and revenue are a necessary part of the equation, but in addition to fiscal responsibility, what degree of social and environmental responsibility are companies accountable for? These are questions that a small outdoor and urban clothing company in Portland, Oregon, contemplates every day. This company has committed itself to doing good through its business practices.



Figure 1.4 Brad K. – Goodwill – CC BY 2.0.

A relatively young company, Nau (pronounced “now”) was founded on the idea of using business as a vehicle for change, but its path has not been easy. Nau was established in 2005 by a group of like-minded individuals from Pacific Northwest clothing companies such as Patagonia, Nike, and Marmot. Their goal was to create outdoor urban apparel constructed from sustainable materials and processes, with the entire life cycle of the product in mind. This includes taking into account the cultivation of textiles all the way through to end-of-life disposal. After 3 years of aggressive growth and

expansion, Nau declared bankruptcy in the spring of 2008 when they could not secure further funding. But only a few short months later, Nau reopened as a subsidiary of outdoor clothing company Horny Toad Inc., headquartered in Santa Barbara, California. Although Nau is part of a larger company, it has been able to create a balance between the ideals of a small, independent, entrepreneurial business while being a successful part of a larger company.

The power structure that Nau shares with Horny Toad is decentralized; logistically, the companies share a human resources department, IT, warehousing space, and finances, but Nau maintains its product independence and business strategy. From the time of its inception, Nau created a network of close relationships with its overseas manufacturers, which allowed the company the power and ability to closely control its production process. During the transition, Nau desired to maintain these relationships and so endure the arduous process of explaining its bankruptcy to overseas vendors and attempting to explain the process of transferring debt and liabilities from one company to another. Although the people and faces were the same, they were no longer connected with that debt. Nau’s small size enabled it to effectively control its supply chain and to determine everything from which farm its raw materials come from to how and where textiles are produced. For Nau, responsibility does not end with the consumer’s purchase. Other changes include the number of employees at Nau, which prior to the bankruptcy was 65. In 2010, this number is down to 15 employees. While several of the individuals who took part in the founding of the company are still there, change was not embraced by all. Some felt that becoming part of a larger company would make it difficult to maintain the original core values and beliefs.

So far, these changes have been good for the company and good for business. Nau was acquired at the beginning of an economic downturn, and for a company that is dependent on consumer discretionary spending, this might have been a recipe for failure. But business is picking up for Nau, and it has been able to continue its Partners for Change program, in which Nau donates 2%

of each sale to one of its partner organizations, such as Mercy Corps, Kiva, or Ecotrust—together working to create positive economic and social change.

Based on information from an interview with Jamie Bainbridge, director of textile development and sustainability at Nau. Additional information from Nau website (<http://www.nau.com>) and Future Fashion White Pages (<http://www.earthpledge.org/ff>).



Discussion Questions

1. What benefits might result from becoming a part of a larger organisation?
2. What are the benefits of maintaining the autonomy of a small company?
3. How does globalization affect Nau's business strategy?
4. What ethical dilemmas might employees at Nau and Horny Toad face during their day-to-day experience?

1.3 Conclusion



This chapter is designed to familiarize you with the concept of organizational behaviour. We have covered methods organizations might use to address issues related to the way people behave at work. In addition, you should now be familiar with the large number of factors, both within an individual and within the environment, that may influence a person's behaviors and attitudes. In the coming years, society is likely to see a major shift in the way organizations function as a result from rapid technological advances, social awareness, and cultural blending. OB studies hope to enhance an organisation's ability to cope with these issues and create an environment that is mutually beneficial to the company as well as its employees.



Individual Exercise

Create an Action Plan for Developing Your OB Skills

1. Hopefully you have already completed reading this chapter. If not, wait until you've done so to complete this individual exercise.
2. If you have not done so already, please take the learning styles survey at <http://www.vark-learn.com/english/page.asp?p=questionnaire>.
3. In addition, please be sure you have reviewed the table of contents for this organisational behaviour textbook.
4. What themes do you see? How do you think these topics affect your interactions with others? How might your learning style affect how you'll approach this course? Have you ever considered journaling as a technique for self-improvement and reflection?
5. Now, write down five action steps that you plan to take as you work through this book. Refer to these steps throughout the term and modify them as needed.



Group Exercise

Best Job—Worst Job

1. Please think about the best and worst jobs you have ever had. If you have never had a job, think of a school project instead. What made the job or project great or horrible?
2. Now get into a small group of students and share your experience with them. Listen to what others are saying and see if you see any themes emerge. For example, what are the most common features of the best jobs? What are the most common features of the worst jobs?



Chapter

2

Managing Demographic and Cultural Diversity

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Explain the benefits of managing diversity.
2. Describe challenges of managing a workforce with diverse demographics.
3. Describe the challenges of managing a multicultural workforce.

Around the world, the workforce is becoming more diverse. Employees continue to work beyond retirement, introducing age diversity to the workforce. Regardless of your gender, race, and age, it seems that you will need to work with, communicate with, and understand people different from you at school as well as at work. Understanding cultures different from your own is also becoming increasingly important due to the globalization of business. In this chapter, we will examine particular benefits and challenges of managing a diverse workforce and discuss ways in which you can increase your effectiveness when working with diversity.

Doing Good as a Core Business Strategy: The Case of Goodwill Industries



Figure 2.1 Mike Mozart – Goodwill Store – CC BY 2.0.

Goodwill Industries International has been an advocate of diversity for over 100 years. In 1902, in Boston, Massachusetts, a young missionary set up a small operation enlisting struggling immigrants in his parish to clean and repair clothing and goods to later sell. This provided workers with the opportunity for basic education and language training. His philosophy was to provide a “hand up,” not a “hand out.” Although today you can find retail stores in over 2,300 locations worldwide, and in 2009 more than 64 million people in the

United States and Canada donated to Goodwill, the organization has maintained its core mission to respect the dignity of individuals by eliminating barriers to opportunity through the power of work. Goodwill accomplishes this goal, in part, by putting 84% of its revenue back into programs to provide employment, which in 2008 amounted to \$3.23 billion. As a result of these programs, every 42 seconds of every business day, someone gets a job and is one step closer to achieving economic stability.

Goodwill is a pioneer of social enterprise and has managed to build a culture of respect through its diversity programs. If you walk into a local Goodwill retail store, you are likely to see employees from all walks of life, including differences in gender and race, physical ability, sexual orientation, and age. Goodwill provides employment opportunities for individuals with disabilities, lack of education, or lack of job experience. The company has

created programs for individuals with criminal backgrounds who might otherwise be unable to find employment, including basic work skill development, job placement assistance, and life skills. In 2008, more than 172,000 people obtained employment, earning \$2.3 billion in wages and gained tools to be productive members of their community. Goodwill has established diversity as an organizational norm, and as a result, employees are comfortable addressing issues of stereotyping and discrimination. In an organization of individuals with such wide-ranging backgrounds, it is not surprising that there are a wide range of values and beliefs.

Management and operations are decentralized within the organization with 166 independent community-based Goodwill stores. These regional businesses are independent, not-for-profit human services organizations. Despite its decentralization, the company has managed to maintain its core values. Seattle's Goodwill is focused on helping the city's large immigrant population and individuals without basic education and English language skills. At Goodwill Industries of Kentucky, the organization recently invested in custom software to balance daily sales at stores to streamline operations so managers can spend less time on paperwork and more time managing employees.

Part of Goodwill's success over the years can be attributed to its ability to innovate. As technology evolves and such skills became necessary for most jobs, Goodwill has developed training programs to ensure that individuals are fully equipped to be productive members of the workforce, and in 2008 Goodwill was able to provide 1.5 million people with career services. As an organization, Goodwill itself has entered into the digital age. You can now find Goodwill on Facebook, Twitter, and YouTube. Goodwill's business practices encompass the values of the triple bottom line of people, planet, and profit. The organization is taking advantage of new green initiatives and pursuing opportunities for sustainability. For example, at the beginning of 2010, Goodwill received a \$7.3 million grant from the U.S. Department of Labor, which will provide funds to prepare individuals to enter the rapidly growing green industry of their choice. Oregon's Goodwill Industries has partnered with the Oregon Department of Environmental Quality and Oregon E-Cycles program to prevent the improper disposal of electronics. Goodwill discovered long ago that diversity is an advantage rather than a hindrance (Goodwill Industries of North Central Wisconsin, 2009; Slack, 2009; Tabafunda, 2008; Walker, 2008).



Discussion Questions

1. What are Goodwill's competitive advantages?
2. Goodwill has found success in the social services. What problems might result from hiring and training the diverse populations that Goodwill is involved with?
3. Have you ever experienced problems with discrimination in a work or school setting?
4. Why do you think Goodwill believes it's necessary to continually innovate?

2.1 Demographic Diversity

Learning Objectives

1. Explain the benefits of managing diversity effectively.
2. Explain the challenges of diversity management.

Benefits of Diversity

What is the business case for diversity? Having and managing a diverse workforce effectively has the potential to bring about a number of benefits to organizations.

Higher Creativity in Decision Making



An important potential benefit of having a diverse workforce is the ability to make higher quality decisions. In a diverse work team, people will have different opinions and perspectives. In these teams, individuals are more likely to consider more alternatives and think outside the box when making decisions. Research also shows that diverse teams tend to make higher quality decisions (McLeod, Lobel, & Cox, 1996). Therefore, having a diverse workforce may have a direct impact on a company's bottom line by increasing creativity in decision making.

Figure 2.2 Research shows that diverse teams tend to make higher quality decisions. Teamwork and team spirit – CC BY-ND 2.0.

Better Understanding and Service of Customers

A company with a diverse workforce may create products or services that appeal to a broader customer base. For example, PepsiCo Inc. planned and executed a successful diversification effort in the recent past. The company was able to increase the percentage of women and ethnic minorities in many levels of the company, including management. The company points out that in 2004, about 1% of the company's 8% revenue growth came from products that were inspired by the diversity efforts, such as guacamole- flavored Doritos chips and wasabi-flavored snacks.

Similarly, through Jazz Aviation's formal "Jazz Lends a Hand" community program, employees can apply for a paid day off to volunteer with a charity of their choosing. Jazz Aviation offers scholarships to students enrolled in Aircraft Maintenance Engineer (AME) programs at local community colleges and provides mentoring to apprentice AMEs. In addition, the company maintains a tool purchase program, an interest-free payment program to help AMEs spread the cost of tools over an extended period. "For Jazz, diversity is not a program, it is core to the makeup of our people and business. In order to be a leader in our industry and to have a competitive advantage, Jazz celebrates differences and values the uniqueness that each individual has to offer" (Chorus Aviation Inc., 2019). A company with a diverse workforce may understand the needs of particular groups of customers better, and customers may feel more at ease when they are dealing with a company that understands their needs.

More Satisfied Workforce

When employees feel that they are fairly treated, they tend to be more satisfied. On the other hand, when employees perceive that they are being discriminated against, they tend to be less attached to the company, less satisfied with their jobs, and experience more stress at work (Sanchez & Brock, 1996). organizations where employees are satisfied often have lower turnover.

Market Reputation

Companies that do a better job of managing a diverse workforce are often rewarded in the stock market, indicating that investors use this information to judge how well a company is being managed. Ekta Mendhi is senior director of corporate strategy at CIBC in Canada. She serves as the co-chair of Women in Capital Markets', Women in Leadership Network, and co-founded the Canadian Gender and Good Governance Alliance. They found through their research that creating a more diverse board of directors can enhance decision-making process and augment an organisation's performance and market reputation (Mendhi & Dart, 2018).

New industries such as the Canadian Cannabis industry is not exempt from these diversity considerations. A report by Marijuana Business Daily reports that "Cannabis companies in Canada with "monoculture and mono-gender" boardroom compositions could face a competitive disadvantage and will ultimately take a hit to their bottom lines" (Lamers, 2019).

Lower Litigation Expenses

Companies doing a particularly bad job in diversity management face costly litigations. When an employee or a group of employees feel that the company is violating equity laws, they may file a complaint. The Ministry of Labour (MOL) acts as a mediator between the company and the person in cases where litigation is claimed due to unfair or unequal hiring practices, and the company may choose to settle the case outside the court. If no settlement is reached, the MOL may sue the company on behalf of the complainant or may provide the injured party with a right-to-sue letter. Regardless of the outcome, these lawsuits are expensive and include attorney fees as well as the cost of the settlement or judgment, which may reach millions of dollars. The resulting poor publicity also has a cost to the company. The Canadian Employment Equity Act has a mandate to "encourage the establishment of working conditions that are free of barriers, corrects the conditions of disadvantages in employment and promotes the principle that employment equity requires special measures and the accommodation of differences for the

four designated groups in Canada” (Employment and Social Development Canada, 2018).

The Employment Equity Act identifies and defines the designated groups as:


- Women
- Aboriginal peoples – Indian, Inuit or Métis;
- Persons with disabilities; and
- Members of visible minorities

If you’re interested in reading about more legal cases related to diversity and discrimination, The Ontario Human Rights Legal Support Centre has a description of recent cases related to diversity and discrimination where you can see the latest outcomes of those cases: <http://www.hrlsc.on.ca/en/human-rights-stories/winning-human-rights-hearing/more-cases>. In summary, effective management of diversity can lead to big cost savings by decreasing the probability of facing costly and embarrassing lawsuits.

Higher Company Performance

As a result of all these potential benefits, companies that manage diversity more effectively tend to outperform others. Research shows that there is a positive relationship between racial diversity of the company and company performance (Richard, 2000). Companies ranked in the Diversity 50 list created by *DiversityInc* magazine performed better than their counterparts (Slater, Weigand, & Zwirlein, 2008).

Challenges of Diversity



If managing diversity effectively has the potential to increase company performance, increase creativity, and create a more satisfied workforce, why aren’t all companies doing a better job of encouraging diversity? Despite all the potential advantages, there are also a number of challenges associated with increased levels of diversity in the workforce.

Similarity-Attraction Phenomenon

There is a tendency for people to be attracted to people similar to themselves (Riordan & Shore, 1997). Research shows that individuals communicate less frequently with those who are perceived as different from themselves (Chatman et al., 1998). They are also more likely to experience emotional conflict with people who differ with respect to race, age, and gender (Jehn, Northcraft, & Neale, 1999; Pelled, Eisenhardt, & Xin, 1999). Individuals who are different from their team members are more likely to report perceptions of unfairness and feel that their contributions are ignored (Price, Harrison, & Gavin, 2006).

The **similarity-attraction phenomenon** may explain some of the potentially unfair treatment based on demographic traits. If a hiring manager chooses someone who is racially similar over a more qualified candidate from a different race, the decision will be unfair. In other words, similarity-attraction may prevent some highly qualified women, minorities, or persons with disabilities from being hired. Of course, the same tendency may prevent highly qualified

Caucasian and male candidates from being hired as well, but given that Caucasian males are more likely to hold powerful management positions in today's Canadian based organizations, similarity-attraction may affect women and minorities to a greater extent. Even when candidates from minority or underrepresented groups are hired, they may receive different treatment within the organization.

For example, research shows that one way in which employees may get ahead within organizations is through being mentored by a knowledgeable and powerful mentor. Yet, when the company does not have a formal mentoring program in which people are assigned a specific mentor, people are more likely to develop a mentoring relationship with someone who is similar to them in demographic traits (Dreher & Cox, 1996). This means that those who are not selected as protégés will not be able to benefit from the support and advice that would further their careers. Similarity-attraction may even affect the treatment people receive daily. If the company CEO constantly invites a male employee to play golf with him while a female employee never receives the invitation, the male employee may have a serious advantage when important decisions are made.

Faultlines

A **faultline** is an attribute along which a group is split into subgroups. For example, in a group with three female and three male members, gender may act as a faultline because the female members may see themselves as separate from the male members. Now imagine that the female members of the same team are all over 50 years old and the male members are all younger than 25. In this case, age and gender combine to further divide the group into two subgroups. Teams that are divided by faultlines experience a number of difficulties. For example, members of the different subgroups may avoid communicating with each other, reducing the overall cohesiveness of the team. Research shows that these types of teams make less effective decisions and are less creative (Pearsall, Ellis, & Evans, 2008; Sawyer, Houlette, & Yeagley, 2006). Faultlines are more likely to emerge in diverse teams, but not all diverse teams have faultlines. Going back to our example, if the team has three male and three female members, but if two of the female members are older and one of the male members is also older, then the composition of the team will have much different effects on the team's processes. In this case, age could be a bridging characteristic that brings together people divided across gender.

Research shows that even groups that have strong faultlines can perform well if they establish certain norms. When members of subgroups debate the decision topic among themselves before having a general group discussion, there seems to be less communication during the meeting on pros and cons of different alternatives. Having a norm stating that members should not discuss the issue under consideration before the actual meeting may be useful in increasing decision effectiveness (Sawyer, Houlette, & Yeagley, 2006).

Stereotypes

An important challenge of managing a diverse workforce is the possibility that stereotypes about different groups could lead to unfair decision making. **Stereotypes** are generalizations about a particular group of people. The assumption that women are more relationship oriented, while men are more assertive is an example of a stereotype. The problem with stereotypes is that people often use them to make decisions about a particular individual without actually verifying whether

the assumption holds for the person in question. As a result, stereotypes often lead to unfair and inaccurate decision making. For example, a hiring manager holding the stereotype mentioned above may prefer a male candidate for a management position over a well-qualified female candidate. The assumption would be that management positions require assertiveness and the male candidate would be more assertive than the female candidate. Being aware of these stereotypes is the first step to preventing them from affecting decision making.

Suggestions for Managing Demographic Diversity

What can organizations do to manage diversity more effectively? In this section, we review research findings and the best practices from different companies to create a list of suggestions for organizations.

Build a Culture of Respect for Diversity

In the most successful companies, diversity management is not the responsibility of the human resources department. Starting from top management and including the lowest levels in the hierarchy, each person must understand the importance of respecting others. If this respect is not part of an organisation's culture, no amount of diversity training or other programs are likely to be effective. In fact, in the most successful companies, diversity is viewed as everyone's responsibility. Rogers Communications Inc. partners with Career Bridge to provide work to internationally educated professionals. Accenture Inc. has a global Persons with Disabilities Champions program, which is focused on workplace accommodations. Finally, British Columbia Hydro and Power Authority encourages managers to hire skilled newcomers, providing a career advancement plan (Jermyn, 2018). Companies with a strong culture, where people have a sense of shared values, is rewarded with loyalty and team performance. This enables employees with vastly different demographics and backgrounds to feel a sense of belonging (Chatman et al., 1998; Fisher, 2004).

Make Managers Accountable for Diversity

People are more likely to pay attention to aspects of performance that are measured. In successful companies, diversity metrics are carefully tracked. For example, in PepsiCo, during the tenure of former CEO Steve Reinemund, half of all new hires had to be either women or minorities. Bonuses of managers partly depended on whether they had met their diversity-related goals (Yang, 2006). When managers are evaluated and rewarded based on how effective they are in diversity management, they are more likely to show commitment to diversity that in turn affects the diversity climate in the rest of the organization.

Diversity Training Programs

Many companies provide employees and managers with training programs related to diversity. However, not all diversity programs are equally successful. You may expect that more successful programs are those that occur in companies where a culture of diversity exists. A study of over 700 companies found that programs with a higher perceived success rate were those that occurred in companies where top management believed in the importance of diversity, where there were explicit rewards for increasing diversity in the company, and where managers were required to

attend the diversity training programs (Rynes & Rosen, 1995).

Review Recruitment Practices

Companies may want to increase diversity by targeting a pool that is more diverse. There are many minority professional groups such as The Aboriginal Women's Professional Association (AWPA) which provides "Aboriginal women from all over Canada the opportunity to gather and meet other Aboriginal women and to learn from each other" (Charity Village, 2019). By building relationships with these occupational groups, organizations may attract a more diverse group of candidates to choose from. The auditing company Ernst & Young Global Ltd. increases diversity of job candidates by mentoring undergraduate students (Nussenbaum, 2003). Companies may also benefit from reviewing their employment advertising to ensure that diversity is important at all levels of the company (Avery, 2003).


Key Takeaway

Organisations managing diversity effectively benefit from diversity because they achieve higher creativity, better customer service, higher job satisfaction, higher stock prices, and lower litigation expenses. At the same time, managing a diverse workforce is challenging for several key reasons. Employees are more likely to associate with those who are similar to them early in a relationship, the distribution of demographic traits could create faultlines within a group, and stereotypes may act as barriers to advancement and fair treatment of employees. Demographic traits such as gender, race, age, religion, disabilities, and sexual orientation each face unique challenges. Organisations can manage demographic diversity more effectively by building a culture of respect, making managers accountable for diversity, creating diversity-training programs, reviewing recruitment practices, and under some conditions, utilizing affirmative action programs.

Exercises

1. What does it mean for a company to manage diversity effectively? How would you know if a company is doing a good job of managing diversity?
2. What are the benefits of effective diversity management?
3. How can organisations deal with the "similarity-attraction" phenomenon? Left unchecked, what are the problems this tendency can cause?
4. What is the earnings gap? Who does it affect? What are the reasons behind the earnings gap?
5. Do you think that laws and regulations are successful in eliminating discrimination in the work- place? Why or why not?

2.2 Cultural Diversity



Culture refers to values, beliefs, and customs that exist in a society. In the United States, the workforce is becoming increasingly multicultural, with close to 16% of all employees being born outside the country. In addition, the world of work is becoming increasingly international. The world is going through a transformation in which China, India, and Brazil are emerging as major players in world economics. Companies are realizing that doing international business provides access to raw materials, resources, and a wider customer base. For many companies, international business is where most of the profits lie, such as for Intel Corporation, where 70% of all revenues come from outside the United States. Inter-national companies are also becoming major players within the United States. For example, China's Lenovo acquired IBM's personal computer business and became the world's third largest computer manufacturer. As a result of these trends, understanding the role of national culture for organizational behaviour may provide you with a competitive advantage in your career. In fact, sometime in your career, you may find yourself working as an expatriate. An **expatriate** is someone who is temporarily assigned to a position in a foreign country. Such an experience may be invaluable for your career and challenge you to increase your understanding and appreciation of differences across cultures.

How do cultures differ from each other? If you have ever visited a country different from your own, you probably have stories to tell about what aspects of the culture were different and which were similar. Maybe you have noticed that in many parts of Canada people routinely greet strangers with a smile when they step into an elevator or see them on the street, but the same behaviour of saying hello and smiling at strangers would be considered odd in many parts of Europe. In India and other parts of Asia, traffic flows with rules of its own, with people disobeying red lights, stopping and loading passengers in highways, or honking continuously for no apparent reason. In fact, when it comes to culture, we are like fish in the sea: we may not realize how culture is shaping our behaviour until we leave our own and go someplace else. Cultural differences may shape how people dress, act, eat, form relationships, address each other, and many other aspects of daily life.

Thinking about hundreds of different ways in which cultures may differ is not very practical when you are trying to understand how culture affects work behaviours. For this reason, the work of Geert Hofstede, a Dutch social scientist, is an important contribution to the literature. Hofstede studied IBM employees in 66 countries and showed variations among national cultures across four important dimensions. Research also shows that cultural variation with respect to these four dimensions influence employee job behaviours, attitudes, well-being, motivation, leadership, negotiations, and many other aspects of organizational behaviour (Hofstede, 1980; Tsui, Nifadkar, & Ou, 2007).

Individualism Cultures in which people define themselves as individuals and form looser ties with their groups.	Collectivism Cultures where people have stronger bonds to their group and membership forms a person's self-identity.
<ul style="list-style-type: none"> • USA • Australia • UK • Canada • Hungary 	<ul style="list-style-type: none"> • Guatemala • Ecuador • Indonesia • Pakistan • China
Low Power Distance A society that views an unequal distribution of power as relatively unacceptable.	High Power Distance A society that views an unequal distribution of power as relatively acceptable.
<ul style="list-style-type: none"> • Austria • Denmark • Israel • Ireland • New Zealand 	<ul style="list-style-type: none"> • Malaysia • Slovakia • Philippines • Russia • Mexico
Low Uncertainty Avoidance Cultures in which people are comfortable in unpredictable situations and have high tolerance for ambiguity.	High Uncertainty Avoidance Cultures in which people prefer predictable situations and have low tolerance for ambiguity.
<ul style="list-style-type: none"> • Denmark • Jamaica • Singapore • China • Sweden 	<ul style="list-style-type: none"> • Belgium • El Salvador • Greece • Guatemala • Portugal
Masculinity Cultures in which people value achievement and competitiveness, as well as acquisition of money and other material objects.	Femininity Cultures in which people value maintaining good relationships, caring for the weak, and quality of life.
<ul style="list-style-type: none"> • Slovakia • Japan • Hungary • Austria • Venezuela 	<ul style="list-style-type: none"> • Norway • Netherlands • Sweden • Costa Rica • Chile

Figure 2.3 Hofstede's culture framework is a useful tool to understand the systematic differences across cultures.

Source: Adapted from information in Geert Hofstede cultural dimensions. Retrieved November 12, 2008, from http://www.geert-hofstede.com/hofstede_dimensions.php.

Individualism-Collectivism



Individualistic cultures are cultures in which people define themselves as an individual and form loose ties with their groups. These cultures value autonomy and independence of the person, self-reliance, and creativity. Countries such as the United States, United Kingdom, and Australia

are examples of individualistic cultures. In contrast, **collectivistic cultures** are cultures where people have stronger bonds to their groups and group membership forms a person's self-identity. Asian countries such as China and Japan, as well as countries in Latin America are higher in collectivism.

In collectivistic cultures, people define themselves as part of a group. In fact, this may be one way to detect people's individualism-collectivism level. When individualists are asked a question such as "Who are you? Tell me about yourself," they are more likely to talk about their likes and dislikes, personal goals, or accomplishments. When collectivists are asked the same question, they are more likely to define themselves in relation to others, such as "I am Chinese" or "I am the daughter of a doctor and a homemaker. I have two brothers." In other words, in collectivistic cultures, self-identity is shaped to a stronger extent by group memberships (Triandis, McCusker, & Hui, 1990).

Collectivists are more attached to their groups and have more permanent attachments to these groups. Conversely, individualists attempt to change groups more often and have weaker bonds to them. It is important to recognize that to collectivists the entire human universe is not considered to be their in-group. In other words, collectivists draw sharper distinctions between the groups they belong to and those they do not belong to. They may be nice and friendly to their in-group members while acting much more competitively and aggressively toward out-group members. This tendency has important work implications. While individualists may evaluate the performance of their colleagues more accurately, collectivists are more likely to be generous when evaluating their in-group members. Freeborders, a software company based in San Francisco, California, found that even though it was against company policy, Chinese employees were routinely sharing salary information with their coworkers. This situation led them to change their pay system by standardizing pay at job levels and then giving raises after more frequent appraisals (Frauenheim, 2005; Hui & Triandis, 1986; Javidan & Dastmalchian, 2003; Gomez, Shapiro, & Kirkman, 2000).

Collectivistic societies emphasize conformity to the group. The Japanese saying "the nail that sticks up gets hammered down" illustrates that being different from the group is undesirable. In these cultures, disobeying or disagreeing with one's group is difficult and people may find it hard to say no to their colleagues or friends. Instead of saying no, which would be interpreted as rebellion or at least be considered rude, they may use indirect ways of disagreeing, such as saying "I have to think about this" or "this would be difficult." Such indirect communication prevents the other party from losing face but may cause misunderstandings in international communications with cultures that have a more direct style. Collectivist cultures may have a greater preference for team-based rewards as opposed to individual-based rewards.

Power Distance



Power distance refers to the degree to which the society views an unequal distribution of power as acceptable. Simply put, some cultures are more egalitarian than others. In low power distance cultures, egalitarianism is the norm. In high power distance cultures, people occupying more powerful positions such as managers, teachers, or those who are older are viewed as more

powerful and deserving of a higher level of respect. High power distance cultures are hierarchical cultures where everyone has their place. Powerful people are supposed to act powerful, while those in inferior positions are expected to show respect. For example, Thailand is a high power distance culture and starting from childhood, people learn to recognize who is superior, equal, or inferior to them. When passing people who are more powerful, individuals are expected to bow, and the more powerful the person, the deeper the bow would be (Pornpitakpan, 2000). Managers in high power distance cultures are treated with a higher degree of respect, which may surprise those in lower power distance cultures. A Citibank manager in Saudi Arabia was surprised when employees stood up every time he passed by (Denison, Haaland, & Goelzer, 2004). Similarly, in Turkey, students in elementary and high schools greet their teacher by standing up every time the teacher walks into the classroom. In these cultures, referring to a manager or a teacher with their first name would be extremely rude. The behaviours in high power distance cultures may easily cause misunderstandings with those from low power distance societies. For example, a limp handshake in India or a job candidate from Chad who looks at the floor throughout the interview are in fact forms of showing respect, but these behaviours may be interpreted as a lack of confidence or even disrespect in low power distance cultures.

One of the most important ways in which power distance is manifested in the workplace is that in high power distance cultures, employees are unlikely to question the power and authority of their manager, and conformity to the manager will be expected. Managers in these cultures may be more used to an authoritarian style with lower levels of participative leadership demonstrated. People will be more submissive to their superiors and may take orders without questioning the manager (Kirkman, Gibson, & Shapiro, 2001). In these cultures, people may feel uncomfortable when they are asked to participate in decision making. For example, peers are much less likely to be involved in hiring decisions in high power distance cultures. Instead, these cultures seem to prefer paternalistic leaders—leaders who are authoritarian but make decisions while showing a high level of concern toward employees as if they were family members (Javidan & Dastmalchian, 2003; Ryan et al., 1999).

Uncertainty Avoidance

Uncertainty avoidance refers to the degree to which people feel threatened by ambiguous, risky, or unstructured situations. Cultures high in uncertainty avoidance prefer predictable situations and have low tolerance for ambiguity. Employees in these cultures expect a clear set of instructions and clarity in expectations. Therefore, there will be a greater level of creating procedures to deal with problems and writing out expected behaviours in manuals.

Cultures high in uncertainty avoidance prefer to avoid risky situations and attempt to reduce uncertainty. For example, one study showed that when hiring new employees, companies in high uncertainty avoidance cultures are likely to use a larger number of tests, conduct a larger number of interviews, and use a fixed list of interview questions (Ryan et al., 1999). Employment contracts tend to be more popular in cultures higher in uncertainty avoidance compared to cultures low in uncertainty avoidance (Raghuram, London, & Larsen, 2001). The level of change-oriented leadership seems to be lower in cultures higher in uncertainty avoidance (Ergeneli, Gohar, & Temirbekova, 2007). Companies operating in high uncertainty avoidance cultures also

tend to avoid risky endeavors such as entering foreign target markets unless the target market is very large (Rothaermel, Kotha, & Steensma, 2006).

Germany is an example of a high uncertainty avoidance culture where people prefer structure in their lives and rely on rules and procedures to manage situations. Similarly, Greece is a culture relatively high in uncertainty avoidance, and Greek employees working in hierarchical and rule-oriented companies report lower levels of stress (Joiner, 2001). In contrast, cultures such as Iran and Russia are lower in uncertainty avoidance, and companies in these regions do not have rule-oriented cultures. When they create rules, they also selectively enforce rules and make a number of exceptions to them. In fact, rules may be viewed as constraining. Uncertainty avoidance may influence the type of organizations employees are attracted to. Japan's uncertainty avoidance is associated with valuing job security, while in uncertainty-avoidant Latin American cultures, many job candidates prefer the stability of bigger and well-known companies with established career paths.

Masculinity–Femininity

Masculine cultures value achievement, competitiveness, and acquisition of money and other material objects. Japan and Hungary are examples of masculine cultures. Masculine cultures are also characterized by a separation of gender roles. In these cultures, men are more likely to be assertive and competitive compared to women. In contrast, **feminine cultures** are cultures that value maintaining good relationships, caring for the weak, and emphasizing quality of life. In these cultures, values are not separated by gender, and both women and men share the values of maintaining good relationships. Sweden and the Netherlands are examples of feminine cultures. The level of masculinity inherent in the culture has implications for the behaviour of individuals as well as organizations. For example, in masculine cultures, the ratio of CEO pay to other management-level employees tends to be higher, indicating that these cultures are more likely to reward CEOs with higher levels of pay as opposed to other types of rewards (Tosi & Greckhamer, 2004). The femininity of a culture affects many work practices, such as the level of work/life balance. In cultures high in femininity such as Norway and Sweden, work arrangements such as telecommuting seem to be more popular compared to cultures higher in masculinity like Italy and the United Kingdom.

Key Takeaway

With the increasing prevalence of international business as well as diversification of the domestic workforce in many countries, understanding how culture affects organisational behaviour is becoming important. Individualism-collectivism, power distance, uncertainty avoidance, and masculinity-femininity are four key dimensions in which cultures vary. The position of a culture on these dimensions affects the suitable type of management style, reward systems, employee selection, and ways of motivating employees.

Exercises

1. What is culture? Do countries have uniform national cultures?
2. How would you describe your own home country's values on the four dimensions of culture?
3. Reflect on a time when you experienced a different culture or interacted with someone from a different culture. How did the cultural differences influence your interaction?
4. How does culture influence the proper leadership style and reward system that would be suitable in an organisation?

2.3 Managing Diversity for Success: The Case of IBM

When you are a company that operates in over 170 countries with a workforce of over 398,000 employees, understanding and managing diversity effectively is not optional—it is a key business priority. A company that employs individuals and sells products worldwide needs to understand the diverse groups of people that make up the world.

Starting from its early history in the United States, IBM Corporation (NYSE: IBM) has been a pioneer in valuing and appreciating its diverse workforce. In 1935, almost 30 years before the Equal Pay Act guaranteed pay equality between the sexes, then IBM president Thomas Watson promised women equal pay for equal work. In 1943, the company had its first female vice president. Again, 30 years before the Family and Medical Leave Act (FMLA) granted women unpaid leave for the birth of a child, IBM offered the same benefit to female employees, extending it to one year in the 1960s and to three years in 1988. In fact, the company ranks in the top 100 on *Working Mother* magazine's "100 Best Companies" list and has been on the list every year since its inception in 1986. It was awarded the honour of number 1 for multicultural working women by the same magazine in 2009.



Figure 2.4 Peter Dean – Participant Flags – CC BY-NC-ND 2.0.

IBM has always been a leader in diversity management. Yet, the way diversity was managed was primarily to ignore differences and provide equal employment opportunities. This changed when Louis Gerstner became CEO in 1993.

Gerstner was surprised at the low level of diversity in the senior ranks of the company. For all the effort being made to promote diversity, the company still had what he perceived a masculine culture.

In 1995, he created eight diversity task forces around demographic groups such as women and men, as well as Asians, African Americans, LGBT (lesbian, gay, bisexual, and transgender) individuals, Hispanics, Native Americans, and employees with disabilities. These task forces consisted of senior-level, well-respected executives and higher-level managers, and members were charged with gaining an understanding of how to make each constituency feel more welcome and at home at IBM. Each task force conducted a series of meetings and surveyed thousands of employees to arrive at the key factors concerning each particular group. For example, the presence of a male-dominated culture, lack of networking opportunities, and work-life management challenges topped the list of concerns for women. Asian employees were most concerned about stereotyping, lack of networking, and limited employment development plans. African American employee concerns included retention, lack of networking, and limited training opportunities. Armed with a list of priorities, the company launched a number of key programs and initiatives to address these issues. As an example, employees looking for a mentor could use the company's website to locate one willing to provide guidance and advice. What is probably most unique about this approach is that the company acted on each concern whether it was based on reality or perception. They realized that some women were concerned that they would have to give up leading a balanced life if they wanted to be promoted to higher management, whereas 70% of the women in higher levels actually had children, indicating that perceptual barriers can also act as a barrier to employee aspirations. IBM management chose to deal with this particular issue by communicating better with employees as well as through enhancing their networking program.

The company excels in its recruiting efforts to increase the diversity of its pool of candidates. One of the biggest hurdles facing diversity at IBM is the limited minority representation in fields such as computer sciences and engineering. For example, only 4% of students graduating with a degree in computer sciences are Hispanic. To tackle this issue, IBM partners with colleges to increase recruitment of Hispanics to these programs. In a program named EXITE (Exploring Interest in Technology and Engineering), they bring middle school female students together for a week-long program where they learn math and science in a fun atmosphere from IBM's female engineers. To date, over 3,000 girls have gone through this program.

What was the result of all these programs? IBM tracks results through global surveys around the world and identifies which programs have been successful and which issues are no longer viewed as problems. These programs were instrumental in more than tripling the number of female executives worldwide as well as doubling the number of minority executives. The number of LGBT executives increased sevenfold, and executives with disabilities tripled. With growing emerging markets and women and minorities representing a \$1.3 trillion market, IBM's culture of respecting and appreciating diversity is likely to

be a source of competitive advantage.

Based on information from Ferris, M. (2004, Fall). What everyone said couldn't be done: Create a global women's strategy for IBM. *The Diversity Factor*, 12(4), 37–42; IBM hosts second annual Hispanic education day. (2007, December–January). *Hispanic Engineer*, 21(2), 11; Lee, A. M. D. (2008, March). The power of many: Diversity's competitive advantage. *Incentive*, 182(3), 16–21; Thomas, D. A. (2004, September). Diversity as strategy. *Harvard Business Review*, 82(9), 98–108.



Discussion Questions

1. IBM has been championed for its early implementation of equality among its workforce. At the time, many of these policies seemed radical. To IBM's credit, the movement toward equality worked out exceptionally well for them. Have you experienced policy changes that might seem radical? Have these policies worked out? What policies do you feel are still lacking in the workforce?
2. If you or your spouse is currently employed, how difficult would it be to take time off for having a child?
3. Some individuals feel that so much focus is put on making the workplace better for under-represented groups that the majority of the workforce becomes neglected. Do you feel this was the case at IBM? Why or why not? How can a company ensure that no employee is neglected, regardless of demographic group?
4. What types of competitive advantages could IBM have gained from having such a diverse workforce?

2.4 Conclusion

In conclusion, in this chapter we reviewed the implications of demographic and cultural diversity for organizational behaviour. Management of diversity effectively promises a number of benefits for companies and may be a competitive advantage. Yet, challenges such as natural human tendencies to associate with those similar to us and using stereotypes in decision making often act as barriers to achieving this goal. By creating a work environment where people of all origins and traits feel welcome, organizations will make it possible for all employees to feel engaged with their work and remain productive members of the organization.

2.5 Exercises

Ethical Dilemma



You are working for the police department of your city. When hiring employees, the department uses a physical ability test in which candidates are asked to do 30 push-ups and 25 sit-ups, as well as climb over a 4-foot wall. When candidates take this test, it seems that about 80% of the men who take the test actually pass it, while only 10% of the female candidates pass the test. Do you believe that this is a fair test? Why or why not? If you are asked to review the employee selection procedures, would you make any changes to this system? Why or why not?



Individual Exercise

A colleague of yours is being sent to India as a manager for a call center. She just told you that she feels very strongly about the following issues:

- Democratic leaders are the best leaders because they create a more satisfied workforce.
- Employees respond best to individual-based pay incentives and bonuses as tools for motivation.
- Employees should receive peer feedback about their performance level so that they can get a better sense of how well they are performing.

After doing some research on the business environment and national culture in India, how would you advise your colleague to behave? Should she try to transfer these three managerial practices to the Indian context? Why or why not?



Group Exercise

Diversity Dilemmas

Imagine that you are working in the HR department of your company. You come across the following scenarios in which your input has been sought. Discuss each scenario and propose an action plan for management.

1. Aimee is the mother of a newborn. She is very dedicated to her work but she used to stay for longer hours at work before she had her baby. Now she tries to schedule her work so that she leaves around 5:00 p.m. Her immediate manager feels that Aimee is no longer dedicated or committed to her work and is considering passing her over for a promotion. Is this decision fair?
2. Jack is a married male, while John is single. Your company has an assignment in a branch in Mexico that would last a couple of years. Management feels that John would be better for this assignment because he is single and is free to move. Is this decision fair?
3. A manager receives a request from an employee to take off a Wednesday for religious reasons. The manager did not know that this employee was particularly religious and does not believe that the leave is for religious reasons. The manager believes that the employee is going to use this day as a personal day off. Should the manager investigate the situation?
4. A sales employee has painful migraines intermittently during the work day. She would like to take short naps during the day as a preventative measure and she also needs a place where she can nap when a migraine occurs. Her immediate manager feels that this is unfair to the rest of the employees.
5. A department is looking for an entry-level cashier. One of the job applicants is a cashier with 30 years of experience. The department manager feels that this candidate is overqualified for the job and is likely to be bored and leave the job in a short time. Instead, they want to pursue a candidate with 6 months of work experience who seems like a better fit for the position.



Chapter

3

Understanding People at Work, Individual Differences and Perception

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Define personality and describe how it affects work behaviours.
2. Understand the role of values in determining work behaviours.
3. Explain the process of perception and how it affects work behaviours.
4. Understand how individual differences affect ethics.
5. Understand cross-cultural influences on individual differences and perception.

Individuals bring a number of differences to work, such as unique personalities, values, emotions, and moods. When new employees enter organizations, their stable or transient characteristics affect how they behave and perform. Moreover, companies hire people with the expectation that those individuals have certain skills, abilities, personalities, and values. Therefore, it is important to understand individual characteristics that matter for employee behaviours at work.

3.1 Advice for Hiring Successful Employees: The Case of Guy Kawasaki

When people think about entrepreneurship, they often think of Guy Kawasaki (<http://www.guykawasaki.com>), who is a Silicon Valley venture capitalist and the author of nine books as of 2010, including *The Art of the Start* and *The Macintosh Way*. Beyond being a best-selling author, he has been successful in a variety of areas, including earning degrees from Stanford University and UCLA; being an integral part of Apple's first computer; writing columns for *Forbes* and *Entrepreneur Magazine*; and taking on entrepreneurial ventures such as cofounding Alltop, an aggregate news site, and becoming Managing Director of Garage Technology Ventures. Kawasaki is a believer in the power of individual differences. He



Figure 3.1 Wikimedia Commons – CC BY 2.0.

believes that successful companies include people from many walks of life, with different backgrounds and with different strengths and different weaknesses. Establishing an effective team requires a certain amount of self-monitoring on the part of the manager. Kawasaki maintains that most individuals have personalities that can easily get in the way of this objective. He explains, “The most important thing is to hire people who complement you and are better than you in specific areas. Good people hire people that are better than themselves.” He also believes that mediocre employees hire less-talented employees in order to feel better about themselves. Finally, he believes that the role of a leader is to produce more leaders, not to produce followers, and to be able to achieve this, a leader should compensate for their weaknesses by hiring individuals who compensate for their shortcomings.

In today's competitive business environment, individuals want to think of themselves as indispensable to the success of an organization. An individual's perception that he or she is

the most important person on a team can get in the way of the team's success as a whole. Kawasaki maintains that many people would rather see a company fail than thrive without them. He advises that we must begin to move past this and see the benefit that different perceptions and values can bring to a company. The goal of any individual should be to make the organization they work for stronger and more dynamic. Under this type of thinking, leaving a company in a better shape than when you found it becomes a source of pride. Kawasaki has had many different roles in his professional career and as a result realized that while different perceptions and attitudes might make the implementation of new protocol difficult, this same diversity is what makes an organization more valuable. Some managers fear diversity and the possible complexities that it brings, and they make the mistake of hiring similar individuals without any sort of differences. When it comes to hiring, Kawasaki believes that the initial round of interviews for new hires should be held over the phone. Because first impressions are so important, this ensures that external influences, negative or positive, are not part of the decision-making process.

Many people come out of business school believing that if they have a solid financial understanding, then they will be a successful and appropriate leader and manager. Kawasaki has learned that mathematics and finance are the “easy” part of any job. He observes that the true challenge comes in trying to effectively manage people. With the benefit of hindsight, Kawasaki regrets the choices he made in college, saying, “I should have taken organizational behaviour and social psychology” to be better prepared for the individual nuances of people. He also believes that working hard is a key to success and that individuals who learn how to learn are the most effective over time.

If nothing else, Guy Kawasaki provides simple words of wisdom to remember when starting off on a new career path: do not become blindsided by your mistakes, but rather take them as a lesson of what not to do. And most important, pursue joy and challenge your personal assumptions (Kawasaki, 2004; Iwata 2008).



Discussion Questions

1. Describe how self-perception can positively or negatively affect a work environment?
2. What advice would you give a recent college graduate after reading about Guy Kawasaki's advice?
3. What do you think about Kawasaki's hiring strategy?
4. How would Kawasaki describe a “perfect” boss?
5. How would you describe a “perfect” boss?

Exercises

1. How can a company assess person–job fit before hiring employees? What are the methods you think would be helpful?
2. How can a company determine person–organization fit before hiring employees? Which methods do you think would be helpful?
3. What can organizations do to increase person–job and person–organization fit after they hire employees?

3.2 The Role of Fit

Individual differences matter in the workplace. Human beings bring in their personality, physical and mental abilities, and other stable traits to work. Imagine that you are interviewing an employee who is proactive, creative, and willing to take risks. Would this person be a good job candidate? What behaviours would you expect this person to demonstrate?

The question posed above is misleading. While human beings bring their traits to work, every organization is different, and every job within the organization is also different. According to the interactionist perspective, behaviour is a function of the person and the situation interacting with each other. Think about it. Would a shy person speak up in class? While a shy person may not feel like speaking, if the individual is very interested in the subject, knows the answers to the questions, and feels comfortable within the classroom environment, and if the instructor encourages participation and participation is 30% of the course grade, regardless of the level of shyness, the person may feel inclined to participate. Similarly, the behaviour you may expect from someone who is proactive, creative, and willing to take risks will depend on the situation.

When hiring employees, companies are interested in assessing at least two types of fit. **Person–organization fit** refers to the degree to which a person’s values, personality, goals, and other characteristics match those of the organization. **Person–job fit** is the degree to which a person’s skill, knowledge, abilities, and other characteristics match the job demands. Thus, someone who is proactive and creative may be a great fit for a company in the high-tech sector that would benefit from risk-taking individuals, but may be a poor fit for a company that rewards routine and predictable behaviour, such as accountants. Similarly, this person may be a great fit for a job such as a scientist, but a poor fit for a routine office job. The opening case illustrates one method of assessing person–organization and person–job fit in job applicants.

3.3 Individual Differences: Values and Personality

Values

Values refer to stable life goals that people have, reflecting what is most important to them. Values are established throughout one's life as a result of the accumulating life experiences and tend to be relatively stable (Lusk & Oliver, 1974; Rokeach, 1973). The values that are important to people tend to affect the types of decisions they make, how they perceive their environment, and their actual behaviours. Moreover, people are more likely to accept job offers when the company possesses the values people care about (Judge & Bretz, 1992; Ravlin & Meglino, 1987). Value attainment is one reason why people stay in a company, and when an organization does not help them attain their values, they are more likely to decide to leave if they are dissatisfied with the job itself (George & Jones, 1996).

The values a person holds will affect his or her employment. For example, someone who has an orientation toward strong stimulation may pursue extreme sports and select an occupation that involves fast action and high risk, such as fire fighter, police officer, or emergency medical doctor. Someone who has a drive for achievement may more readily act as an entrepreneur. Moreover, whether individuals will be satisfied at a given job may depend on whether the job provides a way to satisfy their dominant values. Therefore, understanding employees at work requires understanding the value orientations of employees.



Figure 3.2 Values will affect the choices people make. For example, someone who has a strong stimulation orientation may pursue extreme sports and be drawn to risky business ventures with a high potential for payoff. G B – CCK – ‘Gunks’ – CC BY-ND 2.0.

Personality

Personality encompasses the relatively stable feelings, thoughts, and behavioural patterns of a person. Our personality differentiates us from other people, and understanding someone's personality gives us clues about how that person is likely to act and feel in a variety of situations. In order to effectively manage organizational behaviour, an understanding of different employees' personalities is helpful. Having this knowledge is also useful for placing people in jobs and organizations.

If personality is stable, does this mean that it does not change? You probably remember how you have changed and evolved as a result of your own life experiences, attention you received in early childhood, the style of parenting you were exposed to, successes and failures you had in high school, and other life events. In fact, our personality changes over long periods of time. For example, we tend to become more socially dominant, more conscientious (organized and dependable), and more emotionally stable between the ages of 20 and 40, whereas openness to new experiences may begin to decline during this same time (Roberts, Walton, & Viechtbauer, 2006). In other words, even though we treat personality as relatively stable, changes occur. Moreover, even in childhood, our personality shapes who we are and has lasting consequences for us. For example, studies show that part of our career success and job satisfaction later in life can be explained by our childhood personality (Judge & Higgins, 1999; Staw, Bell, & Clausen, 1986).

Is our behaviour in organizations dependent on our personality? To some extent, yes, and to some extent, no. While we will discuss the effects of personality for employee behaviour, you must remember that the relationships we describe are modest correlations. For example, having a sociable and outgoing personality may encourage people to seek friends and prefer social situations. This does not mean that their personality will immediately affect their work behaviour. At work, we have a job to do and a role to perform. Therefore, our behaviour may be more strongly affected by what is expected of us, as opposed to how we want to behave. When people have a lot of freedom at work, their personality will become a stronger influence over their behaviour (Barrick & Mount, 1993).

Big Five Personality Traits

How many personality traits are there? How do we even know? In every language, there are many words describing a person's personality. In fact, in the English language, more than 15,000 words describing personality have been identified. When researchers analyzed the terms describing personality characteristics, they realized that there were many words that were pointing to each dimension of personality. When these words were grouped, five dimensions seemed to emerge that explain a lot of the variation in our personalities (Goldberg, 1990). Keep in mind that these five are not necessarily the only traits out there. There are other, specific traits that represent dimensions not captured by the Big Five. Still, understanding the main five traits gives us a good start for describing personality. A summary of the Big Five traits is presented in Figure 3.4 "Big Five Personality Traits".

Trait	Description
O penness	Being curious, original, intellectual, creative, and open to new ideas.
C onscientiousness	Being organized, systematic, punctual, achievement oriented, and dependable.
E xtraversion	Being outgoing, talkative, sociable, and enjoying social situations.
A greeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
N euroticism	Being anxious, irritable, temperamental, and moody.

Figure 3.3 Big Five Personality Traits

Openness is the degree to which a person is curious, original, intellectual, creative, and open to new ideas. People high in openness seem to thrive in situations that require being flexible and learning new things. They are highly motivated to learn new skills, and they do well in training settings (Barrick & Mount, 1991; Lievens et al., 2003). They also have an advantage when they enter into a new organization. Their open-mindedness leads them to seek a lot of information and feedback about how they are doing and to build relationships, which leads to quicker adjustment to the new job (Wanberg & Kammeyer-Mueller, 2000). When supported, they tend to be creative (Baer & Oldham, 2006). Open people are highly adaptable to change, and teams that experience unforeseen changes in their tasks do well if they are populated with people high in openness (LePine, 2003). Compared to people low in openness, they are also more likely to start their own business (Zhao & Seibert, 2006).

Conscientiousness refers to the degree to which a person is organized, systematic, punctual, achievement oriented, and dependable. Conscientiousness is the one personality trait that uniformly predicts how high a person's performance will be, across a variety of occupations and jobs (Barrick & Mount, 1991). In fact, conscientiousness is the trait most desired by recruiters and results in the most success in interviews (Dunn et al., 1995; Tay, Ang, & Van Dyne, 2006). This is not a surprise, because in addition to their high performance, conscientious people have higher levels of motivation to perform, lower levels of turnover, lower levels of absenteeism, and higher levels of safety performance at work (Judge & Ilies, 2002; Judge, Martocchio, & Thoresen, 1997; Wallace & Chen, 2006; Zimmerman, 2008). One's conscientiousness is related to career success and being satisfied with one's career over time (Judge & Higgins, 1999). Finally, it seems that conscientiousness is a good trait to have for entrepreneurs. Highly conscientious people are more likely to start their own business compared to those who are not conscientious, and their firms have longer survival rates (Certo & Certo, 2005; Zhao & Seibert, 2006).

Extraversion is the degree to which a person is outgoing, talkative, sociable, and enjoys being in social situations. One of the established findings is that they tend to be effective in jobs involving

sales (Barrick & Mount, 1991; Vinchur et al., 1998). Moreover, they tend to be effective as managers and they demonstrate inspirational leadership behaviours (Bauer et al., 2006; Bono & Judge, 2004). Extraverts do well in social situations, and as a result they tend to be effective in job interviews. Part of their success comes from how they prepare for the job interview, as they are likely to use their social network (Caldwell & Burger, 1998; Tay, Ang, & Van Dyne, 2006). Extraverts have an easier time than introverts when adjusting to a new job. They actively seek information and feedback, and build effective relationships, which helps with their adjustment (Wanberg & Kammeyer-Mueller, 2000). Interestingly, extraverts are also found to be happier at work, which may be because of the relationships they build with the people around them and their relative ease in adjusting to a new job (Judge et al., 2002). However, they do not necessarily perform well in all jobs, and jobs depriving them of social interaction may be a poor fit. Moreover, they are not necessarily model employees. For example, they tend to have higher levels of absenteeism at work, potentially because they may miss work to hang out with or attend to the needs of their friends (Judge, Martocchio, & Thoresen, 1997).



Figure 3.4 Studies show that there is a relationship between being extraverted and effectiveness as a salesperson realtor – CC BY 2.0.

Agreeableness is the degree to which a person is nice, tolerant, sensitive, trusting, kind, and warm. In other words, people who are high in agreeableness are likeable people who get along with others. Not surprisingly, agreeable people help others at work consistently, and this helping behaviour is not dependent on being in a good mood (Ilies, Scott, & Judge, 2006). They are also less likely to retaliate when other people treat them unfairly (Skarlicki, Folger, & Tesluk, 1999). This may reflect their ability to show empathy and give people the benefit of the

doubt. Agreeable people may be a valuable addition to the team and may be effective leaders because they create a fair environment when they are in leadership positions (Mayer et al., 2007). At the other end of the spectrum, people low in agreeableness are less likely to show these positive behaviours. Moreover, people who are not agreeable are shown to quit their jobs unexpectedly, perhaps in response to a conflict they engaged in with a boss or peer (Zimmerman, 2008). If agreeable people are so nice, does this mean that we should only look for agreeable people when hiring? Some jobs may actually be a better fit for someone with a low level of agreeableness. Think about it: when hiring a lawyer, would you prefer a kind and gentle person, or a pit bull? Also, high agreeableness has a downside: agreeable people are less likely to engage in constructive and change-oriented communication (LePine & Van Dyne, 2001). Disagreeing with the status quo may create conflict and agreeable people are inclined to avoid creating such conflicts, missing an opportunity for constructive change.

Neuroticism refers to the degree to which a person is anxious, irritable, aggressive, temperamental, and moody. These people have a tendency to have emotional adjustment problems and experience stress and depression on a habitual basis. People very high in neuroticism experience a number of problems at work. For example, they are less likely to be someone people go to for advice and friendship (Klein et al., 2004). In other words, they may experience relationship difficulties. They tend to be habitually unhappy in their jobs and report

high intentions to leave, but they do not actually leave their jobs (Judge, Heller, & Mount, 2002; Zimmerman, 2008). Being high in neuroticism seems to be harmful to one's career, as they have lower levels of career success (measured with income and occupational status achieved in one's career). Finally, if they achieve managerial jobs, they tend to create an unfair climate at work (Mayer et al., 2007).



How Accurately Can You Describe Your Big Five Personality Factors?

Go to <http://www.outofservice.com/bigfive/> to see how you score on these factors.

Myers-Briggs Type Indicator

Aside from the Big Five personality traits, perhaps the most well-known and most often used personality assessment is the Myers-Briggs Type Indicator (MBTI). Unlike the Big Five, which assesses traits, MBTI measures types. Assessments of the Big Five do not classify people as neurotic or extravert: it is all a matter of degrees. MBTI on the other hand, classifies people as one of 16 types (Carlyn, 1977; Myers, 1962). In MBTI, people are grouped using four dimensions. Based on how a person is classified on these four dimensions, it is possible to talk about 16 unique personality types, such as ESTJ and ISTP.

More than 80 of the *Fortune* 100 companies used Myers-Briggs tests in some form. One distinguishing characteristic of this test is that it is explicitly designed for learning, not for employee selection purposes. In fact, the Myers & Briggs Foundation has strict guidelines against the use of the test for employee selection. Instead, the test is used to provide mutual understanding within the team and to gain a better understanding of the working styles of team members (Leonard & Straus, 1997; Shuit, 2003).

Dimension	Explanation	
EI	Extraversion: Those who derive their energy from other people and objects.	Introversion: Those who derive their energy from inside.
SN	Sensing: Those who rely on their five senses to perceive the external environment.	Intuition: Those who rely on their intuition and hunches to perceive the external environment.
TF	Thinking: Those who use their logic to arrive at solutions.	Feeling: Those who use their values and ideas about what is right and wrong to arrive at solutions.
JP	Judgment: Those who are organized, systematic, and would like to have clarity and closure.	Perception: Those who are curious, open minded, and prefer to have some ambiguity.

Figure 3.5 Summary of MBTI Types

Positive and Negative Affectivity

You may have noticed that behaviour is also a function of moods. When people are in a good mood, they may be more cooperative, smile more, and act friendlier. When these same people are in a bad mood, they may have a tendency to be picky, irritable, and less tolerant of different opinions. Yet, some people seem to be in a good mood most of the time, and others seem to be in a bad mood most of the time regardless of what is actually going on in their lives. This distinction is manifested by positive and negative affectivity traits. **Positive affective people** experience positive moods more frequently, whereas **negative affective people** experience negative moods with greater frequency. Negative affective people focus on the “glass half empty” and experience more anxiety and nervousness (Watson & Clark, 1984). Positive affective people tend to be happier at work (Ilies & Judge, 2003), and their happiness spreads to the rest of the work environment. As may be expected, this personality trait sets the tone in the work atmosphere. When a team comprises mostly negative affective people, there tend to be fewer instances of helping and cooperation. Teams dominated by positive affective people experience lower levels of absenteeism (George, 1989). When people with a lot of power are also high in positive affectivity, the work environment is affected in a positive manner and can lead to greater levels of cooperation and leading to more mutually agreeable solutions to problems (Anderson & Thompson, 2004).

Self-Monitoring

Self-monitoring refers to the extent to which a person is capable of monitoring his or her actions and appearance in social situations. In other words, people who are social monitors are social chameleons who understand what the situation demands and act accordingly, while low social monitors tend to act the way they feel (Snyder, 1974; Snyder, 1987). High social monitors are sensitive to the types of behaviours the social environment expects from them. Their greater ability to modify their behaviour according to the demands of the situation and to manage their impressions effectively is a great advantage for them (Turnley & Bolino, 2001). In general, they tend to be more successful in their careers. They are more likely to get cross-company promotions, and even when they stay with one company, they are more likely to advance (Day & Schleicher, 2006; Kilduff & Day, 1994). Social monitors also become the “go to” person in their company and they enjoy central positions in their social networks (Mehra, Kilduff, & Brass, 2001). They are rated as higher performers, and emerge as leaders (Day et al., 2002). While they are effective in influencing other people and get things done by managing their impressions, this personality trait has some challenges that need to be addressed. First, when evaluating the performance of other employees, they tend to be less accurate. It seems that while trying to manage their impressions, they may avoid giving accurate feedback to their subordinates to avoid confrontations (Jawahar, 2001). This tendency may create problems for them if they are managers. Second, high social monitors tend to experience higher levels of stress, probably caused by behaving in ways that conflict with their true feelings. In situations that demand positive emotions, they may act happy although they are not feeling happy, which puts an emotional burden on them. Finally, high social monitors tend to be less committed to their companies. They may see their jobs as a stepping-stone for greater things, which may prevent them from forming strong attachments and loyalty to their current employer (Day et al., 2002).

Proactive Personality

Proactive personality refers to a person's inclination to fix what is perceived as wrong, change the status quo, and use initiative to solve problems. Instead of waiting to be told what to do, proactive people take action to initiate meaningful change and remove the obstacles they face along the way. In general, having a proactive personality has a number of advantages for these people. For example, they tend to be more successful in their job searches (Brown et al., 2006). They are also more successful over the course of their careers, because they use initiative and acquire greater understanding of the politics within the organization (Seibert, 1999; Seibert, Kraimer, & Crant, 2001). Proactive people are valuable assets to their companies because they may have higher levels of performance (Crant, 1995). They adjust to their new jobs quickly because they understand the political environment better and often make friends more quickly (Kammeyer-Mueller & Wanberg, 2003; Thompson, 2005). Proactive people are eager to learn and engage in many developmental activities to improve their skills (Major, Turner, & Fletcher, 2006). Despite all their potential, under some circumstances a proactive personality may be a liability for an individual or organization. Imagine a person who is proactive but is perceived as being too pushy, trying to change things other people are not willing to let go, or using their initiative to make decisions that do not serve a company's best interests. Research shows that the success of proactive people depends on their understanding of a company's core values, their ability and skills to perform their jobs, and their ability to assess situational demands correctly (Chan, 2006; Erdogan & Bauer, 2005).

Self-Esteem

Self-esteem is the degree to which a person has overall positive feelings about his or herself. People with high self-esteem view themselves in a positive light, are confident, and respect themselves. On the other hand, people with low self-esteem experience high levels of self-doubt and question their self-worth. High self-esteem is related to higher levels of satisfaction with one's job and higher levels of performance on the job (Judge & Bono, 2001). People with low self-esteem are attracted to situations in which they will be relatively invisible, such as large companies (Turban & Keon, 1993). Managing employees with low self-esteem may be challenging at times, because negative feedback given with the intention to improve performance may be viewed as a judgment on their worth as an employee. Therefore, effectively managing employees with relatively low self-esteem requires tact and providing lots of positive feedback when discussing performance incidents.

Self-Efficacy

Self-efficacy is a belief that one can perform a specific task successfully. Research shows that the belief that we can do something is a good predictor of whether we can actually do it. Self-efficacy is different from other personality traits in that it is job specific. You may have high self-efficacy in being successful academically, but low self-efficacy in relation to your ability to fix your car. At the same time, people have a certain level of generalized self-efficacy where they believe that whatever task or hobby they tackle, they will reach a certain degree of success.

Research shows that self-efficacy at work is related to job performance (Bauer et al., 2007; Judge et al., 2007; Stajkovic & Luthans, 1998). This relationship is probably a result of people with high self-efficacy setting higher goals for themselves and being more committed to these goals,

whereas people with low self-efficacy tend to procrastinate (Phillips & Gully, 1997; Steel, 2007; Wofford, Goodwin, & Premack, 1992). Academic self-efficacy is a good predictor of your GPA, whether you persist in your studies, or drop out of college (Robbins et al., 2004).

Is there a way of increasing employees' self-efficacy? Hiring people who are capable of performing their tasks and training people to increase their self-efficacy may be effective. Some people may also respond well to verbal encouragement. By showing that you believe they can be successful and effectively playing the role of a cheerleader, you may be able to increase self-efficacy. Giving people opportunities to test their skills so that they can see what they are capable of doing (or empowering them) is also a good way of increasing self-efficacy (Ahearne, Mathieu, & Rapp, 2005).



OB Toolbox

Ways to Build Your Self-Confidence

Having high self-efficacy and self-esteem are boons to your career. People who have an overall positive view of themselves and those who have positive attitudes toward their abilities project an aura of confidence. How do you achieve higher self-confidence?

- *Take a self-inventory.* What are the areas in which you lack confidence? Then consciously tackle those areas. Take part in training programs and seek opportunities to practice these skills. Confront your fears head-on.
- *Set manageable goals.* Success in challenging goals will breed self-confidence, but do not make your goals impossible to reach. If a task seems daunting, break it apart and set mini goals.
- *Find a mentor.* A mentor can point out areas in need of improvement, provide accurate feedback, and point to ways of improving yourself.
- *Don't judge yourself by your failures.* Everyone fails, and the most successful people have more failures in life. Instead of assessing your self-worth by your failures, learn from mistakes and move on.
- *Until you can feel confident, be sure to act confident.* Acting confident will influence how others treat you, which will boost your confidence level. Pay attention to how you talk and behave, and act like someone who has high confidence.
- *Know when to ignore negative advice.* If you receive negative feedback from someone who is usually negative, try to ignore it. Surrounding yourself with naysayers is not good for your self-esteem. This does not mean that you should ignore all negative feedback, but be sure to look at a person's overall attitude before making serious judgments based on that feedback (Beagrie, 2006; Beste, 2007; Goldsmith, 2006; Kennett, 2006).

Locus of Control

Locus of control deals with the degree to which people feel accountable for their own behaviours. Individuals with high **internal locus of control** believe that they control their own destiny and what happens to them is their own doing, while those with high **external locus of control** feel

that things happen to them because of other people, luck, or a powerful being. Internals feel greater control over their own lives and therefore they act in ways that will increase their chances of success. For example, they take the initiative to start mentor-protégé relationships. They are more involved with their jobs. They demonstrate higher levels of motivation and have more positive experiences at work (Ng, Soresen, & Eby, 2006; Reitz & Jewell, 1979; Turban & Dougherty, 1994). Interestingly, internal locus is also related to one's subjective well-being and happiness in life, while being high in external locus is related to a higher rate of depression (Benassi, Sweeney, & Dufour, 1988; DeNeve & Cooper, 1998). The connection between internal locus of control and health is interesting, but perhaps not surprising. In fact, one study showed that having internal locus of control at the age of 10 was related to a number of health outcomes, such as lower obesity and lower blood pressure later in life (Gale, Batty, & Deary, 2008). It is possible that internals take more responsibility for their health and adopt healthier habits, while externals may see less of a connection between how they live and their health. Internals thrive in contexts in which they have the ability to influence their own behaviour. Successful entrepreneurs tend to have high levels of internal locus of control (Certo & Certo, 2005).



Understand Your Locus of Control by Taking a Survey at the Following Website:
http://discoveryhealth.queendom.com/questions/lc_short_1.html

Personality Testing in Employee Selection

Personality is a potentially important predictor of work behaviour. Matching people to suitable jobs matters because when people do not fit with their jobs or the company, they are more likely to leave, costing companies as much as a person's annual salary to replace them. In job interviews, companies try to assess a candidate's personality and the potential for a good match, but interviews are only as good as the people conducting them. In fact, interviewers are not particularly good at detecting the best trait that predicts performance: conscientiousness (Barrick, Patton, & Haugland, 2000). One method some companies use to improve this match and detect the people who are potentially good job candidates is personality testing. Companies such as Kronos and Hogan Assessment Systems conduct preemployment personality tests. Companies using them believe that these tests improve the effectiveness of their selection and reduce turnover. For example, Overnight Transportation in Atlanta found that using such tests reduced their on-the-job delinquency by 50%–100% (Emmet, 2004; Gale, 2002).

Yet, are these methods good ways of selecting employees? Experts have not yet reached an agreement on this subject and the topic is highly controversial. Some experts believe, based on data, that personality tests predict performance and other important criteria such as job satisfaction. However, we must understand that how a personality test is used influences its validity. Imagine filling out a personality test in class. You may be more likely to fill it out as honestly as you can. Then, if your instructor correlates your personality scores with your class performance, we could say that the correlation is meaningful. In employee selection, one

complicating factor is that people filling out the survey do not have a strong incentive to be honest. In fact, they have a greater incentive to guess what the job requires and answer the questions to match what they think the company is looking for. As a result, the rankings of the candidates who take the test may be affected by their ability to fake results. Some experts believe that this is a serious problem (Morgeson et al., 2007; Morgeson et al., 2007). Others point out that even with **faking**, the tests remain valid—the scores are still related to job performance (Barrick & Mount, 1996; Ones et al., 2007; Ones, Viswesvaran, & Reiss, 1996; Tett & Christiansen, 2007). It is even possible that the ability to fake is related to a personality trait that increases success at work, such as social monitoring. This issue raises potential questions regarding whether personality tests are the most effective way of measuring candidate personality.

Scores are not only distorted because of some candidates faking better than others. Do we even know our own personality? Are we the best person to ask this question? How supervisors, coworkers, and customers see our personality matters more than how we see ourselves. Therefore, using self-report measures of performance may not be the best way of measuring someone's personality (Mount, Barrick, & Strauss, 1994). We all have blind areas. We may also give “aspirational” answers. If you are asked if you are honest, you may think, “Yes, I always have the intention to be honest.” This response says nothing about your actual level of honesty.

There is another problem with using these tests: how good is personality at predicting performance anyway? Based on research, it's not a particularly strong one. According to one estimate, personality only explains about 10%–15% of variation in job performance. Our performance at work depends on so many factors, and personality does not seem to be a key factor. In fact, cognitive ability (your overall mental intelligence) is a much more powerful influencer on job performance, and instead of personality tests, cognitive ability tests may do a better job of predicting who will be good performers. Personality is a better predictor of job satisfaction and other attitudes, but screening people out on the assumption that they may be unhappy at work is a challenging argument to make in the context of employee selection.

Key Takeaway

Values and personality traits are two dimensions on which people differ. Values are stable life goals. When seeking jobs, employees are more likely to accept a job that provides opportunities for value attainment, and they are more likely to remain in situations that satisfy their values. Personality comprises the stable feelings, thoughts, and behavioural patterns people have. The Big Five personality traits (openness, conscientiousness, extraversion, agreeableness, and neuroticism) are important traits that seem to be stable and can be generalized to other cultures. Other important traits for work behaviour include self-efficacy, self-esteem, social monitoring, proactive personality, positive and negative affectivity, and locus of control. It is important to remember that a person's behaviour depends on the match between the person and the situation. While personality is a strong influence on job attitudes, its relation to job performance is weaker. Some companies use personality testing to screen out candidates. This method has certain limitations, and companies using personality tests are advised to validate their tests and use them as a supplement to other techniques that have greater validity.

Exercises

1. Think about the personality traits covered in this section. Can you think of jobs or occupations that seem particularly suited to each trait? Which traits would be universally desirable across all jobs?
2. What are the unique challenges of managing employees who have low self-efficacy and low self-esteem? How would you deal with this situation?
3. What are some methods that companies can use to assess employee personality?
4. Have you ever held a job where your personality did not match the demands of the job? How did you react to this situation? How were your attitudes and behaviours affected?
5. Can you think of any limitations of developing an “ideal employee” profile and looking for employees who fit that profile while hiring?

3.4 Perception

Our behaviour is not only a function of our personality, values, and preferences, but also of the situation. We interpret our environment, formulate responses, and act accordingly. **Perception** may be defined as the process with which individuals detect and interpret environmental stimuli. What makes human perception so interesting is that we do not solely respond to the stimuli in our environment. We go beyond the information that is present in our environment, pay selective attention to some aspects of the environment, and ignore other elements that may be immediately apparent to other people. Our perception of the environment is not entirely rational.

For example, have you ever noticed that while glancing at a newspaper or a news website, information that is interesting or important to you jumps out of the page and catches your eye? If you are a sports fan, while scrolling down the pages you may immediately see a news item describing the latest success of your team. If you are the parent of a picky eater, an advice column on toddler feeding may be the first thing you see when looking at the page. So what we see in the environment is a function of what we value, our needs, our fears, and our emotions (Higgins & Bargh, 1987; Keltner, Ellsworth, & Edwards, 1993). In fact, what we see in the environment may be objectively, flat-out wrong because of our personality, values, or emotions. For example, one experiment showed that when people who were afraid of spiders were shown spiders, they inaccurately thought that the spider was moving toward them (Riskin, Moore, & Bowley, 1995). In this section, we will describe some common tendencies we engage in when perceiving objects or other people, and the consequences of such perceptions.

Self-Perception

Human beings are prone to errors and biases when perceiving themselves. Moreover, the type of bias people have depends on their personality. Many people suffer from **self-enhancement bias**. This is the tendency to overestimate our performance and capabilities and see ourselves in a more positive light than others see us. People who have a narcissistic personality are particularly subject to this bias, but many others are still prone to overestimating their abilities (John & Robins, 1994). At the same time, other people have the opposing extreme, which may be labeled as **self-effacement bias**. This is the tendency for people to underestimate their performance, undervalue their capabilities, and see events in a way that puts them in a more negative light. We may expect that people with low self-esteem may be particularly prone to making this error. These tendencies have real consequences for behaviour in organizations. For example, people who suffer from extreme levels of self-enhancement tendencies may not understand why they are not getting promoted or rewarded, while those who have a tendency to self-efface may project low confidence and take more blame for their failures than necessary.

When perceiving themselves, human beings are also subject to the **false consensus error**. Simply put, we overestimate how similar we are to other people (Fields & Schuman, 1976; Ross, Greene, & House, 1977). We assume that whatever quirks we have are shared by a larger number of people than in reality. People who take office supplies home, tell white lies to their boss or colleagues, or take credit for other people's work to get ahead may genuinely feel that these behaviours are more common than they really are. The problem for behaviour in organizations is that, when people believe that a behaviour is common and normal, they may repeat the behaviour more freely. Under some circumstances this may lead to a high level of unethical or even illegal behaviours.

Social Perception

How we perceive other people in our environment is also shaped by our values, emotions, feelings, and personality. Moreover, how we perceive others will shape our behaviour, which in turn will shape the behaviour of the person we are interacting with.

One of the factors biasing our perception is **stereotypes**. Stereotypes are generalizations based on group characteristics. For example, believing that women are more cooperative than men, or men are more assertive than women, is a stereotype. Stereotypes may be positive, negative, or neutral. Human beings have a natural tendency to categorize the information around them to make sense of their environment. What makes stereotypes potentially discriminatory and a perceptual bias is the tendency to generalize from a group to a particular individual. If the belief that men are more assertive than women leads to choosing a man over an equally (or potentially more) qualified female candidate for a position, the decision will be biased, potentially illegal, and unfair.

Stereotypes often create a situation called a **self-fulfilling prophecy**. This cycle occurs when people automatically behave as if an established stereotype is accurate, which leads to reactive

behaviour from the other party that confirms the stereotype (Snyder, Tanke, & Berscheid, 1977). If you have a stereotype such as “Asians are friendly,” you are more likely to be friendly toward an Asian yourself. Because you are treating the other person better, the response you get may also be better, confirming your original belief that Asians are friendly. Of course, just the opposite is also true. Suppose you believe that “young employees are slackers.” You are less likely to give a young employee high levels of responsibility or interesting and challenging assignments. The result may be that the young employee reporting to you becomes increasingly bored at work and starts goofing off, confirming your suspicions that young people are slackers!

Stereotypes persist because of a process called selective perception. **Selective perception** simply means that we pay selective attention to parts of the environment while ignoring other parts. When we observe our environment, we see what we want to see and ignore information that may seem out of place. Here is an interesting example of how selective perception alters our perception to be shaped by the context: As part of a social experiment, in 2007 the *Washington Post* newspaper arranged Joshua Bell, the internationally acclaimed violin virtuoso, to perform in a corner of the Metro station in Washington DC. The violin he was playing was worth \$3.5 million, and tickets for Bell’s concerts usually cost around \$100. During the rush hour in which he played for 45 minutes, only one person recognized him, only a few realized that they were hearing extraordinary music, and he made only \$32 in tips (Weingarten, 2007). When you see someone playing at the metro station, would you expect them to be extraordinary?

Our background, expectations, and beliefs will shape which events we notice and which events we ignore. For example, the functional background of executives affects the changes they perceive in their environment (Waller, Huber, & Glick, 1995). Executives with a background in sales and marketing see the changes in the demand for their product, while executives with a background in information technology may more readily perceive the changes in the technology the company is using. Selective perception may perpetuate stereotypes, because we are less likely to notice events that go against our beliefs. A person who believes that men drive better than women may be more likely to notice women driving poorly than men driving poorly. As a result, a stereotype is maintained because information to the contrary may not reach their brain.



Figure 3.6 First impressions are lasting. A job interview is one situation in which first impressions formed during the first few minutes may have consequences for your relationship with your future boss or colleagues. World Relief Spokane – Job Interviews – CC BY-NC-ND 2.0.

Let’s say we noticed information that goes against our beliefs. What then? Unfortunately, this is no guarantee that we will modify our beliefs and prejudices. First, when we see examples that go against our stereotypes, we tend to come

up with subcategories. For example, when people who believe that women are more cooperative see a female who is assertive, they may classify this person as a “career woman.” Therefore, the example to the contrary does not violate the stereotype, and instead is explained as an exception to the rule (Higgins & Bargh, 1987). Second, we may simply discount the information. In one study, people who were either in favor of or opposed to the death penalty were shown two studies, one showing benefits from the death penalty and the other discounting any benefits. People rejected the study that went against their belief as methodologically inferior and actually reinforced the belief in their original position even more (Lord, Ross, & Lepper, 1979). In other words, trying to debunk people’s beliefs or previously established opinions with data may not necessarily help.

One other perceptual tendency that may affect work behaviour is that of **first impressions**. The first impressions we form of people tend to have a lasting impact. In fact, first impressions, once formed, are surprisingly resilient to contrary information. Even if people are told that the first impressions were caused by inaccurate information, people hold onto them to a certain degree. The reason is that, once we form first impressions, they become independent of the evidence that created them (Ross, Lepper, & Hubbard, 1975). Any information we receive to the contrary does not serve the purpose of altering the original impression. Imagine the first day you met your colleague Anne. She treated you in a rude manner and when you asked for her help, she brushed you off. You may form the belief that she is a rude and unhelpful person. Later, you may hear that her mother is very sick and she is very stressed. In reality, she may have been unusually stressed on the day you met her. If you had met her on a different day, you could have thought that she is a really nice person who is unusually stressed these days. But chances are your impression that she is rude and unhelpful will not change even when you hear about her mother. Instead, this new piece of information will be added to the first one: She is rude, unhelpful, and her mother is sick. Being aware of this tendency and consciously opening your mind to new information may protect you against some of the downsides of this bias. Also, it would be to your advantage to pay careful attention to the first impressions you create, particularly during job interviews.



OB Toolbox

How Can I Make a Great First Impression in the Job Interview?

A job interview is your first step to getting the job of your dreams. It is also a social interaction in which your actions during the first 5 minutes will determine the impression you make. Here are some tips to help you create a positive first impression.

- *Your first opportunity to make a great impression starts even before the interview, the moment you send your résumé.* Be sure that you send your résumé to the correct people, and spell the name of the contact person correctly! Make sure that your résumé looks professional and is free from typos and grammar errors. Have someone else read it before you hit the send button or mail it.

- *Be prepared for the interview.* Many interviews have some standard questions such as “tell me about yourself” or “why do you want to work here?” Be ready to answer these questions. Prepare answers highlighting your skills and accomplishments, and practice your message. Better yet, practice an interview with a friend. Practicing your answers will prevent you from regretting your answers or finding a better answer after the interview is over!
- *Research the company.* If you know a lot about the company and the job in question, you will come out as someone who is really interested in the job. If you ask basic questions such as “what does this company do?” you will not be taken as a serious candidate. Visit the company’s website as well as others, and learn as much about the company and the job as you can.
- *When you are invited for an office interview, be sure to dress properly.* Like it or not, the manner in which you dress is a big part of the impression you make. Dress properly for the job and company in question. In many jobs, wearing professional clothes, such as a suit, is expected. In some information technology jobs, it may be more proper to wear clean and neat business casual clothes (such as khakis and a pressed shirt) as opposed to dressing formally. Do some investigation about what is suitable. Whatever the norm is, make sure that your clothes fit well and are clean and neat.
- *Be on time to the interview.* Being late will show that you either don’t care about the interview or you are not very reliable. While waiting for the interview, don’t forget that your interview has already started. As soon as you enter the company’s parking lot, every person you see on the way or talk to may be a potential influence over the decision maker. Act professionally and treat everyone nicely.
- *During the interview, be polite.* Use correct grammar, show eagerness and enthusiasm, and watch your body language. From your handshake to your posture, your body is communicating whether you are the right person for the job (Bruce, 2007; Evenson, 2007; Mather & Watson, 2008; Messmer, 2007; Reece, 2006)!

Attributions

Your colleague Peter failed to meet the deadline. What do you do? Do you help him finish up his work? Do you give him the benefit of the doubt and place the blame on the difficulty of the project? Or do you think that he is irresponsible? Our behaviour is a function of our perceptions. More specifically, when we observe others behave in a certain way, we ask ourselves a fundamental question: Why? Why did he fail to meet the deadline? Why did Mary get the promotion? Why did Mark help you when you needed help? The answer we give is the key to understanding our subsequent behaviour. If you believe that Mark helped you because he is a nice person, your action will be different from your response if you think that Mark helped you because your boss pressured him to.

An **attribution** is the causal explanation we give for an observed behaviour. If you believe that a behaviour is due to the internal characteristics of an actor, you are making an **internal attribution**. For example, let’s say your classmate Erin complained a lot when completing a finance assignment. If you think that she complained because she is a negative person, you are making an internal attribution. An **external attribution** is explaining someone’s behaviour by referring to the situation. If you believe that Erin complained because the finance homework was difficult, you are making an external attribution.

Key Takeaway

Perception is how we make sense of our environment in response to environmental stimuli. While perceiving our surroundings, we go beyond the objective information available to us, and our perception is affected by our values, needs, and emotions. There are many biases that affect human perception of objects, self, and others. When perceiving the physical environment, we fill in gaps and extrapolate from the available information. We also contrast physical objects to their surroundings and may perceive something as bigger, smaller, slower, or faster than it really is. In self-perception, we may commit the self-enhancement or self-effacement bias, depending on our personality. We also overestimate how much we are like other people. When perceiving others, stereotypes infect our behaviour. Stereotypes may lead to self-fulfilling prophecies. Stereotypes are perpetuated through our tendency to pay selective attention to aspects of the environment and ignore information inconsistent with our beliefs. When perceiving others, the attributions we make will determine how we respond to the situation. Understanding the perception process gives us clues to understand human behaviour.

3.5 Using Science to Match Candidates to Jobs:

The Case of Kronos



Figure 3.7

You are interviewing a candidate for a position as a cashier in a supermarket. You need someone polite, courteous, patient, and dependable. The candidate you are talking to seems nice. But how do you know who is the right person for the job? Will the job candidate like the job or get bored? Will they have a lot of accidents on the job or be fired for misconduct? Don't you wish you knew before hiring? One company approaches this problem scientifically, saving the business time and money on hiring hourly wage employees.

Retail employers do a lot of hiring, given their growth and high turnover rate. According to one estimate, replacing an employee who leaves in retail costs companies around \$4,000. High turnover also endangers customer service. Therefore, retail employers have an incentive to screen people carefully so that they hire people with the best chance of being successful and happy on the job. Unicru, an employee selection company, developed software that quickly became a market leader in screening hourly workers (Frauenheim, 2006; Rafter, 2005). The company was acquired by Massachusetts-based Kronos Inc. (NASDAQ: KRON) in 2006 and is currently owned by a private equity firm.

The idea behind the software is simple: if you have a lot of employees and keep track of your data over time, you have access to an enormous resource. By analyzing this data, you can specify the profile of the “ideal” employee. The software captures the profile of the potential high performers, and applicants are screened to assess their fit with this particular profile. More importantly, the profile is continually updated as new employees are hired. As the database gets larger, the software does a better job of identifying the right people for the job. If you applied for a job in retail, you may have already been a part of this database: the users of this system include giants such as Universal Studios, Costco Wholesale Corporation, Burger King, and other retailers and chain restaurants. In companies such as Albertsons or Blockbuster, applicants use a kiosk in the store to answer a list of questions and to enter their background, salary history, and other information. In other companies, such as some in the trucking industry, candidates enter the data through the website of the company they are applying to. The software screens people on basic criteria such as availability in scheduling as well as personality traits.

Candidates are asked to agree or disagree with statements such as “I often make last-minute plans” or “I work best when I am on a team.” After the candidates complete the questions, hiring managers are sent a report complete with a colour-coded suggested course of action. Red means the candidate does not fit the job, yellow means proceed with caution, and green means the candidate can be hired on the spot. Interestingly, the company contends that faking answers is not easy because it is difficult for candidates to predict the desired profile. For example, according to their research, being a successful salesman has less to do with being an extraverted and sociable person and more to do with a passion for the company’s product.

Matching candidates to jobs has long been viewed as a key way of ensuring high performance and low turnover in the workplace, and advances in computer technology are making it easier and more efficient to assess candidate–job fit. Companies using such technology are cutting down the time it takes to hire people, and it is estimated that using such technologies lowers their turnover by 10%–30% (Berta, 2002; Frazier, 2005; Haaland, 2006; Overholt, 2002).



Discussion Questions

1. Why is it so expensive for companies to replace workers?
2. In modern times, it is possible that an employee could have a number of different jobs in a short amount of time. Do you think this frequent job changing could skew results for this type of “ideal” employee selection? Do you think potential candidates can use these screening mechanisms to their advantage by making themselves seem like perfect candidates when in fact they are not?
3. What personality traits may not seem like a good fit based on an initial screening but in fact would make a good employee?
4. Do you feel that hard work and dedication could overcome a person–job mismatch?

3.6 Conclusion

In this chapter we have reviewed major individual differences that affect employee attitudes and behaviours. Our values and personality explain our preferences and the situations we feel comfortable with. Personality may influence our behaviour, but the importance of the context in which behaviour occurs should not be neglected. Many organizations use personality tests in employee selection, but the use of such tests is controversial because of problems such as faking and the low predictive value of personality for job performance. Perception is how we interpret our environment. It is a major influence over our behaviour, but many systematic biases colour our perception and lead to misunderstandings.

3.7 Exercises

Ethical Dilemma



You are applying for the job of sales associate. You have just found out that you will be given a personality assessment as part of the application process. You feel that this job requires someone who is very high in extraversion, and someone who can handle stress well. You are relatively sociable and can cope with some stress but honestly you are not very high in either trait. The job pays well and it is a great stepping-stone to better jobs. How are you going to respond when completing the personality questions? Are you going to make an effort to represent yourself as how you truly are? If so, there

is a chance that you may not get the job. How about answering the questions to fit the salesperson profile? Isn't everyone doing this to some extent anyway?

Discussion Questions

1. What are the advantages and disadvantages of completing the questions honestly?
2. What are the advantages and disadvantages of completing the questions in a way you think the company is looking for?
3. What would you really do in a situation like this?

Individual Exercise

Changing Others' Perceptions of You

How do other people perceive you? Identify one element of how others perceive you that you are interested in changing. It could be a positive perception (maybe they think you are more helpful than you really are) or a negative perception (maybe they think you don't take your studies seriously).

- What are the reasons why they formed this perception? Think about the underlying reasons.
- What have you done to contribute to the development of this perception?
- Do you think there are perceptual errors that contribute to this perception? Are they stereotyping? Are they engaging in selective perception?
- Are you sure that your perception is the accurate one? What information do you have that makes your perceptions more valid than theirs?
- Create an action plan on how you can change this perception.

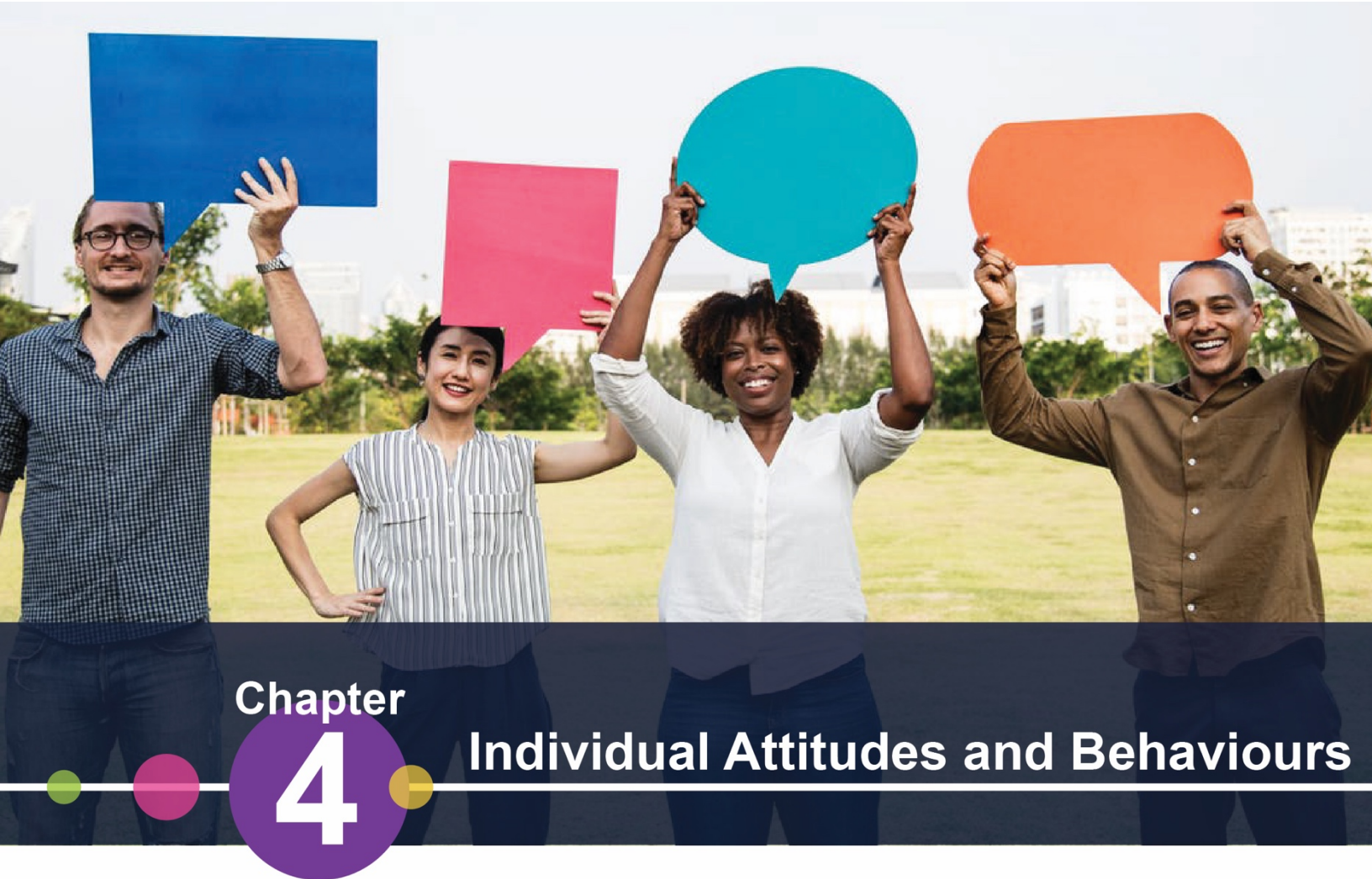


Group Exercise

Selecting an Expatriate Using Personality Tests

Your department has over 50 expatriates working around the globe. One of the problems you encounter is that the people you send to other cultures for long-term (2 to 5-year) assignments have a high failure rate. They either want to return home before their assignment is complete, or they are not very successful in building relationships with the local employees. You suspect that this is because you have been sending people overseas solely because of their technical skills, which does not seem to be effective in predicting whether these people will make a successful adjustment to the local culture. Now you have decided that when selecting people to go on these assignments, personality traits should be given some weight.

1. Identify the personality traits you think might be relevant to being successful in an expatriate assignment.
2. Develop a personality test aimed at measuring these dimensions. Make sure that each dimension you want to measure is captured by at least 10 questions.
3. Exchange the test you have developed with a different team in class. Have them fill out the survey and make sure that you fill out theirs. What problems have you encountered? How would you feel if you were a candidate taking this test?
4. Do you think that prospective employees would fill out this questionnaire honestly? If not, how would you ensure that the results you get would be honest and truly reflect their personality?
5. How would you validate such a test? Describe the steps you would take.



Chapter

4

Individual Attitudes and Behaviours

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Define “work attitudes”.
2. Define and differentiate between job satisfaction and organisational commitment.
3. List the factors related to job satisfaction and organisational commitment.
4. Describe the consequences of job satisfaction and organisational commitment.
5. Define job performance, organisational citizenship, absenteeism, and turnover.
6. Explain factors associated with each type of work behaviour.

4.1 People Come First: The Case of SAS



Who are your best customers? Which customers are bringing you the most profits and which are the least profitable? Companies are increasingly relying on complicated data mining software to answer these and other questions. More than 92% of the top 100 companies on the *Fortune* Global

Figure 4.1 Wikimedia Commons – public domain.

500 list are using software developed by SAS Institute Inc., the world's largest privately held software company, for their business intelligence and analytical needs. The Cary, North Carolina, company is doing extremely well by any measure. They have over 10,000 employees worldwide, operate in over 100 countries, and reported \$2.31 billion in revenue in 2009 (their 33rd consecutive year of growth and profitability). The company is quick to attribute their success to the performance and loyalty of their workforce. This is directly correlated with how they treat their employees.

SAS has perfected the art of employee management. It has been ranked on *Fortune* magazine's best places to work list every year since the list was first published. Employees seem to genuinely enjoy working at SAS and are unusually attached to the company, resulting in a turnover rate that is less than 4% in an industry where 20% is the norm. In fact, when Google designed their own legendary campus in California, they visited the SAS campus to get ideas.

One thing SAS does well is giving its employees opportunities to work on interesting and challenging projects. The software developers have the opportunity to develop cutting-edge software to be used around the world. The company makes an effort to concentrate its business in the areas of analytics, which add the most value and help organizations best analyze disparate data for decision making, creating opportunities for SAS workers to be challenged. Plus, the company removes obstacles for employees such as equipment, policies, rules, and meetings that could impede productivity.

The company has a reputation as a pioneer when it comes to the perks it offers employees, but these perks are not given with a mentality of "offer everything but the kitchen sink." There is careful thinking and planning behind the choice of perks the company offers. SAS conducts regular employee satisfaction surveys, and any future benefits and perks offered are planned in response to the results. The company wants to eliminate stressors and anything that dissatisfies from people's lives. To keep employees healthy and fit, there are athletic fields; a full gym; a swimming pool; and tennis, basketball, and racquetball courts on campus. Plus, the company offers free on-site health care for employees, covers dependents at their fully staffed primary medical care center, and offers unlimited sick leave. The company understands that employees have a life and encourages employees to work reasonable hours and then go home to their families. In fact, a famous motto in the company is, "If you are working for more than 8 hours, you are just adding bugs." SAS is truly one of the industry leaders in leveraging its treatment of people for continued business success (Doing well by being rather nice, 2007; Florida & Goodnight, 2005).



Discussion Questions

1. SAS is involved in cutting-edge technology. Does this give it a distinct advantage in employee retention and satisfaction over, for example, Sloan (a company that focuses on the manufacturing of toilet components)?
2. Do you feel that investing heavily in employee perks ultimately pays off for a company? Would you feel the same way during hard economic times, when the pool of highly qualified workers grows and the number of available jobs shrinks dramatically?
3. How much of an advantage does SAS have, given that the company produces analytic software to help businesses improve their functionality?
4. What do you think you'd like about working at SAS? What would you not potentially like?

4.2 Work Attitudes

Our behaviour at work often depends on how we feel about being there. Therefore, making sense of how people behave depends on understanding their work attitudes. An **attitude** refers to our opinions, beliefs, and feelings about aspects of our environment. We have attitudes toward the food we eat, people we interact with, courses we take, and various other things. At work, two particular job attitudes have the greatest potential to influence how we behave. These are job satisfaction and organizational commitment. **Job satisfaction** refers to the feelings people have toward their job. If the number of studies conducted on job satisfaction is an indicator, job satisfaction is probably the most important job attitude. Institutions such as Gallup Inc. or the Society of Human Resource Management (SHRM) periodically conduct studies of job satisfaction to track how satisfied employees are at work. According to a recent Gallup survey, 90% of the employees surveyed said that they were at least somewhat satisfied with their jobs. The recent SHRM study revealed 40% who were very satisfied (What keeps employees satisfied, 2007). **Organizational commitment** is the emotional attachment people have toward the company they work for. There is a high degree of overlap between job satisfaction and organizational commitment because things that make us happy in our job often make us more committed to the company as well. Companies believe that these attitudes are worth tracking because they are often associated with important outcomes such as performance, helping others, absenteeism, and turnover.

What Causes Positive Work Attitudes?

What makes you satisfied with your job and develop commitment to your company? Research shows that people pay attention to several aspects of their work environment, including how they are treated, the relationships they form with colleagues and managers, and the actual work they perform. We will now summarize the factors that show consistent relations with job satisfaction and organizational commitment.

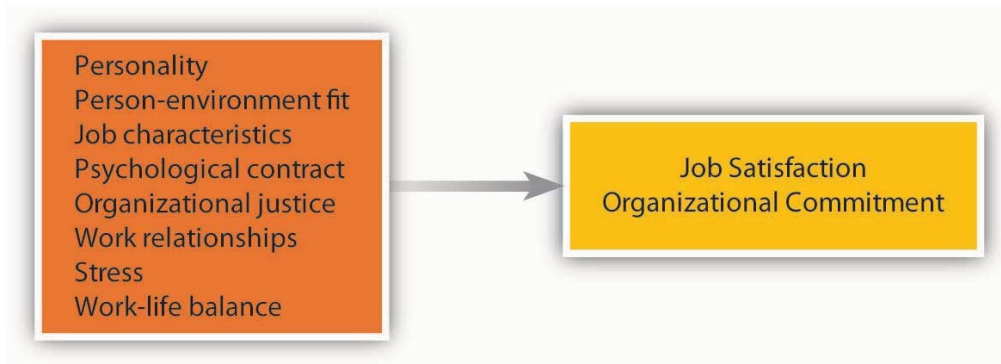


Figure 4.2 Factors Contributing to Job Satisfaction and organizational Commitment

Personality

Can assessing the work environment fully explain how satisfied we are on the job? Interestingly, some experts have shown that job satisfaction is not purely environmental and is partially due to our personality. Some people have a disposition to be happy in life and at work regardless of environmental factors.

It seems that people who have a positive affective disposition (those who have a tendency to experience positive moods more often than negative moods) tend to be more satisfied with their jobs and more committed to their companies, while those who have a negative disposition tend to be less satisfied and less committed (Connolly & Viswesvaran, 2000; Thoresen et al., 2003). This is not surprising, as people who are determined to see the glass as half full will notice the good things in their work environment, while those with the opposite character will find more things to complain about. In addition to our affective disposition, people who have a neurotic personality (those who are moody, temperamental, critical of themselves and others) are less satisfied with their job, while those who are more emotionally stable tend to be more satisfied. Other traits such as conscientiousness, self-esteem, locus of control, and extraversion are also related to positive work attitudes (Judge et al., 2002; Judge & Bono, 2001; Zimmerman, 2008). Either these people are more successful in finding jobs and companies that will make them happy and build better relationships at work, which would increase their satisfaction and commitment, or they simply see their environment as more positive—whichever the case, it seems that personality is related to work attitudes.

Person–Environment Fit

The fit between what we bring to our work environment and the environmental demands influences our work attitudes. Therefore, person–job fit and person–organization fit are

positively related to job satisfaction and commitment. When our abilities match job demands and our values match company values, we tend to be more satisfied with our job and more committed to the company we work for (Kristof-Brown, Zimmerman, & Johnson, 2005; Verquer, Beehr, & Wagner, 2003).

Job Characteristics

The presence of certain characteristics on the job seems to make employees more satisfied and more committed. Using a variety of skills, having autonomy at work, receiving feedback on the job, and performing a significant task are some job characteristics that are related to satisfaction and commitment. However, the presence of these factors is not important for everyone. Some people have a high growth need. They expect their jobs to help them build new skills and improve as an employee. These people tend to be more dependent on these characteristics for job satisfaction (Loher et al., 1985; Mathieu & Zajac, 1990).

Psychological Contract

After accepting a job, people come to work with a set of expectations. They have an understanding of their responsibilities and rights. In other words, they have a **psychological contract** with the company. A psychological contract is an unwritten understanding about what the employee will bring to the work environment and what the company will provide in exchange. When people do not get what they expect, they experience a **psychological contract breach**, which leads to low job satisfaction and commitment. Imagine that you were told before being hired that the company was family friendly and collegial. However, after a while, you realize that they expect employees to work 70 hours a week, and employees are aggressive toward each other. You are likely to experience a breach in your psychological contract and become dissatisfied. One way of preventing such problems is for companies to provide realistic job previews to their employees (Premack & Wanous, 1985; Wanous et al., 1992; Zhao et al., 2007).

Organizational Justice

A strong influence over our satisfaction level is how fairly we are treated. People pay attention to the fairness of company policies and procedures, treatment from supervisors, and pay and other rewards they receive from the company (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Meyer et al., 2002).

Relationships at Work

Two strong predictors of our happiness at work and commitment to the company are our relationships with coworkers and managers. The people we interact with, their degree of compassion, our level of social acceptance in our work group, and whether we are treated with respect are all important factors surrounding our happiness at work. Research also shows that our relationship with our manager, how considerate the manager is, and whether we build a trust-based relationship with our manager are critically important to our job satisfaction and organizational commitment (Bauer et al., 2007; Gerstner & Day, 1997; Judge, Piccolo, & Ilies, 2004; Kinicki et al., 2002; Mathieu & Zajac, 1990; Meyer et al., 2002; Rhoades & Eisenberger, 2002). When our manager and upper management listen to us, care about us, and value our opinions, we tend to feel good at work. Even small actions may show employees that the

management cares about them.

Stress

Not surprisingly, the amount of stress present in our job is related to our satisfaction and commitment. For example, experiencing role ambiguity (vagueness in relation to what our responsibilities are), role conflict (facing contradictory demands at work), and organizational politics, and worrying about the security of our job are all stressors that make people dissatisfied. On the other hand, not all stress is bad. Some stressors actually make us happier! For example, working under time pressure and having a high degree of responsibility are stressful, but they can also be perceived as challenges and tend to be related to high levels of satisfaction (Kinicki et al., 2002; Meyer et al., 2002; Miller, Rutherford, & Kolodinsky, 2008; Podsakoff, LePine, & LePine, 2007).

Work–Life Balance

In the 1950s, people’s work was all-consuming. Employees went to work, worked long hours, and the rest of the family accepted that work came first. As society changed, the concept of always putting work first became outdated. In modern times, more employees expect to lead balanced lives, pursue hobbies, and spend more time with their children while at the same time continuing to succeed at work. The notion of work–family conflict is one cause of job dissatisfaction. This conflict can be particularly strong for women because of the time necessary for pregnancy and giving birth, but men struggle with it as well. When work life interferes with family life, we are more stressed and unhappy with our jobs. Research shows that policies that help employees achieve a balance between their work and personal lives, such as allowing telecommuting, are related to higher job satisfaction.

Consequences of Positive Work Attitudes



Why do we care about the job satisfaction and organizational commitment of employees? What behaviours would you expect to see from someone who has more positive work attitudes?

Figure 4.3 Work attitudes are often good predictors of work behaviour, such as performance, citizenship behaviours, absenteeism, and turnover. Pixabay.com – CC0 public domain.

If you say, “higher performance,” you have stumbled upon one of the most controversial subjects in organizational behaviour. Many studies have been devoted to understanding whether happy employees are more productive. Some studies show weak correlations between satisfaction and performance while others show higher correlations (what researchers would call “medium-sized”

correlations of 0.30) (Iaffaldano & Muchinsky, 1985; Judge et al., 2001; Petty, McGee, & Cavender, 1984; Riketta, 2008). The correlation between commitment and performance tends to be even weaker (Mathieu & Zajac, 1990; Riketta, 2002; Wright & Bonnett, 2002). Even with a correlation of 0.30, the relationship may be lower than you may have expected. Why is this so?

It seems that happy workers have an inclination to be more engaged at work. They may *want* to perform better. They may be more motivated. But there are also exceptions. Think about this: just because you want to perform, will you actually be a higher performer? Chances are that your skill level in performing the job will matter. There are also some jobs where performance depends on factors beyond an employee's control, such as the pace of the machine they are working on. Because of this reason, in professional jobs such as engineering and research, we see a higher link between work attitudes and performance, as opposed to manual jobs such as assembly line work (Riketta, 2002). Also, think about the alternative possibility: if you don't like your job, does this mean that you will reduce your performance? Maybe up to a certain point, but there will be factors that prevent you from reducing your performance: the fear of getting fired, the desire to get a promotion so that you can get out of the job that you dislike so much, or your professional work ethic. As a result, we should not expect a one-to-one relationship between satisfaction and performance. Still, the observed correlation between work attitudes and performance is important and has practical value.

4.3 Work Behaviours

One of the important objectives of the field of organizational behaviour is to understand why people behave the way they do. Which behaviours are we referring to here? We will focus on four key work behaviours: job performance, organizational citizenship behaviours, absenteeism, and turnover. These are not the only behaviours OB is concerned with, but understanding these key behaviours and the major influences over each will give you more clarity on how to analyze other workplace behaviours. We summarized the major research findings about the causes of each type of behaviour in the following figure.

Job Performance	Citizenship	Absenteeism	Turnover
General mental abilities	How we are treated at work	Health problems	Poor performance
How we are treated at work	Personality	Work/life balance issues	Positive work attitudes (-)
Stress (-)	Positive work attitudes	Positive work attitudes (-)	Stress
Positive work attitudes	Age of the employee	Age of the employee (-)	Personality
Personality			Age and tenure of the employee (-)

Figure 4.4 Summary of Factors that Have the Strongest Influence Over Work Behaviours. Note: negative relationships are indicated with (-).

Job Performance

Job performance, or in-role performance, refers to the performance level on factors included in the job description. For each job, the content of job performance may differ. Measures of job performance include the quality and quantity of work performed by the employee, the accuracy and speed with which the job is performed, and the overall effectiveness of the person performing the job. In many companies, job performance determines whether a person is promoted, rewarded with pay raises, given additional responsibilities, or fired from the job. Therefore, job performance is tracked and observed in many organizations and is one of the main outcomes studied in the field of organizational behaviour.

What Are the Major Predictors of Job Performance?

Under which conditions do people perform well, and what are the characteristics of high performers? These questions receive a lot of research attention. It seems that the most powerful influence over our job performance is our **general mental ability**, or cognitive abilities. Our reasoning abilities, verbal and numerical skills, analytical skills, and overall intelligence level seems to be important across most situations. It seems that general mental ability starts influencing us early in life; it is strongly correlated with measures of academic success (Kuncel, Hezlett, & Ones, 2004). As we grow and mature, cognitive ability is also correlated with different measures of job performance (Bertua, Anderson, & Salgado, 2005; Kuncel, Hezlett, & Ones, 2004; Salgado et al., 2003; Schmidt & Hunter, 2004; Vinchur et al., 1998). General mental ability is important for job performance across different settings, but there is also variation. In jobs with high complexity, it is much more critical to have high general mental abilities. In jobs such as working in sales, management, engineering, or other professional areas, this ability is much more important. Whereas for jobs involving manual labor or clerical work, the importance of high mental abilities for high performance is weaker, yet still important.

How we are treated within an organization is another factor determining our performance level. When we feel that we are being treated fairly by a company, have a good relationship with our manager, have a manager who is supportive and rewards high performance, and we trust the people we work with, we tend to perform better. Why? It seems that when we are treated well, we want to reciprocate. Therefore, when we are treated well, we treat the company well by performing our job more effectively (Colquitt et al., 2001; Colquitt, Scott, & LePine, 2007; Podsakoff, MacKenzie, & Bommer, 1996).

Following the quality of treatment, the stress we experience determines our performance level. When we experience high levels of stress, our mental energies are drained. Instead of focusing on the task at hand, we start concentrating on the stressor and become distracted trying to cope with it. Because our attention and energies are diverted to deal with stress, our performance suffers. Having role ambiguity and experiencing conflicting role demands are related to lower performance (Gilboa et al., 2008). Stress that prevents us from doing our jobs does not have to be related to our experiences at work. For example, according to a survey conducted by Workplace Options, 45% of the respondents said that financial stress affects work performance. When

people are in debt, worrying about mortgage or tuition payments, or having trouble paying for essentials such as gas and food, their performance suffers (Financial stress, 2008).

Our *work attitudes*, specifically job satisfaction, are moderate correlations to job performance. When we are satisfied with the job, we may perform better. This relationship seems to exist in jobs with greater levels of complexity and weakens in simpler and less complicated jobs. It is possible that in less complex jobs, our performance depends more on the machinery we work with or organizational rules and regulations. In other words, people may have less leeway to reduce performance in these jobs. Also, in some jobs people do not reduce their performance even when dissatisfied. For example, among nurses there seems to be a weak correlation between satisfaction and performance. Even when they are unhappy, nurses put substantial effort into their work, likely because they feel a moral obligation to help their patients (Judge et al., 2001).

Organizational Citizenship Behaviours

While *job performance* refers to the performance of duties listed in one's job description, organizational citizenship behaviours involve performing behaviours that are more discretionary. **Organizational citizenship behaviours (OCB)** are voluntary behaviours employees perform to help others and benefit the organization. Helping a new coworker understand how things work in your company, volunteering to organize the company picnic, and providing suggestions to management about how to improve business processes are some examples of citizenship behaviours. These behaviours contribute to the smooth operation of business.

What are the major predictors of citizenship behaviours? Unlike performance, citizenship behaviours do not depend so much on one's abilities. Job performance, to a large extent, depends on our general mental abilities. When you add the education, skills, knowledge, and abilities that are needed to perform well, the role of motivation in performance becomes more limited. As a result, a motivated individual will not necessarily translate into a person performing well. For citizenship behaviours, the motivation-behaviour link is clearer. We help others around us if we feel motivated to do so.



Figure 4.5 organizational citizenship behaviours are voluntary actions, such as helping a coworker. While outside the scope of job duties, these behaviours contribute to the effective functioning of an organization. Pexels.com – public domain.

Absenteeism

Absenteeism refers to unscheduled absences from work. Absenteeism is costly to companies because of its unpredictable nature. When an employee has an unscheduled absence from work, companies struggle to find replacement workers at the last minute. This may involve hiring contingent workers, having other employees work overtime, or scrambling to cover for an absent coworker. The cost of absenteeism to organizations is estimated at \$74 billion. According to a Mercer LLC human resource consulting study, 15% of the money spent on payroll is related to absenteeism (Conlin, 2007; Gale, 2003).

What causes absenteeism? First, we need to look at the types of absenteeism. Some absenteeism is unavoidable and is related to *health reasons*. For example, reasons such as lower back pain, migraines, accidents on or off the job, or acute stress are important reasons for absenteeism (Farrell & Stamm, 1988; Martocchio, Harrison, & Berkson, 2000). Health-related absenteeism is costly but dealing with such absenteeism by using organizational policies penalizing



is both unreasonable and unfair. A sick employee who shows up at work will infect coworkers and will not be productive. Instead, companies are finding that programs aimed at keeping workers healthy are effective in dealing with this type of absenteeism. Companies using wellness programs that educate employees about proper nutrition, help increase exercise, and reward them for healthy habits are related to reduced absenteeism (Parks & Steelman, 2008).

Figure 4.6 Absenteeism costs companies an estimated \$74 billion annually. A common reason for absenteeism is health problems. Companies using wellness programs targeting employee health are found to reduce absenteeism. U.S. Army Corps of Engineers Europe District – USACE employees receive flu protection – CC BY 2.0.

Turnover

Turnover refers to an employee leaving an organization. Employee turnover has potentially harmful consequences, such as poor customer service and poor companywide performance. When employees leave, their jobs still need to be performed by someone, so companies spend time recruiting, hiring, and training new employees, all the while suffering from lower productivity. Yet, not all turnover is bad. Turnover is particularly a problem when high-performing employees leave, while a poor performer's turnover may actually give the company a chance to improve productivity and morale.



Figure 4.7 Employees quit their jobs because of many reasons, including their performance level, job dissatisfaction, personality, age, and how long they have been with the company. Regardless of the reason, turnover of high-performing employees affects company performance and customer service. Jodi Green – help wanted – CC BY-NC-ND 2.0.

Why do employees leave? An employee's performance level is an important reason. People who perform poorly are actually more likely to leave. These people may be fired or be encouraged to quit, or they may quit because of their fear of being fired. If a company has pay-for-performance systems, poor performers will find that they are not earning much, owing to their substandard performance. This pay discrepancy gives poor performers an extra incentive to leave. On the other hand, instituting a pay-for-performance system does not mean that high performers will always stay with a company. Note that high performers may find it easier to find alternative jobs, so when they are unhappy, they can afford to quit their jobs voluntarily (Williams & Livingstone, 1994).

Work attitudes are often the primary culprit in why people leave. When workers are unhappy at work, and when they are not attached to their companies, they are more likely to leave. Loving the things they do, being happy with the opportunities for advancement within the company, and being happy about pay are all aspects of work attitudes relating to turnover. Of course, the link between work attitudes and turnover is not direct. When employees are unhappy, they might have the intention to leave and may start looking for a job, but their ability to actually leave will depend on many factors such as their employability and the condition of the job market.

Key Takeaway

Employees demonstrate a wide variety of positive and negative behaviours at work. Among these behaviours, four are critically important and have been extensively studied in OB literature. Job performance is a person's accomplishments of tasks listed in one's job description. A person's abilities, particularly mental abilities, are the main predictor of job performance in many occupations. How we are treated at work, the level of stress experienced, work attitudes, and, to a lesser extent, our personality are also factors relating to one's job performance. Citizenship behaviours are tasks helpful to the organization but are not in one's job description. Performance of citizenship behaviours is less a function of our abilities and more of motivation. How we are treated at work, personality, work attitudes, and our age are the main predictors of citizenship. Among negative behaviours, absenteeism and turnover are critically important. Health problems and work-life balance issues contribute to more absenteeism. Poor work attitudes are also related to absenteeism, and younger employees are more likely to be absent from work. Turnover is higher among low performers, people who have negative work attitudes, and those who experience a great deal of stress. Personality and youth are personal predictors of turnover.

Exercises

1. What is the difference between performance and organizational citizenship behaviors? How would you increase someone's performance? How would you increase citizenship behaviors?
2. Are citizenship behaviors always beneficial to the company? If not, why not? Can you think of any citizenship behaviors that employees may perform with the intention of helping a company but that may have negative consequences overall?
3. Given the factors correlated with job performance, how would you identify future high performers?
4. What are the major causes of absenteeism at work? How can companies minimize the level of absenteeism that takes place?
5. In some companies, managers are rewarded for minimizing the turnover within their department or branch. A part of their bonus is tied directly to keeping the level of turnover below a minimum. What do you think about the potential effectiveness of these programs? Do you see any downsides to such programs?

4.4 Conclusion

Work attitudes are our feelings toward our company and job. Job satisfaction and organizational commitment are related to many outcomes of interest, such as absenteeism, performance, and turnover. Therefore, companies track feelings toward work and try to create more positive attitudes. The main behaviours that contribute to organizational effectiveness are job performance, citizenship behaviours, absenteeism, and turnover. These behaviours are affected by a complex blend of personality and situational factors, and factors affecting these behaviours and work attitudes will be examined in more detail in other chapters of this book.

4.5 Exercises

Ethical Dilemma



You are a department manager in an advertising agency. The employees of the department have recently completed an attitude survey. Three employees in your department reported that they were harassed by senior people in the department and they are experiencing a hostile work environment. You do not know who these people are, but you feel that you need to do something. The surveys were filled out confidentially, and employees were assured that their identities would not be revealed to management. You feel that you can identify who they are because the person in HR who administered the survey is a

friend of yours and that person can tell you the demographics of the employees, which would help you identify them.

Discussion Questions

1. Should you ask for the identity-revealing information? What are the advantages and disadvantages of finding out the identity of these people?
2. How would you handle a situation like this now and in the future?

Individual Exercise

Reading and Responding to Employee Blogs

You found out that one employee from your company has created a blog about the company. Other current and ex-employees are also posting on this blog, and the picture they are painting is less than flattering. They are talking about their gripes, such as long work hours and below-market pay, and how the company's products are not great compared to those of competitors. Worse, they are talking about the people in the company by name. There are a couple of postings mentioning you by name and calling you unfair and unreasonable.

1. What action would you take when you learn the presence of this blog? Would you take action to stop this blogger? How?
2. Would you do anything to learn the identity of the blogger? If you found out, what action would you take to have the employee disciplined?
3. What would you change within the company to deal with this situation?
4. Would you post on this blog? If so, under what name, and what comments would you post?



Chapter 5 Theories of Motivation

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the role of motivation in determining employee performance.
2. Classify the basic needs of employees.
3. Describe how fairness perceptions are determined and consequences of these perceptions.
4. Understand the importance of rewards and punishments.
5. Apply motivation theories to analyze performance problems.

If someone is not performing well, what could be the reason? According to this equation, motivation, ability, and environment are the major influences over employee performance.

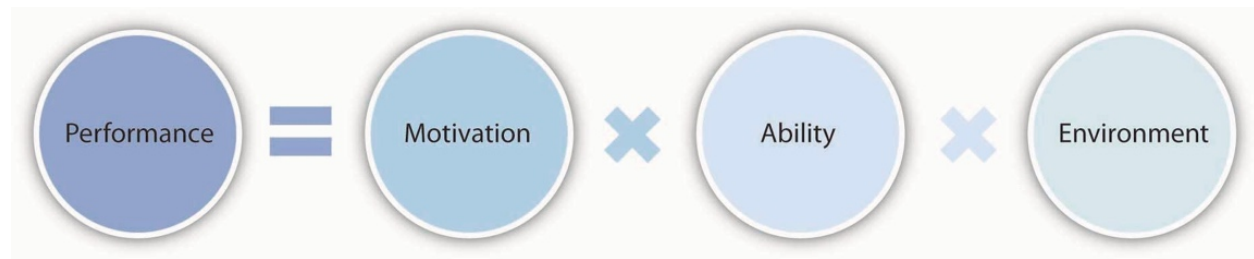


Figure 5.1 Performance is a function of the interaction between an individual's motivation, ability, and environment.

Motivation is one of the forces that lead to performance. **Motivation** is defined as the desire to achieve a goal or a certain performance level, leading to goal-directed behaviour. When we refer to someone as being motivated, we mean that the person is trying hard to accomplish a certain task. Motivation is clearly important if someone is to perform well; however, it is not sufficient. **Ability**—or having the skills and knowledge required to perform the job—is also important and is sometimes the key predictor of effectiveness. Finally, **environmental** factors such as having the resources, information, and support to perform well are critical to determine performance. At different times, one of these three factors may be the key to high performance. For example, for an employee sweeping the floor, motivation may be the most important factor that determines performance. In contrast, even the most motivated individual would not be able to successfully design a house without the necessary talent involved in building quality homes. Being motivated is not the same as being a high performer and is not the sole reason why people perform well, but it is nevertheless a key influence over our performance level.

So what motivates people? Why do some employees try to reach their targets and pursue excellence while others merely show up at work and count the hours? As with many questions involving human beings, the answer is anything but simple. Instead, there are several theories explaining the concept of motivation. We will discuss motivation theories under two categories: need-based theories and process theories.

5.1 A Motivating Place to Work: The Case of Rogers Communications Inc

Rogers Communications Inc has been identified as one of Canada's 100 top employers by Media Corp Canada, who investigate Canadian companies based on 8 criteria: (1) Physical Workplace; (2) Work Atmosphere & Social; (3) Health, Financial & Family Benefits; (4) Vacation & Time Off; (5) Employee Communications; (6) Performance Management; (7) Training & Skills Development; and (8) Community Involvement. Employers are compared to other organizations in their field to determine which offers the most progressive and forward-thinking programs (Media Corp Canada, 2019).



Figure 5.2

Rogers Communications was rated as A+ on aspect communication, financial benefits and performance, employee engagement and performance, and training and skills development.



Discussion Questions

1. Which of the 8 criteria above do you think would be most motivating to employees? Why do you think this?
2. Do you think the criteria that are most important to someone would change by age? Gender? How?
3. How would you tailor your own business to motivate your employees across generations and gender?

5.2 Need-Based Theories of Motivation

Early researchers thought that employees try hard and demonstrate behaviour in order to satisfy their own personal needs. For example, an employee who is always walking around the office talking to people may have a need for companionship, and his or her behaviour may be a way of satisfying this need. At the time, researchers developed theories to understand what people need. Two theories may be placed under this category: Maslow's hierarchy of needs and McClelland's acquired-needs theory.

Maslow's Hierarchy of Needs

Abraham Maslow is among the most prominent psychologists of the twentieth century. His hierarchy of needs is an image familiar to most business students and managers. The theory is based on a simple idea: human beings have needs that are ranked (Maslow, 1943; Maslow, 1954). There are some needs that are basic to all human beings, and in their absence nothing else matters. As we satisfy these basic needs, we start looking to satisfy higher order needs. In other words, once a lower level need is satisfied, it no longer serves as a motivator.

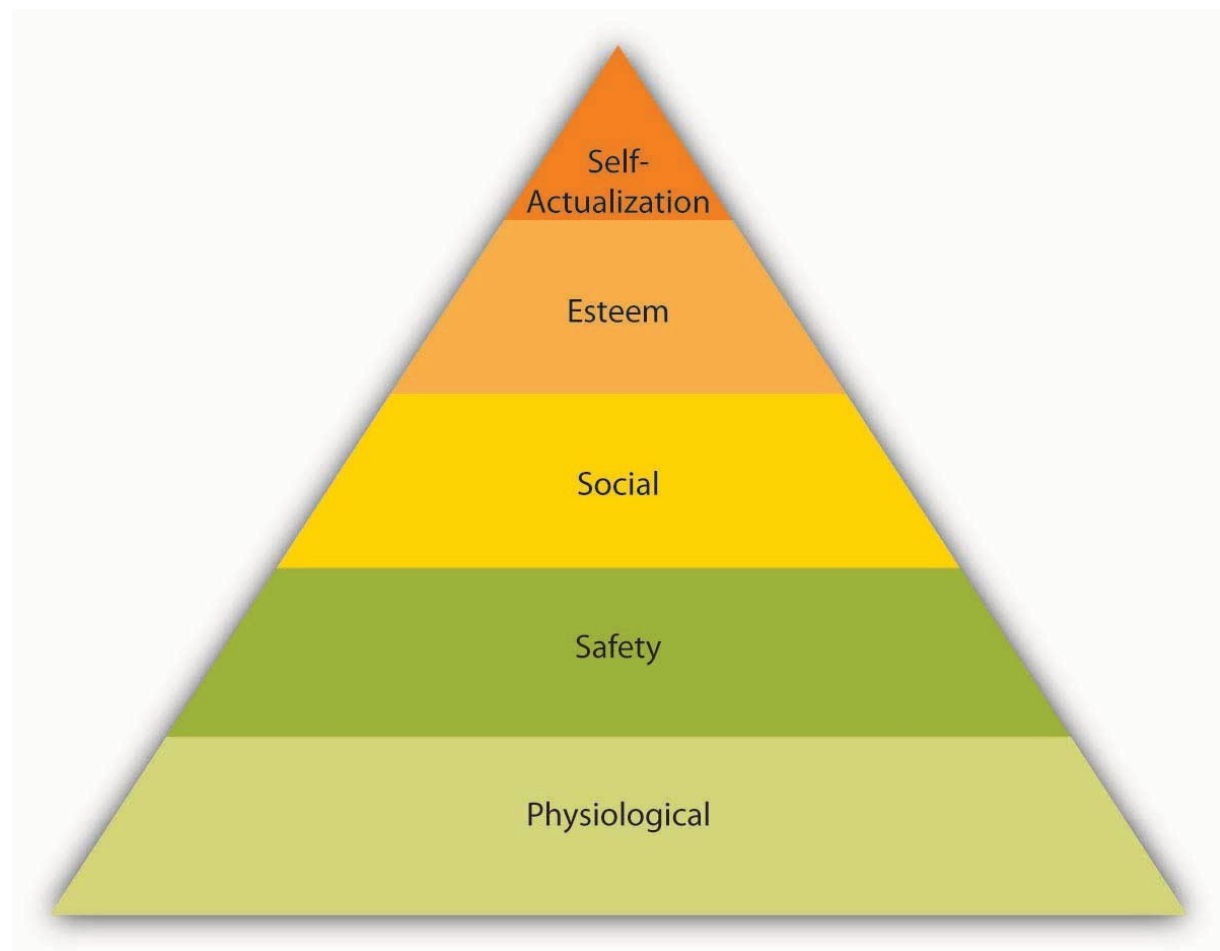


Figure 5.3 Diagram of Maslow's Hierarchy of Needs

The most basic of Maslow's needs are **physiological needs**. Physiological needs refer to the need for food, water, and other biological needs. These needs are basic because when they are lacking, the search for them may overpower all other urges. Imagine being very hungry. At that point, all your behaviour may be directed at finding food. Once you eat, though, the search for food ceases and the promise of food no longer serves as a motivator. Once physiological needs are satisfied, people tend to become concerned about **safety needs**. Are they free from the threat of danger, pain, or an uncertain future? On the next level up, **social needs** refer to the need to bond with other human beings, be loved, and form lasting attachments with others. In fact, attachments, or lack of them, are associated with our health and well-being (Baumeister & Leary,

1995). The satisfaction of social needs makes **esteem needs** more salient. Esteem needs refer to the desire to be respected by one's peers, feel important, and be appreciated. Finally, at the highest level of the hierarchy, the need for **self-actualization** refers to "becoming all you are capable of becoming." This need manifests itself by the desire to acquire new skills, take on new challenges, and behave in a way that will lead to the attainment of one's life goals.

How can an organization satisfy its employees' various needs? In the long run, physiological needs may be satisfied by the person's paycheck, but it is important to remember that pay may satisfy other needs such as safety and esteem as well. Providing generous benefits that include health insurance and company-sponsored retirement plans, as well as offering a measure of job security, will help satisfy safety needs. Social needs may be satisfied by having a friendly environment and providing a workplace conducive to collaboration and communication. Company picnics and other social get-togethers may also be helpful if the majority of employees are motivated primarily by social needs (but may cause resentment if they are not and if they have to sacrifice a Sunday afternoon for a company picnic). Providing promotion opportunities at work, recognizing a person's accomplishments verbally or through more formal reward systems, and conferring job titles that communicate to the employee that one has achieved high status within the organization are among the ways of satisfying esteem needs. Finally, self-actualization needs may be satisfied by the provision of development and growth opportunities on or off the job, as well as by work that is interesting and challenging. By making the effort to satisfy the different needs of each employee, organizations may ensure a motivated workforce.

Acquired-Needs Theory

Among the need-based approaches to motivation, David McClelland's acquired-needs theory is the one that has received the greatest amount of support. According to this theory, individuals acquire three types of needs as a result of their life experiences. These needs are the need for achievement, the need for affiliation, and the need for power. All individuals possess a combination of these needs, and the dominant needs are thought to drive employee behaviour.

McClelland used a unique method called the **Thematic Apperception Test (TAT)** to assess the dominant need (Spangler, 1992). This method entails presenting research subjects an ambiguous picture and asking them to write a story based on it. Take a look at the following picture. Who is this person? What is she doing? Why is she doing it? The story you tell about the woman in the picture would then be analyzed by trained experts. The idea is that the stories the photo evokes would reflect how the mind works and what motivates the person.

If the story you come up with contains themes of success, meeting deadlines, or coming up with brilliant ideas, you may be high in need for achievement. Those who have high **need for achievement** have a strong need to be successful. As children, they may be praised for their hard work, which forms the foundations of their persistence (Mueller & Dweck, 1998). As adults, they are preoccupied with doing things better than they did in the past. These individuals are constantly striving to improve their performance. They relentlessly focus on goals, particularly stretch goals that are challenging in nature (Campbell, 1982).

Are individuals who are high in need for achievement effective managers? Because of their success in lower level jobs where their individual contributions matter the most, those with high need for achievement are often promoted to higher level positions (McClelland & Boyatzis, 1982). However, a high need for achievement has significant disadvantages in management positions. Management involves getting work done by motivating others.

If the story you created in relation to the picture you are analyzing contains elements of making plans to be with friends or family, you may have a high need for affiliation. Individuals who have a high need for affiliation want to be liked and accepted by others. When given a choice, they prefer to interact with others and be with friends (Wong & Csikszentmihalyi, 1991).

Finally, if your story contains elements of getting work done by influencing other people or the desire to make an impact on the organization, you may have a high need for power. Those with a high need for power want to influence others and control their environment. A need for power may in fact be a destructive element in relationships with colleagues if it takes the form of seeking and using power for one's own good and prestige.

Exercises

1. Many managers assume that if an employee is not performing well, the reason must be a lack of motivation. Do you think this reasoning is accurate? What is the problem with the assumption?
2. Review Maslow's hierarchy of needs. Do you agree with the particular ranking of employee needs?
3. How can an organisation satisfy employee needs that are included in Maslow's hierarchy?
4. Which motivation theory have you found to be most useful in explaining why people behave in a certain way? Why?

5.3 Process-Based Theories

A separate stream of research views motivation as something more than action aimed at satisfying a need. Instead, process-based theories view motivation as a logical process. Individuals analyze their work environment, develop thoughts and feelings, and react in certain ways. Process theories attempt to explain the thought processes of individuals who demonstrate motivated behaviour. Under this category, we will review equity theory, expectancy theory, and reinforcement theory.

Equity Theory

Imagine that you are paid \$10 an hour working as an office assistant. You have held this job for 6 months. You are very good at what you do, you come up with creative ways to make things easier around you, and you are a good colleague who is willing to help others. You stay late when necessary and are flexible if requested to change hours. Now imagine that you found out they are hiring another employee who is going to work with you, who will hold the same job title, and who will perform the same type of tasks. This particular person has more advanced computer skills, but it is unclear whether these will be used on the job. The starting pay for this person will be \$14 an hour. How would you feel? Would you be as motivated as before, going above and beyond your duties?

If your reaction to this scenario is along the lines of “this would be unfair,” your behaviour may be explained using equity theory (Adams, 1965). According to this theory, individuals are motivated by a sense of fairness in their interactions. Moreover, our sense of fairness is a result of the social comparisons we make. Specifically, we compare our inputs and outcomes with

Person		Referent Other
$\frac{\text{Outcomes}}{\text{Inputs}}$	=	$\frac{\text{Outcomes}}{\text{Inputs}}$

other people’s inputs and outcomes. We perceive fairness if we believe that the input-to-outcome ratio we are bringing into the situation is similar to the input-to-outcome ratio of a comparison person, or a **referent**. Perceptions of inequity create tension within us and drive us to action that will reduce perceived inequity.

Figure 5.4 Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology*: Vol. 2 (pp. 267–299). New York: Academic Press.

What Are Inputs and Outcomes?

Inputs are the contributions people feel they are making to the environment. In the previous example, the person’s hard work; loyalty to the organization; amount of time with the organization; and level of education, training, and skills may have been relevant inputs.

Outcomes are the perceived rewards someone can receive from the situation. For the hourly wage employee in our example, the \$10 an hour pay rate was a core outcome. There may also be other, more peripheral outcomes, such as acknowledgment or preferential treatment from a manager. In the prior example, however, the person may reason as follows: I have been working here for 6 months. I am loyal, and I perform well (inputs). I am paid \$10 an hour for this (outcomes). The new person does not have any experience here (referent’s inputs) but will be paid \$14 an hour. This situation is unfair.

Who is the Referent?

The referent other may be a specific person as well as a category of people. Referents should be comparable to us—otherwise the comparison is not meaningful. It would be pointless for a student worker to compare himself to the CEO of the company, given the differences in the

nature of inputs and outcomes. Instead, individuals may compare themselves to someone performing similar tasks within the same organization or, in the case of a CEO, a different organization.

Reactions to Unfairness

The theory outlines several potential reactions to perceived inequity. Oftentimes, the situation may be dealt with perceptually by *altering our perceptions of our own or the referent's inputs and outcomes*. For example, we may justify the situation by downplaying our own inputs (I don't really work very hard on this job), valuing our outcomes more highly (I am gaining valuable work experience, so the situation is not that bad), distorting the other person's inputs (the new hire really is more competent than I am and deserves to be paid more), or distorting the other person's outcomes (she gets \$14 an hour but will have to work with a lousy manager, so the situation is not unfair).

Another option would be to *have the referent increase inputs*. If the other person brings more to the situation, getting more out of the situation would be fair. If that person can be made to work harder or work on more complicated tasks, equity would be achieved.

Reactions to inequity	Example
Distort perceptions	Changing one's thinking to believe that the referent actually is more skilled than previously thought
Increase referent's inputs	Encouraging the referent to work harder
Reduce own input	Deliberately putting forth less effort at work. Reducing the quality of one's work
Increase own outcomes	Negotiating a raise for oneself or using unethical ways of increasing rewards such as stealing from the company
Change referent	Comparing oneself to someone who is worse off
Leave the situation	Quitting one's job
Seek legal action	Suing the company or filing a complaint if the unfairness in question is under legal protection

Table 5.1 Potential Responses to Inequity

The person experiencing a perceived inequity may also *reduce inputs or attempt to increase outcomes*. If the lower paid person puts forth less effort, the perceived inequity would be reduced. Research shows that people who perceive inequity reduce their work performance or reduce the quality of their inputs (Carrell & Dittrich, 1978; Goodman & Friedman, 1971). Increasing one's outcomes can be achieved through legitimate means such as negotiating a pay raise. At the same time, research shows that those feeling inequity sometimes resort to stealing to balance the scales (Greenberg, 1993).

Other options include *changing the comparison person* (e.g., others doing similar work in different organizations are paid only minimum wage) and *leaving the situation* by quitting

(Schmidt & Marwell, 1972). Sometimes it may be necessary to consider taking legal action as a potential outcome of perceived inequity. For example, if an employee finds out the main reason behind a pay gap is gender related, the person may react to the situation by taking legal action because sex discrimination in pay is illegal in Canada.


Fairness Beyond Equity: Procedural and Interactional Justice

Equity theory looks at perceived fairness as a motivator. However, the way equity theory defines fairness is limited to fairness of rewards. Starting in the 1970s, research on workplace fairness began taking a broader view of justice. Equity theory deals with outcome fairness, and therefore it is considered to be a distributive justice theory. **Distributive justice** refers to the degree to which the outcomes received from the organization are perceived to be fair. Two other types of fairness have been identified: procedural justice and interactional justice.

Let's assume that you just found out you are getting a promotion. Clearly, this is an exciting outcome and comes with a pay raise, increased responsibilities, and prestige. If you feel you deserve to be promoted, you would perceive high distributive justice (you getting this promotion is fair). However, you later found out upper management picked your name out of a hat! What would you feel? You might still like the outcome but feel that the decision-making process was unfair. If so, you are describing feelings of procedural justice. **Procedural justice** refers to the degree to which fair decision-making procedures are used to arrive at a decision. People do not care only about reward fairness. They also expect decision-making processes to be fair. In fact, research shows that employees care about the procedural justice of many organizational decisions, including layoffs, employee selection, surveillance of employees, performance appraisals, and pay decisions (Alge, 2001; Bauer et al., 1998; Kidwell, 1995). People also tend to care more about procedural justice in situations in which they do not get the outcome they feel they deserve (Brockner & Wiesenfeld, 1996). If you did not get the promotion and later discovered that management chose the candidate by picking names out of a hat, how would you feel? This may be viewed as adding insult to injury. When people do not get the rewards they want, they tend to hold management responsible if procedures are not fair (Brockner et al., 2007).

Now let's imagine the moment your boss told you that you are getting a promotion. Your manager's exact words were, "Yes, we are giving you the promotion. The job is so simple that we thought even you can handle it." Now what is your reaction? The feeling of unfairness you may now feel is explained by interactional justice. **Interactional justice** refers to the degree to which people are treated with respect, kindness, and dignity in interpersonal interactions. We expect to be treated with dignity by our peers, supervisors, and customers. When the opposite happens, we feel angry. Even when faced with negative outcomes such as a pay cut, being treated with dignity and respect serves as a buffer and alleviates our stress (Greenberg, 2006).

Expectancy Theory



According to expectancy theory, individual motivation to put forth more or less effort is determined by a rational calculation in which individuals evaluate their situation (Porter &

Lawler, 1968; Vroom, 1964). According to this theory, individuals ask themselves three questions.



Figure 5.5 Summary of Expectancy Theory

The first question is whether the person believes that high levels of effort will lead to outcomes of interest, such as performance or success. This perception is labeled **expectancy**. For example, do you believe that the effort you put forth in a class is related to performing well in that class? If you do, you are more likely to put forth effort.

The second question is the degree to which the person believes that performance is related to subsequent outcomes, such as rewards. This perception is labeled **instrumentality**. For example, do you believe that getting a good grade in the class is related to rewards such as getting a better job, or gaining approval from your instructor, or from your friends or parents? If you do, you are more likely to put forth effort.

Finally, individuals are also concerned about the value of the rewards awaiting them as a result of performance. The anticipated satisfaction that will result from an outcome is labeled **valence**. For example, do you value getting a better job, or gaining approval from your instructor, friends, or parents? If these outcomes are desirable to you, your expectancy and instrumentality is high, and you are more likely to put forth effort.

Expectancy theory is a well-accepted theory that has received a lot of research attention (Heneman & Schwab, 1972; Van Eerde & Thierry, 1996). It is simple and intuitive. Consider the following example. Let's assume that you are working in the concession stand of a movie theater. You have been selling an average of 100 combos of popcorn and soft drinks a day. Now your manager asks you to increase this number to 300 combos a day. Would you be motivated to try to increase your numbers? Here is what you may be thinking:

- *Expectancy*: Can I do it? If I try harder, can I really achieve this number? Is there a link between how hard I try and whether I reach this goal or not? If you feel that you can achieve this number if you try, you have high expectancy.
- *Instrumentality*: What is in it for me? What is going to happen if I reach 300? What are the outcomes that will follow? Are they going to give me a 2% pay raise? Am I going to be named the salesperson of the month? Am I going to receive verbal praise from my manager? If you believe that performing well is related to certain outcomes, instrumentality is high.
- *Valence*: How do I feel about the outcomes in question? Do I feel that a 2% pay raise is

desirable? Do I find being named the salesperson of the month attractive? Do I think that being praised by my manager is desirable? If your answers are yes, valence is positive. In contrast, if you find the outcomes undesirable (you definitely do not want to be named the salesperson of the month because your friends would make fun of you), valence is negative.

If your answers to all three questions are affirmative—you feel that you can do it, you will get an outcome if you do it, and you value the reward—you are more likely to be motivated to put forth more effort toward selling more combos.

As a manager, how can you motivate employees? In fact, managers can influence all three perceptions (Cook, 1980).

Influencing Expectancy Perceptions

Employees may not believe that their effort leads to high performance for a multitude of reasons. First, they may not have the skills, knowledge, or abilities to successfully perform their jobs. The answer to this problem may be training employees or hiring people who are qualified for the jobs in question. Second, low levels of expectancy may be because employees may feel that something other than effort predicts performance, such as political behaviours on the part of employees. If employees believe that the work environment is not conducive to performing well

Expectancy	Instrumentality	Valence
<ul style="list-style-type: none"> • Make sure employees have proper skills, abilities, and knowledge • Ensure that the environment facilitates performance • Provide encouragement to make people believe that their efforts make a difference 	<ul style="list-style-type: none"> • Reward employee performance • Inform people in advance about the rewards • Try to eliminate non-performance influence over rewards 	<ul style="list-style-type: none"> • Find rewards that are desirable to employees • Make sure that the rewards are viewed as fair • Give employees choice over rewards

Table 5.2 Ways in Which Managers Can Influence Expectancy, Instrumentality, and Valence

(resources are lacking or roles are unclear), expectancy will also suffer. Therefore, clearing the path to performance and creating an environment in which employees do not feel restricted will be helpful. Finally, some employees may perceive little connection between their effort and performance level because they have an external locus of control, low self-esteem, or other personality traits that condition them to believe that their effort will not make a difference. In such cases, providing positive feedback and encouragement may help motivate employees.

Reinforcement Theory

Reinforcement theory is based on a simple idea that may be viewed as common sense. Beginning at infancy we learn through reinforcement. If you have observed a small child discovering the environment, you will see reinforcement theory in action. When the child discovers manipulating

a faucet leads to water coming out and finds this outcome pleasant, he is more likely to repeat the behaviour. If he burns his hand while playing with hot water, the child is likely to stay away from the faucet in the future.

Despite the simplicity of reinforcement, how many times have you seen positive behaviour ignored, or worse, negative behaviour rewarded? In many organizations, this is a familiar scenario. People go above and beyond the call of duty, yet their actions are ignored or criticized. People with disruptive habits may receive no punishments because the manager is afraid of the reaction the person will give when confronted. Problem employees may even receive rewards such as promotions so they will be transferred to a different location and become someone else's problem.

Reinforcement Interventions

Reinforcement theory describes four interventions to modify employee behaviour. Two of these are methods of increasing the frequency of desired behaviours, while the remaining two are methods of reducing the frequency of undesired behaviours.

Positive Reinforcement	Negative Reinforcement
Positive behaviour followed by positive consequences (Manager praises the employee)	Positive behaviour followed by removal of negative consequences (Manager stops nagging the employee)
Punishment	Extinction
Negative behaviour followed by negative consequences (Manager demotes the employee)	Negative behaviour followed by removal of positive consequences (Manager ignores the behaviour)

Table 5.3 Reinforcement Methods

Positive reinforcement is a method of increasing the desired behaviour (Beatty & Schneier, 1975). Positive reinforcement involves making sure that behaviour is met with positive consequences. For example, praising an employee for treating a customer respectfully is an example of positive reinforcement. If the praise immediately follows the positive behaviour, the employee will see a link between the behaviour and positive consequences and will be motivated to repeat similar behaviours.

Negative reinforcement is also used to increase the desired behaviour. Negative reinforcement involves removal of unpleasant outcomes once desired behaviour is demonstrated. Nagging an employee to complete a report is an example of negative reinforcement. The negative stimulus in the environment will remain present until positive behaviour is demonstrated. The problem with negative reinforcement is that the negative stimulus may lead to unexpected behaviours and may fail to stimulate the desired behaviour. For example, the person may start avoiding the manager to avoid being nagged.

Extinction is used to decrease the frequency of negative behaviours. Extinction is the removal of rewards following negative behaviour. Sometimes, negative behaviours are demonstrated because they are being inadvertently rewarded. For example, it has been shown that when people are rewarded for their unethical behaviours, they tend to demonstrate higher levels of unethical behaviours (Harvey & Sims, 1978). Thus, when the rewards following unwanted behaviours are

removed, the frequency of future negative behaviours may be reduced. For example, if a coworker is forwarding unsolicited e-mail messages containing jokes, commenting and laughing at these jokes may be encouraging the person to keep forwarding these messages. Completely ignoring such messages may reduce their frequency.

Punishment is another method of reducing the frequency of undesirable behaviours. Punishment involves presenting negative consequences following unwanted behaviours. Giving an employee a warning for consistently being late to work is an example of punishment.

Key Takeaway

Process-based theories use the mental processes of employees as the key to understanding employee motivation. According to equity theory, employees are demotivated when they view reward distribution as unfair. Perceptions of fairness are shaped by the comparisons they make between their inputs and outcomes with respect to a referent's inputs and outcomes. Following equity theory, research identified two other types of fairness (procedural and interactional) that also affect worker reactions and motivation. According to expectancy theory, employees are motivated when they believe that their efforts will lead to high performance (expectancy), when they believe that their performance will lead to outcomes (instrumentality), and when they find the outcomes following performance to be desirable (valence). Reinforcement theory argues that behaviour is a function of its consequences. By properly tying rewards to positive behaviours, eliminating rewards following negative behaviours, and punishing negative behaviours, leaders can increase the frequency of desired behaviours. These three theories are particularly useful in designing reward systems within a company.

Exercises

1. Your manager tells you that the best way of ensuring fairness in reward distribution is to keep the pay a secret. How would you respond to this assertion?
2. When distributing bonuses or pay, how would you ensure perceptions of fairness?
3. What are the differences between procedural, interactional, and distributive justice? List ways in which you could increase each of these justice perceptions.
4. Using examples, explain the concepts of expectancy, instrumentality, and valence.
5. Some practitioners and researchers consider OB Mod unethical because it may be viewed as a way of manipulation. What would be your reaction to such a criticism?

5.4 Motivation in Action: The Case of Trader Joe's



Figure 5.6 Paul L Dineen – shopping cart harmonic convergence II – CC BY 2.0.

People in Hawaiian T-shirts. Delicious fresh fruits and vegetables. A place where parking is tight and aisles are tiny. A place where you will be unable to find half the things on your list but will go home satisfied. We are, of course, talking about Trader Joe's (a privately held company), a unique grocery store headquartered in California and located in 22 states. By selling store-brand and gourmet foods at affordable prices, this chain created a special niche for itself. Yet the helpful employees who stock the shelves and answer questions

are definitely key to what makes this store unique and helps it achieve twice the sales of traditional supermarkets.

Shopping here is fun and chatting with employees is a routine part of this experience. Employees are upbeat and friendly to each other and to customers. If you look lost, there is the definite offer of help. But somehow the friendliness does not seem scripted. Instead, if they see you shopping for big trays of cheese, they might casually inquire if you are having a party and then point to other selections. If they see you chasing your toddler, they are quick to tie a balloon to his wrist. When you ask them if they have any cumin, they get down on their knees to check the back of the aisle, with the attitude of helping a guest that is visiting their home. How does a company make sure its employees look like they enjoy being there to help others?

One of the keys to this puzzle is pay. Trader Joe's sells cheap organic food, but they are not "cheap" when it comes to paying their employees. Employees, including part-timers, are among the best paid in the retail industry. Full-time employees earn an average of \$40,150 in their first year and also earn average annual bonuses of \$950 with \$6,300 in retirement contributions. Store managers' average compensation is \$132,000. With these generous benefits and above-market wages and salaries, the company has no difficulty attracting qualified candidates.

But money only partially explains what energizes Trader Joe's employees. They work with people who are friendly and upbeat. The environment is collaborative, so that people fill in for each other and managers pick up the slack when the need arises, including tasks like sweeping the floors. Plus, the company promotes solely from within, making Trader Joe's one of few

places in the retail industry where employees can satisfy their career aspirations. Employees are evaluated every 3 months and receive feedback about their performance.

Employees are also given autonomy on the job. They can open a product to have the customers try it and can be honest about their feelings toward different products. They receive on- and off-the-job training and are intimately familiar with the products, which enables them to come up with ideas that are taken seriously by upper management. In short, employees love what they do, work with nice people who treat each other well, and are respected by the company. When employees are treated well, it is no wonder they treat their customers well daily (Lewis, 2005; McGregor et al., 2004; Speizer, 2004).



Discussion Questions

1. How much of Trader Joe's success can be attributed to the fact that most larger chain grocery stores do not sell the type of food available at Trader Joe's?
2. Is pay enough of an incentive to continue at a job you do not enjoy?
3. Trader Joe's promotes entirely from within the organisation. This means that if you are a good, dedicated worker, you can rise up within the company. Do you feel employees would be as dedicated to the company if this were not the case? Would high pay be enough to keep employees? What if the company only promoted from within but pay was not as good?

5.5 Conclusion

In this chapter, we have reviewed the basic motivation theories that have been developed to explain motivated behaviour. Several theories view motivated behaviour as attempts to satisfy needs. Based on this approach, managers would benefit from understanding what people need so that the actions of employees can be understood and managed. Other theories explain motivated behaviour using the cognitive processes of employees. Employees respond to unfairness in their environment, they learn from the consequences of their actions and repeat the behaviours that lead to positive results, and they are motivated to exert effort if they see their actions will lead to outcomes that would get them desired rewards. None of these theories are complete on their own, but each theory provides us with a framework we can use to analyze, interpret, and manage employee behaviours in the workplace.



Chapter

6

Designing a Motivating Work Environment

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand how to increase the motivating potential of a job.
2. Understand why goals should be SMART.
3. Set SMART goals.
4. Describe individual-, team-, and organisation-based incentives that can be used to motivate the workforce.

What are the tools companies can use to ensure a motivated workforce? Shopify in Canada seems to have found two very useful tools to motivate its workforce: a job design incorporating empowerment, and a reward system that aligns company performance with employee rewards. In this chapter, we will cover the basic tools organizations can use to motivate workers. The tools that will be described are based on motivation principles such as expectancy theory, reinforcement theory, and need-based theories. Specifically, we cover motivating employees through job design, goal setting, performance feedback, and reward systems.



Video: The puzzle of motivation by Dan Pink

6.1 Motivating Employees: The Case of Canada's Shopify

Shopify is a Canadian e-commerce company based in Ottawa, Ontario. Shopify offers services to online retailers "including payments, marketing, shipping and customer engagement tools to simplify the process of running an online store for small merchants." (McLeod, 2018). Shopify has been identified as one of Canada's top employers.

What differentiates Spotify from other Canadian companies? Watch the video below and see what aspects you can pick out that make this a really motivating place for employees:



Figure 6.1 Source: Wikipedia commons public source



Video: Glassdoor: Shopify #1 Best Place to Work in Canada 2017

6.2 Motivating Employees Through Job Design

Importance of Job Design

Many of us assume the most important motivator at work is pay. Yet, studies point to a different factor as the major influence over worker motivation—job design. How a job is designed has a major impact on employee motivation, job satisfaction, commitment to an organization, absenteeism, and turnover.

The question of how to properly design jobs so that employees are more productive and more satisfied has received attention from managers and researchers since the beginning of the 20th century. We will review major approaches to job design below.

Rotation, Job Enlargement, and Enrichment

One of the early alternatives to job specialization was job rotation. **Job rotation** involves moving employees from job to job at regular intervals. When employees periodically move to different jobs, the boring aspects of a job can be relieved. For example, Maids International Inc, a company that provides cleaning services to households and businesses, utilizes job rotation so that maids cleaning the kitchen in one house would clean the bedroom in a different one (Denton, 1994). Using this technique, among others, the company is able to reduce its turnover level. In a supermarket study, cashiers were rotated to work in different departments. As a result of the rotation, employees' stress levels were reduced, as measured by their blood pressure. Moreover, they experienced less pain in their neck and shoulders (Rissen et al., 2002).

Job enlargement refers to expanding the tasks performed by employees to add more variety. By giving employees several different tasks to be performed, as opposed to limiting their activities to a small number of tasks, organizations hope to reduce boredom and monotony as well as utilize human resources more effectively. Job enlargement may have similar benefits to job rotation, because it may also involve teaching employees multiple tasks. Research indicates that when jobs are enlarged, employees view themselves as being capable of performing a broader set of tasks (Parker, 1998). There is some evidence that job enlargement is beneficial, because it is positively related to employee satisfaction and higher quality customer services, and it increases the chances of catching mistakes (Campion & McClelland, 1991).

Job enrichment is a job redesign technique that allows workers more control over how they perform their own tasks. This approach allows employees to take on more responsibility. As an alternative to job specialization, companies using job enrichment may experience positive outcomes, such as reduced turnover, increased productivity, and reduced absences (McEvoy & Cascio, 1985; Locke, Sirota, & Wolfson, 1976). This may be because employees who have the authority and responsibility over their work can be more efficient, eliminate unnecessary tasks, take shortcuts, and increase their overall performance.

Job Characteristics Model

The **job characteristics model** is one of the most influential attempts to design jobs with increased motivational properties (Hackman & Oldham, 1975). Proposed by Hackman and Oldham, the model describes five core job dimensions leading to three critical psychological states, resulting in work-related outcomes.

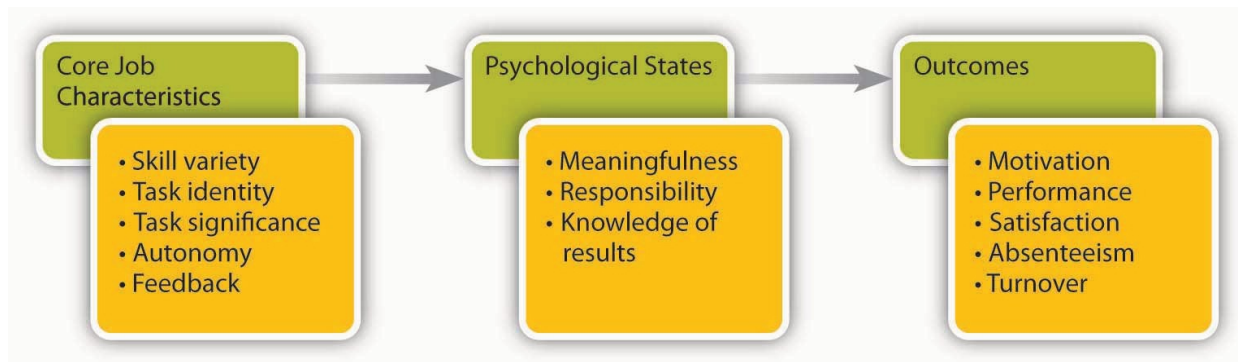


Figure 6.2 The Job Characteristics Model has five core job dimensions. Source: Adapted from Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology*, 60, 159–170.

Skill variety refers to the extent to which the job requires a person to utilize multiple high-level skills. A car wash employee whose job consists of directing customers into the automated car wash demonstrates low levels of skill variety, whereas a car wash employee who acts as a cashier, maintains carwash equipment, and manages the inventory of chemicals demonstrates high skill variety.

Task identity refers to the degree to which a person is in charge of completing an identifiable piece of work from start to finish. A web designer who designs parts of a website will have low task identity, because the work blends in with other web designers' work; in the end it will be hard for any one person to claim responsibility for the final output. The web master who designs an entire website will have high task identity.

Task significance refers to whether a person's job substantially affects other people's work, health, or well-being. A janitor who cleans the floors at an office building may find the job low in significance, thinking it is not a very important job. However, janitors cleaning the floors at a hospital may see their role as essential in helping patients get better. When they feel that their tasks are significant, employees tend to feel that they are making an impact on their environment, and their feelings of self-worth are boosted (Grant, 2008).

Autonomy is the degree to which a person has the freedom to decide how to perform his or her tasks. As an example, an instructor who is required to follow a predetermined textbook, covering a given list of topics using a specified list of classroom activities, has low autonomy. On the other hand, an instructor who is free to choose the textbook, design the course content, and use any relevant materials when delivering lectures has higher levels of autonomy.

Feedback refers to the degree to which people learn how effective they are being at work. Feedback at work may come from other people, such as supervisors, peers, subordinates, and

customers, or it may come from the job itself. A salesperson who gives presentations to potential clients but is not informed of the clients' decisions, has low feedback at work. If this person receives notification that a sale was made based on the presentation, feedback will be high. According to the job characteristics model, the presence of these five core job dimensions leads employees to experience three psychological states: they view their work as *meaningful*, they feel *responsible* for the outcomes, and they acquire *knowledge of results*. These three psychological states in turn are related to positive outcomes such as overall job satisfaction, internal motivation, higher performance, and lower absenteeism and turnover (Brass, 1985; Humphrey, Nahrgang, & Morgeson, 2007; Johns, Xie, & Fang, 1992; Renn & Vandenberg, 1995). Research shows that out of these three psychological states, experienced meaningfulness is the most important for employee attitudes and behaviours, and it is the key mechanism through which the five core job dimensions operate.

Note that the five job characteristics are not objective features of a job. Two employees working in the same job may have very different perceptions regarding how much skill variety, task identity, task significance, autonomy, or feedback the job affords. In other words, motivating potential is in the eye of the beholder. This is both good and bad news. The bad news is that even though a manager may design a job that is supposed to motivate employees, some employees may not find the job to be motivational. The good news is that sometimes it is possible to increase employee motivation by helping employees change their perspective about the job. For example, employees laying bricks at a construction site may feel their jobs are low in significance, but by pointing out that they are building a home for others, their perceptions about their job may be changed.

Empowerment

One of the contemporary approaches to motivating employees through job design is empowerment. The concept of empowerment extends the idea of autonomy. **Empowerment** may be defined as the removal of conditions that make a person powerless (Conger & Kanugo, 1988). The idea behind empowerment is that employees have the ability to make decisions and perform their jobs effectively if management removes certain barriers. Thus, instead of dictating roles, companies should create an environment where employees thrive, feel motivated, and have discretion to make decisions about the content and context of their jobs. Employees who feel empowered believe that their work is meaningful. They tend to feel that they are capable of performing their jobs effectively, have the ability to influence how the company operates, and can perform their jobs in any way they see fit, without close supervision and other interference. These liberties enable employees to feel powerful (Spreitzer, 1995; Thomas & Velthouse, 1990). In cases of very high levels of empowerment, employees decide what tasks to perform and how to perform them, in a sense managing themselves.

Empowerment of employees tends to be beneficial for organizations, because it is related to outcomes such as employee innovativeness, managerial effectiveness, employee commitment to the organization, customer satisfaction, job performance, and behaviours that benefit the company and other employees (Ahearne, Mathieu, & Rapp, 2005; Alge et al., 2006; Chen et al., 2007; Liden, Wayne, & Sparrowe, 2000; Spreitzer, 1995). At the same time, empowerment may not necessarily be suitable for all employees. Those individuals with low growth strength or low achievement needs may not benefit as strongly from empowerment. Moreover, the idea of

empowerment is not always easy to implement, because some managers may feel threatened when subordinates are empowered. If employees do not feel ready for empowerment, they may also worry about the increased responsibility and accountability. Therefore, preparing employees for empowerment by carefully selecting and training them is important to the success of empowerment interventions.



OB Toolbox

Tips for Empowering Employees

- *Change the company structure so that employees have more power on their jobs.* If jobs are strongly controlled by organisational procedures or if every little decision needs to be approved by a superior, employees are unlikely to feel empowered. Give them discretion at work.
- *Provide employees with access to information about things that affect their work.* When employees have the information they need to do their jobs well and understand company goals, priorities, and strategy, they are in a better position to feel empowered.
- *Make sure that employees know how to perform their jobs.* This involves selecting the right people as well as investing in continued training and development.
- *Do not take away employee power.* If someone makes a decision, let it stand unless it threatens the entire company. If management undoes decisions made by employees on a regular basis, employees will not believe in the sincerity of the empowerment initiative.
- *Instill a climate of empowerment in which managers do not routinely step in and take over.* Instead, believe in the power of employees to make the most accurate decisions, as long as they are equipped with the relevant facts and resources (Forrester, 2000; Spreitzer, 1996).

Key Takeaway

Job specialization is the earliest approach to job design, originally described by the work of Frederick Taylor. Job specialization is efficient but may lead to boredom and monotony. Early alternatives to job specialization included job rotation, job enlargement, and job enrichment. Research shows that there are five job components that increase the motivating potential of a job: skill variety, task identity, task significance, autonomy, and feedback. Finally, empowerment is a contemporary way of motivating employees through job design. These approaches increase worker motivation and have the potential to increase performance.

Exercises

1. Is job rotation primarily suitable to lower level employees, or is it possible to use it at higher levels in the organisation?
2. What is the difference between job enlargement and job enrichment? Which of these approaches is more useful in dealing with the boredom and monotony of job specialization?
3. Consider a job you held in the past. Analyze the job using the framework of the job characteristics model.
4. Does a job with a high motivating potential motivate all employees? Under which conditions is the model less successful in motivating employees?
5. How would you increase the empowerment levels of employees?

6.3 Motivating Employees Through Goal Setting

Goal-Setting Theory

Goal-setting theory (Locke & Latham, 1990) is one of the most influential and practical theories of motivation. In fact, in a survey of organizational behaviour scholars, it has been rated as the most important (out of 73 theories) (Miner, 2003). The theory has been supported in over 1,000 studies with employees ranging from blue-collar workers to research-and-development employees, and there is strong support that setting goals is related to performance improvements (Ivancevich & McMahon, 1982; Latham & Locke, 2006; Umstot, Bell, & Mitchell, 1976). According to one estimate, goal setting improves performance at least 10%–25% (Pritchard et al., 1988). Based on this evidence, thousands of companies around the world are using goal setting in some form, including Coca Cola Company, PricewaterhouseCoopers International Ltd, Nike Inc, Intel Corporation, and Microsoft Corporation, to name a few.

Setting SMART Goals

Are you motivated simply because you have set a goal? The mere presence of a goal does not motivate individuals. Think about New Year's resolutions that you made but failed to keep. Maybe you decided that you should lose some weight but then never put a concrete plan in action. Maybe you decided that you would read more but didn't. Why did your goal fail?

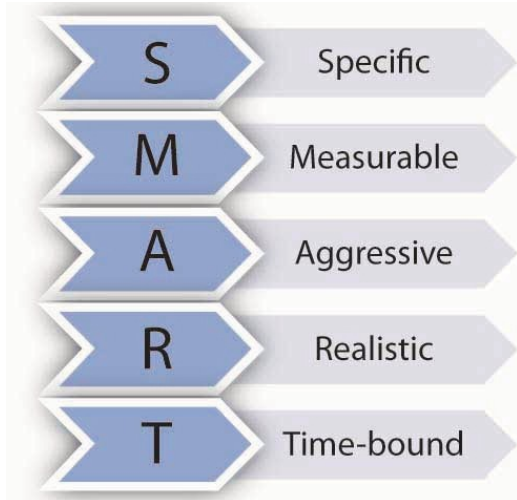


Figure 6.3 SMART goals help people achieve results.

Accumulating research evidence indicates that effective goals are SMART. A **SMART goal** is a goal that is **s**pecific, **m**easurable, **a**ggressive, **r**ealistic, and **t**ime-bound.

Specific and Measurable

Effective goals are specific and measurable. For example, “increasing sales to a region by 10%” is a specific goal, whereas deciding to “delight customers” is not specific or measurable. When goals are specific, performance tends to be higher (Tubbs, 1986). Why? If goals are not specific and measurable, how would you know whether you have reached the goal? A wide distribution of performance levels could potentially be acceptable. For the same reason, “doing your best” is not an effective goal, because it is not measurable and does not give you a specific target.

Certain aspects of performance are easier to quantify. For example, it is relatively easy to set specific goals for productivity, sales, number of defects, or turnover rates. However, not everything that is easy to measure should be measured. Moreover, some of the most important elements of someone’s performance may not be easily quantifiable (such as employee or customer satisfaction). So how do you set specific and measurable goals for these soft targets? Even though some effort will be involved, metrics such as satisfaction can and should be quantified. For example, you could design a survey for employees and customers to track satisfaction ratings from year to year.

Aggressive

This may sound counterintuitive, but effective goals are difficult, not easy. Aggressive goals are also called stretch goals. According to a Hay Group study, one factor that distinguishes companies that are ranked as “Most Admired Companies” in *Fortune* magazine is that they set more difficult goals (Stein, 2000). People with difficult goals outperform those with easier goals (Mento, Steel, & Karren, 1987; Phillips & Gully, 1997; Tubbs, 1986; Yukl & Latham, 1978). Why? Easy goals do not provide a challenge. When goals are aggressive and require people to work harder or smarter, performance tends to be dramatically higher. Research shows that people who have a high level of self-efficacy and people who have a high need for achievement tend to set more difficult goals for themselves (Phillips & Gully, 1997).

Realistic

While goals should be difficult, they should also be based in reality. In other words, if a goal is viewed as impossible to reach, it will not have any motivational value. In fact, setting impossible goals and then punishing people for not reaching these goals is cruel and will demotivate employees.

Time-Bound

The goal should contain a statement regarding when the proposed performance level will be reached. For example, “increasing sales to a region by 10%” is not a time-bound goal, because

there is no time limit. Adding a limiter such as “by December of the current fiscal year” gives employees a sense of time urgency.

Here is a sample SMART goal: Wal-Mart Stores Inc recently set a goal to eliminate 25% of the solid waste from U.S. stores by the year 2009. This goal meets all the conditions of being SMART (as long as 25% is a difficult yet realistic goal) (Heath & Heath, 2008). Even though it seems like a simple concept, in reality many goals that are set within organizations may not be SMART. For example, Microsoft recently conducted an audit of its goal setting and performance review system and found that only about 40% of the goals were specific and measurable (Shaw, 2004).

Ensuring Goal Alignment Through Management by Objectives (MBO)

Goals direct employee attention toward a common end. Therefore, it is crucial for individual goals to support team goals and team goals to support company goals. A systematic approach to ensure that individual and organizational goals are aligned is **Management by Objectives (MBO)**. First suggested by Peter Drucker (Greenwood, 1981; Muczyk & Reimann, 1989; Reif & Bassford, 1975), MBO involves the following process:

1. Setting company-wide goals derived from corporate strategy
2. Determining team- and department-level goals
3. Collaboratively setting individual-level goals that are aligned with corporate strategy
4. Developing an action plan
5. Periodically reviewing performance and revising goals

A review of the literature shows that 68 out of the 70 studies conducted on this topic displayed performance gains as a result of MBO implementation (Rodgers & Hunter, 1991). It also seems that top management commitment to the process is the key to successful implementation of MBO programs (Rodgers, Hunter, & Rogers, 1993). Even though formal MBO programs have fallen out of favor since the 1980s, the idea of linking employee goals to corporate-wide goals is a powerful idea that benefits organizations.

Key Takeaway

Goal-setting theory is one of the most influential theories of motivation. In order to motivate employees, goals should be SMART (specific, measurable, aggressive, realistic, and time-bound). SMART goals motivate employees because they energize behaviour, give it direction, provide a challenge, force employees to think outside the box, and devise new and novel methods of performing. Goals are more effective in motivating employees when employees receive feedback on their accomplishments, have the ability to perform, and are committed to goals. Poorly derived goals have the downsides of hampering learning, preventing adaptability, causing a single-minded pursuit of goals at the exclusion of other activities, and encouraging unethical behaviour. Companies tie individual goals to company goals using management by objectives.

Exercises

1. Give an example of a SMART goal.
2. If a manager tells you to “sell as much as you can,” is this goal likely to be effective? Why or why not?
3. How would you ensure that employees are committed to the goals set for them?
4. A company is interested in increasing customer loyalty. Using the MBO approach, what would be the department- and individual-level goals supporting this organisation-wide goal?
5. Discuss an experience you have had with goals. Explain how goal setting affected motivation and performance.

6.4 Motivating Employees Through Performance Incentives

Performance Incentives

Perhaps the most tangible way in which companies put motivation theories into action is by instituting incentive systems. Incentives are reward systems that tie pay to performance. There are many incentives used by companies, some tying pay to individual performance and some to company-wide performance. Pay-for-performance plans are very common among organizations. For example, according to one estimate, 80% of all American companies have merit pay, and the majority of *Fortune* 1000 companies use incentives (Luthans & Stajkovic, 1999). Using incentives to increase performance is a very old idea. For example, Napoleon promised 12,000 francs to whoever found a way to preserve food for the army. The winner of the prize was Nicolas Appert, who developed a method of canning food (Vision quest, 2008). Research shows that companies using pay-for-performance systems actually achieve higher productivity, profits, and customer service. These systems are more effective than praise or recognition in increasing retention of higher performing employees by creating higher levels of commitment to the company (Cadsby, Song, & Tapon, 2007; Peterson & Luthans, 2006; Salamin & Hom, 2005). Moreover, employees report higher levels of pay satisfaction under pay-for-performance systems (Heneman, Greenberger, & Strasser, 1988).

At the same time, many downsides of incentives exist. For example, it has been argued that incentives may create a risk-averse environment that diminishes creativity. This may happen if employees are rewarded for doing things in a certain way, and taking risks may negatively affect their paycheck. Moreover, research shows that incentives tend to focus employee energy to goal-directed efforts, and behaviours such as helping team members or being a good citizen of the

company may be neglected (Breen, 2004; Deckop, Mengel, & Cirka, 1999; Wright et al., 1993). Despite their limitations, financial incentives may be considered powerful motivators if they are used properly and if they are aligned with company-wide objectives. The most frequently used incentives are listed as follows.

PieceRateSystems

Under **piece rate incentives**, employees are paid on the basis of individual output they produce. For example, a manufacturer may pay employees based on the number of purses sewn or number of doors installed in a day. In the agricultural sector, fruit pickers are often paid based on the amount of fruit they pick. These systems are suitable when employee output is easily observable or quantifiable and when output is directly correlated with employee effort. Piece rate systems are also used in white-collar jobs such as check-proofing in banks. These plans may encourage employees to work very fast, but may also increase the number of errors made. Therefore, rewarding employee performance minus errors might be more effective. Today, increases in employee monitoring technology are making it possible to correctly measure and observe individual output.

Individual Bonuses

Bonuses are one-time rewards that follow specific accomplishments of employees. For example, an employee who reaches the quarterly goals set for her may be rewarded with a lump sum bonus. Employee motivation resulting from a bonus is generally related to the degree of advanced knowledge regarding bonus specifics.

Merit Pay

In contrast to bonuses, **merit pay** involves giving employees a permanent pay raise based on past performance. Often the company's performance appraisal system is used to determine performance levels and the employees are awarded a raise, such as a 2% increase in pay. One potential problem with merit pay is that employees come to expect pay increases. In companies that give annual merit raises without a different raise for increases in cost of living, merit pay ends up serving as a cost-of-living adjustment and creates a sense of entitlement on the part of employees, with even low performers expecting them. Thus, making merit pay more effective depends on making it truly dependent on performance and designing a relatively objective appraisal system.

Sales Commissions

In many companies, the paycheck of sales employees is a combination of a base salary and commissions. **Sales commissions** involve rewarding sales employees with a percentage of sales volume or profits generated. Sales commissions should be designed carefully to be consistent with company objectives. For example, employees who are heavily rewarded with commissions may neglect customers who have a low probability of making a quick purchase. If only sales volume (as opposed to profitability) is rewarded, employees may start discounting merchandise too heavily, or start neglecting existing customers who require a lot of attention (Sales incentive plans, 2006). Therefore, the blend of straight salary and commissions needs to be managed carefully.

Awards

Some companies manage to create effective incentive systems on a small budget while downplaying the importance of large bonuses. It is possible to motivate employees through awards, plaques, or other symbolic methods of recognition to the degree these methods convey sincere appreciation for employee contributions. For example, Yum! Brands Inc, the parent company of brands such as KFC and Pizza Hut, recognizes employees who go above and beyond job expectations through creative awards such as the seat belt award (a seat belt on a plaque), symbolizing the roller-coaster-like, fast-moving nature of the industry. Other awards include things such as a plush toy shaped like a jalapeño pepper.

Team Bonuses

In situations in which employees should cooperate with each other and isolating employee performance is more difficult, companies are increasingly resorting to tying employee pay to team performance.

Gainsharing

Gainsharing is a company-wide program in which employees are rewarded for performance gains compared to past performance. These gains may take the form of reducing labor costs compared to estimates or reducing overall costs compared to past years' figures. These improvements are achieved through employee suggestions and participation in management through employee committees.

Profit Sharing

Profit sharing programs involve sharing a percentage of company profits with all employees. These programs are company-wide incentives and are not very effective in tying employee pay to individual effort, because each employee will have a limited role in influencing company profitability. At the same time, these programs may be more effective in creating loyalty and commitment to the company by recognizing all employees for their contributions throughout the year.

Stock Options

A **stock option** gives an employee the right, but not the obligation, to purchase company stocks at a predetermined price. For example, a company would commit to sell company stock to employees or managers 2 years in the future at \$30 per share. If the company's actual stock price in 2 years is \$60, employees would make a profit by exercising their options at \$30 and then selling them in the stock market. The purpose of stock options is to align company and employee interests by making employees owners. However, options are not very useful for this purpose, because employees tend to sell the stock instead of holding onto it. In the past, options were given to a wide variety of employees, including CEOs, high performers, and in some companies all employees. For example, Starbucks Corporation was among companies that offered stock to a large number of associates. Options remain popular in start-up companies that find it difficult to offer competitive salaries to employees. In fact, many employees in high-tech companies such as Microsoft and Cisco Systems Inc became millionaires by cashing in stock options after these companies went public. In recent years, stock option use has declined. One reason for this is the changes in options accounting.

Key Takeaway

Companies use a wide variety of incentives to reward performance. This is consistent with motivation theories showing that rewarded behaviour is repeated. Piece rate, individual bonuses, merit pay, and sales commissions tie pay to individual performance. Team bonuses are at the department level, whereas gainsharing, profit sharing, and stock options tie pay to company performance. While these systems may be effective, people tend to demonstrate behaviour that is being rewarded and may neglect other elements of their performance. Therefore, reward systems should be designed carefully and should be tied to a company's strategic objectives.

Exercises

1. Have you ever been rewarded under any of the incentive systems described in this chapter? What was your experience with them?
2. What are the advantages and disadvantages of bonuses compared to merit pay? Which one would you use if you were a manager at a company?
3. What are the advantages of using awards as opposed to cash as an incentive?
4. How effective are stock options in motivating employees? Why do companies offer them?
5. Which of the incentive systems in this section do the best job of tying pay to individual performance? Which ones do the worst job?

6.5 Motivation - Key for Success: The Case of Xerox

As of 2010, Xerox Corporation (NYSE: XRX) is a \$22 billion, multinational company founded in 1906 and operating in 160 countries. Xerox is headquartered in Norwalk, Connecticut, and employs 130,000 people. How does a company of such size and magnitude effectively manage and motivate employees from diverse backgrounds and experiences? Such companies depend on the productivity and performance of their employees. In their journey over the last 100 years, they've withstood many successes and failures. In 2000, Xerox was facing bankruptcy after years of mismanagement, piles of debt, and mounting questions about its accounting practices.

Anne Mulcahy turned Xerox around. Mulcahy joined Xerox as an employee in 1976 and moved up the corporate ladder, holding several management positions until she became CEO in 2001.

In 2005, Mulcahy was named by *Fortune* magazine as the second most powerful woman in business. Based on a lifetime of experience with Xerox, she knew that the company had powerful employees who were not motivated when she took over. Mulcahy believed that among other key business changes, motivating employees at Xerox was a key way to pull the company back from the brink of failure. One of her guiding principles was a belief that in order to achieve customer satisfaction, employees must be interested and motivated in their work. Mulcahy not only successfully saw the company through this difficult time but also was able to create a stronger and more focused company.



Figure 6.4 Anne Mulcahy, Former Xerox Chairman of the Board (left), and Ursula Burns, Xerox CEO (right). Fortune Live Media – Fortune Most Powerful Women 2012 – CC BY-NC-ND 2.0; Fortune Live Media – Fortune Most Powerful Women 2013 – CC BY-NC-ND 2.0.

In 2009, Mulcahy became the chairman of Xerox's board of directors and passed the torch to Ursula Burns, who became the new CEO of Xerox. Burns became not only the first African American woman CEO to head a Standard & Poor's (S&P) company but also the first woman

to succeed another woman as the head of an S&P 100 company. Burns is also a lifetime Xerox employee who has been with the company for over 30 years.

She began as a graduate intern and was hired full-time after graduation. Because of her tenure with Xerox, she has close relationships with many of the employees, which provides a level of comfort and teamwork. She describes Xerox as a nice family. She maintains that Mulcahy created a strong and successful business but encouraged individuals to speak their mind, to not worry about hurting one another's feelings, and to be more critical.

Burns explains that she learned early on in her career, from her mentors at Xerox, the importance of managing individuals in different ways and not intentionally intimidating people but rather relating to them and their individual perspectives. As CEO, she wants to encourage people to get things done, take risks, and not be afraid of those risks. She motivates her teams by letting them know what her intentions and priorities are. The correlation between a manager's leadership style and the productivity and motivation of employees is apparent at Xerox. Employees feel a sense of importance and a part of the process which are necessary to maintain a successful and profitable business. In 2010, Anne Mulcahy retired from her position on the board of directors to pursue new projects (Anne, 2010; Bryant, 2010; 50 most powerful women, 2006; Tompkins, 1992; Whitney, 2010).



Discussion Questions

1. How do you think Xerox was able to motivate its employees through the crisis it faced in 2000?
2. How does a CEO with such a large number of employees communicate priorities to a worldwide workforce?
3. How might Ursula Burns motivate employees to take calculated risks?
4. Both Anne Mulcahy and Ursula Burns were lifetime employees of Xerox. How does an organization attract and keep individuals for such a long period of time?

6.6 Conclusion

In this chapter, we reviewed specific methods with which companies attempt to motivate their workforce. Designing jobs to increase their motivating potential; to empower employees; to set goals; to evaluate performance; to offer performance appraisals; and tying employee pay to individual, group, or organizational performance using incentive systems are methods through which motivation theories are put into action. Even though these methods seem to have advantages, every method could have unintended consequences, and therefore, application of each method should be planned and executed with an eye for organizational fairness.

6.7 Exercises

Individual Exercise

- A call center is using the metric of average time per call when rewarding employees. In order to keep their average time low, employees are hanging up on customers when they think that the call will take too long to answer.
- In a department store, salespeople are rewarded based on their sales volume. The problem is that they are giving substantial discounts and pressuring customers to make unnecessary purchases.
- All employees at a factory are receiving a large bonus if there are no reported injuries for 6 months. As a result, some employees are hiding their injuries so that they do not cause others to lose their bonus.

What are the reasons for the negative consequences of these bonus schemes? Modify these schemes to solve the problems.



Chapter 7

Managing Stress and Emotions

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the stress cycle.
2. Recognize the sources of stress for employees.
3. Recognize the outcomes of stress.
4. Understand how to manage stress in organisational contexts.
5. Understand the role emotions play for attitudes and behaviours at work.
6. Learn about emotional labour and how to manage it.

The Battle For Truth: Trust In NGOs In 2018 And Beyond



Figure 7.1 Edelman Canada <https://www.edelman.ca/trust/battle-truth-trust-ngos-2018-and-beyond>

Edelman Canada, a family-owned, independent communications marketing agency works closely with Osteoporosis Canada. They recently held a forum where key to the discussion was the importance of trust when engaging the public in NGOs (nongovernment agencies).

Trust and NGOs

For nearly 20 years, Edelman has been tracking trust. The Edelman Trust Barometer is the largest study of its kind, looking at trust across four key institutions: government, media, business, and non-governmental organizations (NGOs). Some key findings from the Canadian arm of the survey has been compiled in the following. This year revealed a surprising shift with trust in NGOs declining by nine points. We saw a fascinating year-over-year comparison of how Canadians responded when asked if they trust NGOs. In 2018, we dropped significantly over the past year, to one of the lowest historical points, with only half of the general population saying they trust NGOs. We're on the cusp between the "neutral" and "distrusting" categories. NGOs need to return to being the most trusted institute in Canada. Here are three key ways to achieve this:

1. Agents of Change

Firstly, Canadians want and expect NGOs to drive change. We asked Canadian respondents to confirm which action they considered important for NGOs to build trust in. Their answers were:

- Improve quality of life
- Inform good life decisions
- Create a sense of community

Communications marketing—with a focus on thoughtful storytelling, building relationships and earned influence—can do all three effectively.

2. Clarity, Balance, and Validation

Secondly, in a world increasingly anxious about fake news, trust depends on clarity, balance and validation. Canadians want information that is non-partisan and isn't motivated by profits or politics. They want to hear genuine voices, and that means clear communication, balancing an argument by discussing (and hearing) both sides, and validating information by grounding it in solid research and credible, third-party endorsements.

3. Credible, Authoritative Voices

Finally, because of this, Canadians have a renewed appetite for credible, authoritative voices. This means mobilizing health professionals and researchers, for example. It is also an opportunity for senior leadership at NGOs to increase their public presence to build trust. As we hear from more authoritative voices, and organizations focus on those trust-building activities Canadians expect, NGOs may rebuild trust with the Canadian general population.

Trust and other emotions play a critical role in organizational reputation, and ultimately success. This chapter will explore the role of emotions in general on workplace success and the impact of stress on people within organizations.

7.1 What Is Stress?

Gravity. Mass. Magnetism. These words come from the physical sciences. So does the term *stress*. In its original form, the word stress relates to the amount of force applied to a given area. A steel bar stacked with bricks is being stressed in ways that can be measured using mathematical formulas. In human terms, psychiatrist Peter Panzarino notes, “Stress is simply a fact of nature—forces from the outside world affecting the individual” (Panzarino, 2008). The professional, personal, and environmental pressures of modern life exert their forces on us every day. Some of these pressures are good. Others can wear us down over time.

Stress is defined by psychologists as the body's reaction to a change that requires a physical, mental, or emotional adjustment or response (Dyer, 2006). Stress is an inevitable feature of life. It is the force that gets us out of bed in the morning, motivates us at the gym, and inspires us to work.

We may not be able to avoid stress completely, but we can change how we respond to stress, which is a major benefit. Our ability to recognize, manage, and maximize our response to stress can turn an emotional or physical problem into a resource.

Researchers use polling to measure the effects of stress at work. The results have been eye-opening. According to a 2001 Gallup poll, 80% of American workers report that they feel workplace stress at least some of the time (Kersten, 2002). Another survey found that 65% of

workers reported job stress as an issue for them, and almost as many employees ended the day exhibiting physical effects of stress, including neck pain, aching muscles, and insomnia. It is clear that many individuals are stressed at work.

Workplace Stressors

Stressors are events or contexts that cause a stress reaction by elevating levels of adrenaline and forcing a physical or mental response. The key to remember about stressors is that they aren't necessarily a bad thing. The saying "the straw that broke the camel's back" applies to stressors. Having a few stressors in our lives may not be a problem, but because stress is cumulative, having many stressors day after day can cause a buildup that becomes a problem. The American Psychological Association surveys American adults about their stresses annually. Topping the list of stressful issues are money, work, and housing (American Psychological Association, 2007). But in essence, we could say that all three issues come back to the workplace. How much we earn determines the kind of housing we can afford, and when job security is questionable, home life is generally affected as well.

Understanding what can potentially cause stress can help avoid negative consequences. Now we will examine the major stressors in the workplace.

A major category of workplace stressors are role demands. In other words, some jobs and some work contexts are more potentially stressful than others.

Role Demands

Role ambiguity refers to vagueness in what our responsibilities are. If you started a new job and felt unclear about what you were expected to do, you have experienced role ambiguity. Having high role ambiguity is related to higher emotional exhaustion, more thoughts of leaving an organization, and lowered job attitudes and performance (Fisher & Gittelsohn, 1983; Jackson & Shuler, 1985; Örtqvist & Wincent, 2006). **Role conflict** refers to facing contradictory demands at work. For example, your manager may want you to increase customer satisfaction and cut costs, while you feel that satisfying customers inevitably increases costs. In this case, you are experiencing role conflict because satisfying one demand makes it unlikely to satisfy the other. **Role overload** is defined as having insufficient time and resources to complete a job. When an organization downsizes, the remaining employees will have to complete the tasks that were previously performed by the laid-off workers, which often leads to role overload. Like role ambiguity, both role conflict and role overload have been shown to hurt performance and lower job attitudes; however, research shows that role ambiguity is the strongest predictor of poor performance (Gilboa et al., 2008; Tubre & Collins, 2000). Research on new employees also shows that role ambiguity is a key aspect of their adjustment, and that when role ambiguity is high, new employees struggle to fit into the new organization (Bauer et al., 2007).



Figure 7.2 George Lucas, one of the most successful filmmakers of all time, found making *The Empire Strikes Back* stressful both personally and financially. Those who worked with him on those early *Star Wars* films describe him as fully engrossed in the process, which led to role overload and work–family conflict. Following the making of that film, Lucas said he was “burnt out” and didn’t want to make any more *Star Wars* films. Wikimedia Commons – CC BY-SA 2.0.

Information Overload

Messages reach us in countless ways every day. Some are societal—advertisements that we may hear or see in the course of our day. Others are professional—e-mails, memos, voice mails, and conversations with our colleagues. Others are personal—messages and conversations from our loved ones and friends. Add these together and it’s easy to see how we may be receiving more information than we can take in. This state of imbalance is known as **information overload**, which can be defined as “occurring when the information processing demands on an individual’s time to perform interactions and internal calculations exceed the supply or capacity of time available for such processing” (Schick, Gordon, & Haka, 1990). Role overload has been made much more salient because of the ease at which we can get abundant information from web search engines and the numerous e-mail and text messages we receive each day (Dawley & Anthony, 2003). Other research shows that working in such a fragmented fashion significantly impacts efficiency, creativity, and mental acuity (Overholt, 2001).

Top 10 Most Stressful Jobs

As you can see, some of these jobs are stressful due to high emotional labour (customer service), physical demands (miner), time pressures (journalist), or all three (police officer).

- Inner city high school teacher
- Police officer
- Miner
- Air traffic controller
- Medical intern
- Stockbroker
- Journalist
- Customer service or complaint worker
- Secretary
- Waiter (Tolison, 2008)

Work–Family Conflict

Work–family conflict occurs when the demands from work and family are negatively affecting one another (Netemeyer, Boles, & McMurrian, 1996). Specifically, work and family demands on a person may be incompatible with each other such that work interferes with family life and family demands interfere with work life. This stressor has steadily increased in prevalence, as work has become more demanding and technology has allowed employees to work from home and be connected to the job around the clock. In fact, a recent census showed that 28% of the American workforce works more than 40 hours per week, creating an unavoidable spillover from work to family life (U.S. Census Bureau, 2004). Moreover, the fact that more households have dual-earning families in which both adults work means household and childcare duties are no longer the sole responsibility of a stay-at-home parent. This trend only compounds stress from the workplace by leading to the spillover of family responsibilities (such as a sick child or elderly parent) to work life. Research shows that individuals who have stress in one area of their life tend to have greater stress in other parts of their lives, which can create a situation of escalating stressors (Allen et al., 2000; Ford, Heinen, & Langkamer, 2007; Frone, Russell, & Cooper, 1992; Hammer, Bauer, & Grandey, 2003).

Work–family conflict has been shown to be related to lower job and life satisfaction. Interestingly, it seems that work–family conflict is slightly more problematic for women than men (Kossek & Ozeki, 1998). organizations that are able to help their employees achieve greater work–life balance are seen as more attractive than those that do not (Barnett & Hall, 2001; Greenhaus & Powell, 2006). organizations can help employees maintain work–life balance by using organizational practices such as flexibility in scheduling as well as individual practices such as having supervisors who are supportive and considerate of employees' family life (Thomas & Ganster, 1995).

Life Changes

Stress can result from positive and negative life changes. The Holmes-Rahe scale ascribes different stress values to life events ranging from the death of one's spouse to receiving a ticket for a minor traffic violation. The values are based on incidences of illness and death in the 12 months after each event. On the Holmes-Rahe scale, the death of a spouse receives a stress rating of 100, getting married is seen as a midway stressful event, with a rating of 50, and losing one's job is rated as 47. These numbers are relative values that allow us to understand the impact of different life events on our stress levels and their ability to impact our health and well-being (Fontana, 1989). Again, because stressors are cumulative, higher scores on the stress inventory mean you are more prone to suffering negative consequences of stress than someone with a lower score.

Outcomes of Stress

The outcomes of stress are categorized into physiological, psychological, and work outcomes.

Physiological

Stress manifests itself internally as nervousness, tension, headaches, anger, irritability, and fatigue. Stress can also have outward manifestations. Dr. Dean Ornish, author of *Stress, Diet and Your Heart*, says that stress is related to aging (Ornish, 1984). Chronic stress causes the body to secrete hormones such as cortisol, which tend to make our complexion blemished and cause wrinkles. Harvard psychologist Ted Grossbart, author of *Skin Deep*, says, “Tens of millions of Americans suffer from skin diseases that flare up only when they’re upset” (Grossbart, 1992). These skin problems include itching, profuse sweating, warts, hives, acne, and psoriasis. For example, Roger Smith, the former CEO of General Motors Corporation, was featured in a *Fortune* article that began, “His normally ruddy face is covered with a red rash, a painless but disfiguring problem which Smith says his doctor attributes 99% to stress” (Taylor, 1987).

The human body responds to outside calls to action by pumping more blood through our system, breathing in a shallower fashion, and gazing wide-eyed at the world. To accomplish this feat, our bodies shut down our immune systems. From a biological point of view, it’s a smart strategic move—but only in the short term. The idea can be seen as your body wanting to escape an imminent threat, so that there is still some kind of body around to get sick later. But in the long term, a body under constant stress can suppress its immune system too much, leading to health problems such as high blood pressure, ulcers, and being overly susceptible to illnesses such as the common cold.

Psychological

Depression and anxiety are two psychological outcomes of unchecked stress, which are as dangerous to our mental health and welfare as heart disease, high blood pressure, and strokes. The Harris poll found that 11% of respondents said their stress was accompanied by a sense of depression. “Persistent or chronic stress has the potential to put vulnerable individuals at a substantially increased risk of depression, anxiety, and many other emotional difficulties,” notes Mayo Clinic psychiatrist Daniel Hall-Flavin. Scientists have noted that changes in brain function—especially in the areas of the hypothalamus and the pituitary gland—may play a key role in stress-induced emotional problems (Mayo Clinic Staff, 2008).

Work Outcomes

Stress is related to worse job attitudes, higher turnover, and decreases in job performance in terms of both in-role performance and organizational citizenship behaviours (Mayo Clinic Staff, 2008; Gilboa et al., 2008; Podsakoff et al., 2007). Research also shows that stressed individuals have lower organizational commitment than those who are less stressed (Cropanzano, Rupp, & Byrne, 2003). Interestingly, job challenge has been found to be related to higher performance, perhaps with some individuals rising to the challenge (Podsakoff et al., 2007). The key is to keep challenges in the optimal zone for stress—the activation stage—and to avoid the exhaustion stage (Quick et al., 1997).

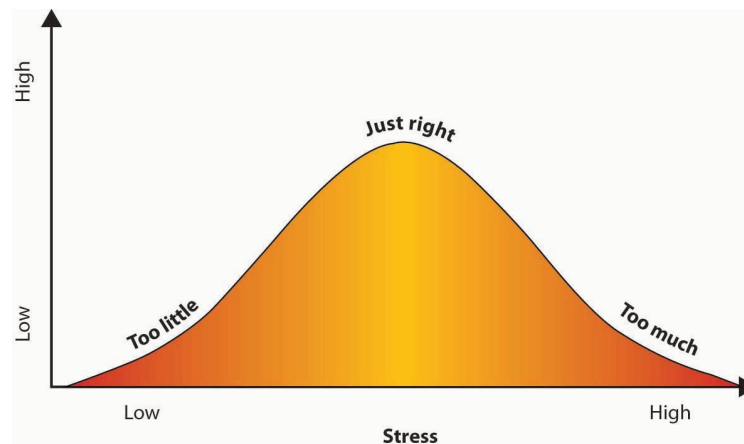


Figure 7.3 Individuals who are able to find the right balance between work that is too challenging and work that is not challenging enough see increases in performance.

Individual Differences in Experienced Stress

How we handle stress varies by individual, and part of that issue has to do with our personality type. **Type A personalities**, as defined by the Jenkins Activity Survey (Jenkins, Zyzanski, & Rosenman, 1979), display high levels of speed/impatience, job involvement, and hard-driving competitiveness. If you think back to Selye's General Adaptation Syndrome, in which unchecked stress can lead to illness over time, it's easy to see how the fast-paced, adrenaline-pumping lifestyle of a Type A person can lead to increased stress, and research supports this view (Spector & O'Connell, 1994). Studies show that the hostility and hyper-reactive portion of the Type A personality is a major concern in terms of stress and negative organizational outcomes (Ganster, 1986).

Type B personalities, by contrast, are calmer by nature. They think through situations as opposed to reacting emotionally. Their fight-or-flight and stress levels are lower as a result. Our personalities are the outcome of our life experiences and, to some degree, our genetics. Some researchers believe that mothers who experience a great deal of stress during pregnancy introduce their unborn babies to high levels of the stress-related hormone cortisol in utero, predisposing their babies to a stressful life from birth (BBC News, 2007).

Men and women also handle stress differently. Researchers at Yale University discovered estrogen may heighten women's response to stress and their tendency to depression as a result (Weaver, 2004). Still, others believe that women's stronger social networks allow them to process stress more effectively than men (Personality, n.d.). So while women may become depressed more often than men, women may also have better tools for countering emotion-related stress than their male counterparts.

7.2 Avoiding and Managing Stress

Individual Approaches to Managing Stress

The CorporateAthlete

Luckily, there are several ways to manage stress. One way is to harness stress's ability to improve our performance. Jack Groppel was working as a professor of kinesiology and bioengineering at the University of Illinois when he became interested in applying the principles of athletic performance to workplace performance. Could eating better, exercising more, and developing a positive attitude turn distress into eustress? Groppel's answer was yes. If professionals trained their minds and bodies to perform at peak levels through better nutrition, focused training, and positive action, Groppel said, they could become "corporate athletes" working at optimal physical, emotional, and mental levels.

The "corporate athlete" approach to stress is a proactive (action first) rather than a reactive (response-driven) approach. While an overdose of stress can cause some individuals to stop exercising, eat less nutritional foods, and develop a sense of hopelessness, corporate athletes ward off the potentially overwhelming feelings of stress by developing strong bodies and minds that embrace challenges, as opposed to being overwhelmed by them.

Flow

Turning stress into fuel for corporate athleticism is one way of transforming a potential enemy into a workplace ally. Another way to transform stress is by breaking challenges into smaller parts, and embracing the ones that give us joy. In doing so, we can enter a state much like that of a child at play, fully focused on the task at hand, losing track of everything except our genuine connection to the challenge before us. This concept of total engagement in one's work, or in other activities, is called **flow**.

The term *flow* was coined by psychologist Mihaly Csikszentmihalyi and is defined as a state of consciousness in which a person is totally absorbed in an activity. We've all experienced flow: It's the state of mind in which you feel strong, alert, and in effortless control.

High Focus	20% of managers are disengaged at work	10% of managers engage in purposeful work
Low Focus	30% of managers are procrastinators	40% of managers are distracted at work
	Low Energy	High Energy

Figure 7.4 Sources: Adapted from information in Bruch, H., & Ghoshal, S. (2002, February). Beware the busy manager. *Harvard Business Review*, 80, 62–69; Schiuma, G., Mason, S., & Kennerley, M. (2007). Assessing energy within organizations. *Measuring Business Excellence*, 11, 69–78.

Designing Work That Flows

Keep in mind that work that flows includes the following:

- *Challenge*: the task is reachable but requires a stretch
- *Meaningfulness*: the task is worthwhile or important
- *Competence*: the task uses skills that you have
- *Choice*: you have some say in the task and how it's carried out (Csikszentmihalyi, 1997)

Next, let us focus more on exactly how individual lifestyle choices affect our stress levels. Eating well, exercising, getting enough sleep, and employing time management techniques are all things we can affect that can decrease our feelings of stress.

Diet

Greasy foods often make a person feel tired. Why? Because it takes the body longer to digest fats, which means the body is diverting blood from the brain and making you feel sluggish. Eating big, heavy meals in the middle of the day may actually slow us down, because the body



will be pumping blood to the stomach, away from the brain. A better choice for lunch might be fish, such as wild salmon. Fish keeps you alert because of its effect on two important brain chemicals—dopamine and norepinephrine—which produce a feeling of alertness, increased concentration, and faster reaction times (Wurtman, 1988).

Figure 7.5 Eating healthy foods such as fresh fruits and vegetables is a key to stress management. Yukiko Matsuoka – Vegetable – CC BY-NC 2.0.

Exercise

Exercise is another strategy for managing stress. The best kind of break to take may be a physically active one. Research has shown that physically active breaks lead to enhanced mental concentration and decreased mental fatigue. One study, conducted by Belgian researchers, examined the effect of breaks on workers in a large manufacturing company. One-half of the workers were told to rest during their breaks. The other half did mild calisthenics. Afterward, each group was given a battery of tests. The group who had done the mild calisthenics scored far better on all measures of memory, decision-making ability, hand-eye coordination, and fine motor control (Miller, 1986).

Strange as it may seem, exercise gives us more energy. How energetic we feel depends on our maximum oxygen capacity (the total amount of oxygen we utilize from the air we breathe). The more oxygen we absorb in each breath, the more energy and stamina we will have. Yoga and meditation are other physical activities that are helpful in managing stress. Regular exercise increases our body's ability to draw more oxygen out of the air we breathe. Therefore, taking

physically active breaks may be helpful in combating stress.

Sleep

It is a vicious cycle. Stress can make it hard to sleep. Not sleeping makes it harder to focus on work in general, as well as on specific tasks. Tired folks are more likely to lose their temper, upping the stress level of others. American insomnia is a stress-related epidemic—one-third of adults claim to have trouble sleeping and 37% admit to actually having fallen asleep while driving in the past year (Tumminello, 2007).

The work–life crunch experienced by many Americans makes a good night’s sleep seem out of reach. According to the journal *Sleep*, workers who suffer from insomnia are more likely to miss work due to exhaustion. These missed days ultimately cost employers thousands of dollars per person in missed productivity each year, which can total over \$100 billion across all industries. As you might imagine, a person who misses work due to exhaustion will return to work to find an even more stressful workload. This cycle can easily increase the stress level of the team as well as the overtired individual.



For additional resources, go to the National Sleep Foundation website:

Create a Social Support Network

A consistent finding is that those individuals who have a strong social support network are less stressed than those who do not (Halbesleben, 2006). Research finds that social support can buffer the effects of stress (Van Yperfen & Hagedoorn, 2003). Individuals can help build up social support by encouraging a team atmosphere in which coworkers support one another. Just being able to talk with and listen to others, either with coworkers at work or with friends and family at home, can help decrease stress levels.

Time Management

Time management is defined as the development of tools or techniques that help to make us more productive when we work. Effective time management is a major factor in reducing stress, because it decreases much of the pressure we feel. With information and role overload it is easy to fall into bad habits of simply reacting to unexpected situations. Time management techniques include prioritizing, manageable organization, and keeping a schedule such as a paper or electronic organizing tool. Just like any new skill, developing time management takes conscious effort, but the gains might be worthwhile if your stress level is reduced.

Organizational Approaches to Managing Stress

Stress-related issues cost businesses billions of dollars per year in absenteeism, accidents, and

lost productivity (Hobson, 2004). As a result, managing employee stress is an important concern for organizations as well as individuals. For example, Renault, the French automaker, invites consultants to train their 2,100 supervisors to avoid the outcomes of negative stress for themselves and their subordinates. IBM Corporation encourages its worldwide employees to take an online stress assessment that helps them create action plans based on their results. Even organizations such as General Electric Company (GE), known for their “winner takes all” mentality, are seeing the need to reduce stress. Lately, GE has brought in comedians to lighten up the workplace atmosphere, and those receiving low performance ratings are no longer called the “bottom 10s” but are now referred to as the “less effectives” (Dispatches from the war on stress, 2007). organizations can take many steps to helping employees with stress, including having more clear expectations of them, creating jobs where employees have autonomy and control, and creating a fair work environment. Finally, larger organizations normally utilize outside resources to help employees get professional help when needed.

Make Expectations Clear

One way to reduce stress is to state your expectations clearly. Workers who have clear descriptions of their jobs experience less stress than those whose jobs are ill defined (Jackson & Schuler, 1985; Sauter, Murphy, & Hurrell, 1990). The same thing goes for individual tasks. Can you imagine the benefits of working in a place where every assignment was clear and employees were content and focused on their work? It would be a great place to work as a manager, too. Stress can be contagious, but as we’ve seen above, this kind of happiness can be contagious too. Creating clear expectations doesn’t have to be a top-down event. Managers may be unaware that their directives are increasing their subordinates’ stress by upping their confusion. In this case, a gentle conversation that steers a project in a clearer direction can be a simple but powerful way to reduce stress. In the interest of reducing stress on all sides, it’s important to frame situations as opportunities for solutions as opposed to sources of anger.

Give Employees Autonomy

Giving employees a sense of autonomy is another thing that organizations can do to help relieve stress (Kossek, Lautschb, & Eaton, 2006). It has long been known that one of the most stressful things that individuals deal with is a lack of control over their environment. Research shows that individuals who feel a greater sense of control at work deal with stress more effectively both in the United States and in Hong Kong (Schaubroeck, Lam, & Xie, 2000). Similarly, in a study of American and French employees, researchers found that the negative effects of emotional labour were much less for those employees with the autonomy to customize their work environment and customer service encounters (Grandey, Fisk, & Steiner, 2005). Employees’ stress levels are likely to be related to the degree that organizations can build autonomy and support into jobs.

Create Fair Work Environments

Work environments that are unfair and unpredictable have been labelled “toxic workplaces.” A toxic workplace is one in which a company does not value its employees or treat them fairly (Webber, 1998). Statistically, organizations that value employees are more profitable than those that do not (Huselid, 1995; Pfeffer, 1998; Pfeffer & Veiga, 1999; Welbourne & Andrews, 1996). Research shows that working in an environment that is seen as fair helps to buffer the effects of stress (Judge & Colquitt, 2004). This reduced stress may be because employees feel a greater

sense of status and self-esteem or due to a greater sense of trust within the organization. These findings hold for outcomes individuals receive as well as the process for distributing those outcomes (Greenberg, 2004). Whatever the case, it is clear that organizations have many reasons to create work environments characterized by fairness, including lower stress levels for employees. In fact, one study showed that training supervisors to be more interpersonally sensitive even helped nurses feel less stressed about a pay cut (Greenberg, 2006).

Telecommuting

Telecommuting refers to working remotely. For example, some employees work from home, a remote satellite office, or from a coffee shop for some portion of the workweek. Being able to work away from the office is one option that can decrease stress for some employees. Of course, while an estimated 45 million individuals telecommute each year, telecommuting is not for everyone (WorldatWork, 2006). At Merrill Lynch & Co. Inc., those who are interested in telecommuting are put through a rigorous training program that includes 2 weeks in one of their three home office simulation labs in Florida, New Jersey, or Manhattan to see if telecommuting is a good fit for the employee. Employees must also submit photos of their home office and a work plan. AT&T Inc. estimates that nearly 55% of its U.S.-based managers telecommute at some point in the week, and this method is also popular with managers around the world (AT&T, 2004). A recent survey found that 43% of government workers now telecommute at least part-time. This trend has been growing in reaction to a law passed by the U.S. Congress in 2000 requiring federal agencies to offer working from home as an option (Gross, 2008). Merrill Lynch has seen higher productivity, less stress, lower turnover, and higher job satisfaction for those who telecommute (Chadderdon, 2007). A recent meta-analysis of all the studies of telecommuting (12,883 employees) confirmed researcher findings that the higher autonomy of working from home resulted in lower work–family conflict for these employees. Even more



Figure 7.6 Telecommuting helps employees avoid traffic jams like this one. Jonbgem – Traffic – CC BY-NC 2.0.

encouraging were the findings of higher job satisfaction, better performance, and lower stress as well (Gajendran & Harrison, 2007). Of course, telecommuting can also cause potential stress. The keys to successful telecommuting arrangements are to match the right employees with the right jobs to the right environments. If any variable is not within a reasonable range, such as having a dog that barks all day when the employee is at home, productivity will suffer.

Employee Sabbaticals

Sabbaticals (paid time off from the normal routine at work) have long been a sacred ritual practiced by universities to help faculty stay current, work on large research projects, and recharge every 5 to 8 years. However, many companies such as Genentech Inc., Container Store

Inc., and eBay Inc. are now in the practice of granting paid sabbaticals to their employees. While 11% of large companies offer paid sabbaticals and 29% offer unpaid sabbaticals, 16% of small companies and 21% of medium-sized companies do the same (Schwartz, 1999). For example, at PricewaterhouseCoopers International Ltd., you can apply for a sabbatical after just 2 years on the job if you agree to stay with the company for at least 1 year following your break. Time off ranges from 3 to 6 months and entails either a personal growth plan or one for social services where you help others (Sahadi, 2006).

Employee Assistance Programs

There are times when life outside work causes stress in ways that will impact our lives at work and beyond. These situations may include the death of a loved one, serious illness, drug and alcohol dependencies, depression, or legal or financial problems that are interfering with our work lives. Although treating such stressors is beyond the scope of an organization or a manager, many companies offer their employees outside sources for emotional counselling. **Employee Assistance Programs (EAPs)** are often offered to workers as an adjunct to a company-provided health care plan. Small companies in particular use outside employee assistance programs, because they don't have the needed expertise in-house. As their name implies, EAPs offer help in dealing with crises in the workplace and beyond. EAPs are often used to help workers who have substance abuse problems.

Key Takeaway

There are many individual and organisational approaches to decreasing stress and avoiding negative outcomes. Individuals can control their diet, exercise, and sleep routines; build a social support network; and practice better time management. Organisations can help make expectations clear, give employees autonomy, create fair work environments, consider telecommuting, give employee sabbaticals, and utilize employee assistance programs.

Exercises

1. Have you ever been in a state of “flow” as described in this section? If so, what was special about this time?
2. Whose responsibility do you think it is to deal with employee stress—the employee or the organisation? Why?
3. Do you think most organisations are fair or unfair? Explain your answer.

7.3 What Are Emotions?

Types of Emotions

Financial analysts measure the value of a company in terms of profits and stock. For employees, however, the value of a job is also emotional. The root of the word *emotion* comes from a French term meaning “to stir up.” And that’s a great place to begin our investigation of emotions at work. More formally, an **emotion** is defined as a short, intense feeling resulting from some event. Not everyone reacts to the same situation in the same way. For example, a manager’s way of speaking can cause one person to feel motivated, another to feel angry, and a third to feel sad. Emotions can influence whether a person is receptive to advice, whether they will quit a job, and how they will perform individually or on a team (Cole, Walter, & Bruch, 2008; George & Jones, 1996; Gino & Schweitzer, 2008). Of course, as you know, emotions can be positive or negative.

Positive emotions such as joy, love, and surprise result from our reaction to desired events. In the workplace, these events may include achieving a goal or receiving praise from a superior. Individuals experiencing a positive emotion may feel peaceful, content, and calm. A positive feeling generates a sensation of having something you didn’t have before. As a result, it may cause you to feel fulfilled and satisfied. Positive feelings have been shown to dispose a person to optimism, and a positive emotional state can make difficult challenges feel more achievable (Kirby, 2001). This is because being positive can lead to upward positive spirals where your good mood brings about positive outcomes, thereby reinforcing the good mood (Frederickson & Joiner, 2002).

Negative emotions such as anger, fear, and sadness can result from undesired events. In the workplace, these events may include not having your opinions heard, a lack of control over your day-to-day environment, and unpleasant interactions with colleagues, customers, and superiors. Negative emotions play a role in the conflict process, with those who can manage their negative emotions finding themselves in fewer conflicts than those who cannot.

The unwanted side effects of negative emotions at work are easy to see: an angry colleague is left alone to work through the anger; a jealous colleague is excluded from office gossip, which is also the source of important office news. But you may be surprised to learn that negative emotions can help a company’s productivity in some cases.

7.4 Emotions at Work

Emotions Affect Attitudes and Behaviours at Work

Emotions shape an individual's belief about the value of a job, a company, or a team. Emotions also affect behaviours at work. Research shows that individuals within your own inner circle are better able to recognize and understand your emotions (Elfenbein & Ambady, 2002).



So, what is the connection between emotions, attitudes, and behaviours at work? This connection may be explained using a theory named **Affective Events Theory (AET)**. Researchers, Howard Weiss and Russell Cropanzano, studied the effects of six major kinds of emotions in the workplace: anger, fear, joy, love, sadness, and surprise (Weiss & Cropanzano, 1996). Their theory argues that specific events on the job cause different kinds of people to feel different emotions. These emotions, in turn, inspire actions that can benefit or impede others at work (Fisher, 2002).

Figure 7.7

Jobs that are high in negative emotion can lead to frustration and **burnout**—an ongoing negative emotional state resulting from dissatisfaction (Lee & Ashforth, 1996; Maslach, 1982; Maslach & Jackson, 1981). Depression, anxiety, anger, physical illness, increased drug and alcohol use, and insomnia can result from frustration and burnout, with frustration being somewhat more active and burnout more passive. The effects of both conditions can impact coworkers, customers, and clients as anger boils over and is expressed in one's interactions with others (Lewandowski, 2003).

Emotional Labour

Negative emotions are common among workers in service industries. Individuals who work in manufacturing rarely meet their customers face-to-face. If they're in a bad mood, the customer would not know. Service jobs are just the opposite. Part of a service employee's job is appearing a certain way in the eyes of the public. Individuals in service industries are professional helpers. As such, they are expected to be upbeat, friendly, and polite at all times, which can be exhausting to accomplish in the long run.

Humans are emotional creatures by nature. In the course of a day, we experience many emotions. Think about your day thus far. Can you identify times when you were happy to deal with other

people and times that you wanted to be left alone? Now imagine trying to hide all the emotions you've felt today for 8 hours or more at work. That's what cashiers, school teachers, massage therapists, fire fighters, and librarians, among other professionals, are asked to do. **Emotional labour** refers to the regulation of feelings and expressions for organizational purposes (Grandey, 2000).

Emotional Intelligence

One way to manage the effects of emotional labour is by increasing your awareness of the gaps between real emotions and emotions that are required by your professional persona. "What am I feeling? And what do others feel?" These questions form the heart of **emotional intelligence**. The term was coined by psychologists Peter Salovey and John Mayer and was popularized by psychologist Daniel Goleman in a book of the same name. Emotional intelligence looks at how people can understand each other more completely by developing an increased awareness of their own and others' emotions (Carmeli, 2003).

There are four building blocks involved in developing a high level of emotional intelligence. **Self-awareness** exists when you are able to accurately perceive, evaluate, and display appropriate emotions. **Self-management** exists when you are able to direct your emotions in a positive way when needed. **Social awareness** exists when you are able to understand how others feel. **Relationship management** exists when you are able to help others manage their own emotions and truly establish supportive relationships with others (Elfenbein & Ambady, 2002; Weisinger, 1998).

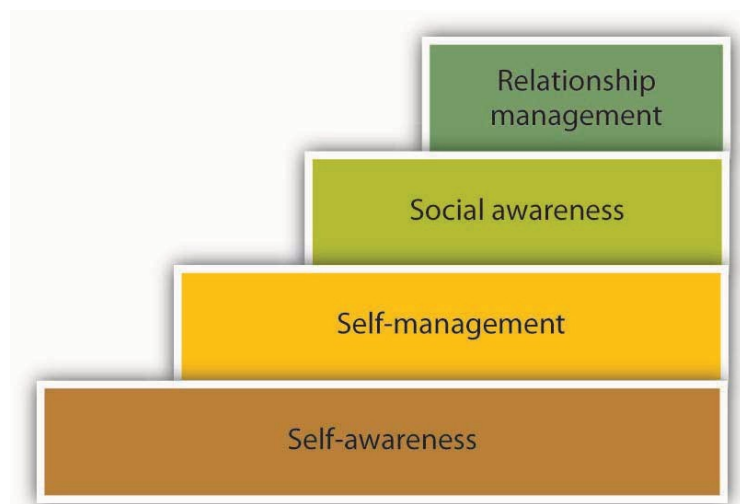


Figure 7.8 The four steps of emotional intelligence build upon one another.

In the workplace, emotional intelligence can be used to form harmonious teams by taking advantage of the talents of every member. To accomplish this, colleagues well versed in emotional intelligence can look for opportunities to motivate themselves and inspire others to work together (Goleman, 1995). Chief among the emotions that helped create a successful team, Goleman learned,

was empathy—the ability to put oneself in another's shoes, whether that individual has achieved a major triumph or fallen short of personal goals (Goleman, 1998). Those high in emotional intelligence have been found to have higher self-efficacy in coping with adversity, perceive situations as challenges rather than threats, and have higher life satisfaction, which can all help lower stress levels (Law, Wong, & Song, 2004; Mikolajczak & Luminet, 2008).

Getting Emotional: The Case of American Express

Death and money can be emotional topics. Sales reps at American Express Company's (NYSE: AXP) life insurance division had to deal with both these issues when selling life insurance, and they were starting to feel the strain of working with such volatile emotional materials every day. Part of the problem representatives faced seemed like an unavoidable side effect of selling life insurance. Many potential clients were responding fearfully to the sales representatives' calls. Others turned their fears into anger. They replied to the representatives' questions suspiciously or treated them as untrustworthy.

The sales force at American Express believed in the value of their work, but over time, customers' negative emotions began to erode employee morale. Sales of policies slowed. Management insisted that the representatives ignore their customers' feelings and focus on making sales. The representatives' more aggressive sales tactics seemed only to increase their clients' negative emotional responses, which kicked off the cycle of suffering again. It was apparent something had to change.

In an effort to understand the barriers between customers and sales representatives, a team led by Kate Cannon, a former American Express staffer and mental-health administrator, used a technique called emotional resonance to identify employees' feelings about their work. Looking at the problem from an emotional point of view yielded dramatic insights about clients, sales representatives, and managers alike.

The first step she took was to acknowledge that the clients' negative emotions were barriers to life insurance sales. Cannon explained, "People reported all kinds of emotional issues—fear, suspicion, powerlessness, and distrust—involved in buying life insurance." Clients' negative emotions, in turn, had sparked negative feelings among some American Express life insurance sales representatives, including feelings of incompetence, dread, untruthfulness, shame, and even humiliation. Management's focus on sales had created an emotional disconnect between the sales reps' work and their true personalities. Cannon discovered that sales representatives who did not acknowledge their clients' distress felt dishonest. The emotional gap between their words and their true feelings only increased their distress.

Cannon also found some good news. Sales representatives who looked at their job from the customer's point of view were flourishing. Their feelings and their words were in harmony. Clients trusted them. The trust between these more openly emotional sales representatives and their clients led to greater sales and job satisfaction. To see if emotional skills training could increase job satisfaction and sales among other members of the team, Cannon instituted a course in emotional awareness for a test group of American Express life insurance sales representatives. The goal of the course was to help employees recognize and manage their feelings. The results of the study proved the value of emotional clarity. Coping skills, as measured on standardized psychological tests, improved for the representatives who took Cannon's course.

The emotional awareness training program had significant impact on American Express's bottom line. Over time, as Cannon's team expanded their emotion-based program, American Express

life insurance sales rose by tens of millions of dollars. American Express's exercise in emotional awareness shows that companies can profit when feelings are recognized and consciously managed. Employees whose work aligns with their true emotions make more believable corporate ambassadors. The positive use of emotion can benefit a company internally as well. According to a Gallup poll of over 2 million employees, the majority of workers rated a caring boss higher than increased salary or benefits. In the words of career expert and columnist Maureen Moriarty, "Good moods are good for business" (Kirkwood, 2002; Moriarty, 2007; Schwartz, 2008).



Discussion Questions

1. What are some other jobs that deal with relatively negative or unfavorable emotions daily?
2. In what type of job might American Express's open emotion policy not be acceptable?
3. What type of personality might be better equipped for dealing with negative emotions at work?
4. What are some ways you deal with negative emotions either at work or at school? Do your methods differ depending on what type of situation you are in?

7.5 Conclusion

Stress is a major concern for individuals and organizations. Exhaustion is the outcome of prolonged stress. Individuals and organizations can take many approaches to lessening the negative health and work outcomes associated with being overstressed. Emotions play a role in organizational life. Understanding these emotions helps individuals to manage them. Emotional labour can be taxing on individuals, while emotional intelligence may help individuals cope with the emotional demands of their jobs.

7.6 Exercises

Ethical Dilemma



You work at a paper supply company that employs 50 people. A coworker, Karen, is not your favourite person to work with. She is often late to work, can be unprofessional with coworkers, and isn't someone you can routinely count on to go above and beyond her job duties. Last week you even noticed that her breath smelled like alcohol when you spoke to her about some last-minute orders that needed to be filled. But, you don't like to rock the boat and you don't like to be disloyal to your coworkers, so you didn't say anything. However, David just approached you and asked whether you smelled alcohol on Karen's breath last Thursday.

You are surprised and ask him why. David mentions that he heard some gossip and wants to confirm if it is true or not.

Discussion Questions

- Should you admit you smelled alcohol on Karen's breath last week? Why or why not?
- What are the implications of each course of action?
- Would you change your answer if, instead of working at a paper supply company, you worked as a nurse?

Individual Exercise

Time Management Quiz

Please answer true or false for each of the statements according to how you currently manage your time.

- | | | | |
|-----------|-------------|--------------|--|
| A. | True | False | I sort my mail when it comes in, open it, place it in a folder, and deal with it when I am ready to. |
| B. | True | False | I do what my boss asks me to do immediately. |
| C. | True | False | I don't take breaks because they waste time. |
| D. | True | False | I answer the phone when it rings regardless of what I am doing. |
| E. | True | False | I check my e-mails as soon as they arrive. |
| F. | True | False | I create a "to do" list at the start of every day. |
| G. | True | False | I do my "heavy thinking" at the end of the day when things have calmed down. |
| H. | True | False | I don't like to take vacations because making up the work is always too stressful. |
| I. | True | False | Multitasking helps me be more effective at work. |
| J. | True | False | I don't have to organize my office, since I always know where things are. |



Chapter

8

Communication

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the communication process.
2. Compare and contrast different types of communication.
3. Compare and contrast different communication channels.
4. Understand and learn to overcome barriers to effective communication.
5. Understand the role listening plays in communication.
6. Learn how verbal and nonverbal communication can carry different meanings among cultures.

You've Got Mail...and You're Fired! The Case of RadioShack



Figure 8.1 Wikimedia Commons – public domain.

No one likes to receive bad news, and few like to give it. In what is heralded as one of the biggest human resources blunders of 2006, one company found a way around the discomfort of firing someone face-to-face. A total of 400 employees at the Fort Worth, Texas, headquarters of RadioShack Corporation (NYSE: RSH) got the ultimate e-mail message early one Tuesday morning. The message simply said, “The work force reduction notification is currently in progress. Unfortunately, your position is one that has been eliminated.” Company officials argued that using electronic notification was faster and allowed more privacy than breaking the news in person, and additionally, those employees who were laid off received generous severance packages. organizational consultant Ken Siegel disagrees, proclaiming, “The bottom line is this: To almost everyone who observes or reads this, it represents a stupefying new low in the annals of management practice.” It’s unclear what, if any, the long-term effect will be for RadioShack. It isn’t just RadioShack that finds it challenging to deal with letting employees go. Terminating employees can be a painful job for many managers. The communication that takes place requires careful preparation and substantial levels of skill. BusinessWeek ethics columnist, Bruce Weinstein, suggests that anyone who is involved with communicating with downsized employees has an ethical responsibility to do it correctly, which includes doing it in person, doing it privately, giving the person your full attention, being honest but sensitive, and not rushing the person. Some organizations outsource the job of letting someone go to “terminators” who handle this difficult task for them. In fact, *Up in the Air*, the 2009 movie starring George Clooney that was nominated for six Oscars, chronicles changes at a workforce reduction firm and highlights many of these issues.

Downsizing has been referred to using many euphemisms (language that softens the sound of the word) for termination. Here are just a few ways to say you’re about to lose your job without saying you’ve been fired:

- Career alternative enhancement program
- Career-change opportunity
- Dehiring staff
- Downsizing employment
- Employee reduction activities
- Implementing a skills mix adjustment
- Negative employee retention
- Optimizing outplacement potential

- Rectification of a workforce imbalance
- Redundancy elimination
- Right-sizing employment
- Vocation relocation policy

Regardless of how it's done or what it's called, is downsizing effective for organizations? Jeffrey Pfeffer, a faculty member at Stanford and best-selling author, argues no:

“Contrary to popular belief, companies that announce layoffs do not enjoy higher stock prices than peers—either immediately or over time. A study of 141 layoff announcements between 1979 and 1997 found negative stock returns to companies announcing layoffs, with larger and permanent layoffs leading to greater negative effects. An examination of 1,445 downsizing announcements between 1990 and 1998 also reported that downsizing had a negative effect on stock-market returns, and the negative effects were larger the greater the extent of the downsizing. Yet another study comparing 300 layoff announcements in the United States and 73 in Japan found that in both countries, there were negative abnormal shareholder returns following the announcement.”


He further notes that evidence doesn't support the idea that layoffs increase individual company productivity either: “A study of productivity changes between 1977 and 1987 in more than 140,000 U.S. companies using Census of Manufacturers data found that companies that enjoyed the greatest increases in productivity were just as likely to have added workers as they were to have downsized” (Hollon, 2006; Joyce, 2006; Pfeffer, 2006; Weinstein, 2008).



Discussion Questions

1. What communication barriers did RadioShack likely experience as a result of terminating employees via mass e-mail?
2. What do you think RadioShack's underlying motivation was in using this form of communication?
3. What suggestions for the future would you give RadioShack when faced with the need to dismiss a large number of employees?
4. How has technology enhanced our ability to communicate effectively? In what ways has it hindered our ability to communicate effectively?
5. What ethical challenges and concerns do you think individuals involved in downsizing have?

8.2 Understanding Communication



Communication is vital to organizations—it's how we coordinate actions and achieve goals. It is defined in Webster's dictionary as a process by which information is exchanged between individuals through a common system of symbols, signs, or behaviours. We know that 50% to 90% of a manager's time is spent communicating (Schnake et al., 1990), and communication ability is related to a manager's performance (Penley et al., 1991). In most work environments, a miscommunication is an annoyance—it can interrupt workflow by causing delays and interpersonal strife. But, in some work arenas, like operating rooms and airplane cockpits, communication can be a matter of life and death.

So, just how prevalent is miscommunication in the workplace? You may not be surprised to learn that the relationship between miscommunication and negative outcomes is very strong. Data suggest that deficient interpersonal communication was a causal factor in approximately 70% to 80% of all accidents over the last 20 years.

Poor communication can also lead to lawsuits. For example, you might think that malpractice suits are filed against doctors based on the outcome of their treatments alone. But a 1997 study of malpractice suits found that a primary influence on whether or not a doctor is sued is the doctor's communication style. While the combination of a bad outcome and patient unhappiness can quickly lead to litigation, a warm, personal communication style leads to greater patient satisfaction. Simply put, satisfied patients are less likely to sue.

In business, poor communication costs money and wastes time. One study found that 14% of each work week is wasted on poor communication (Armour, 1998). In contrast, effective communication is an asset for organizations and individuals alike. Effective communication skills, for example, are an asset for job seekers. A recent study of recruiters at 85 business schools ranked communication and interpersonal skills as the highest skills they were looking for, with 89% of the recruiters saying they were important (Alsop, 2006). On the flip side, good communication can help a company retain its star employees. Surveys find that when employees think their organizations do a good job of keeping them informed about matters that affect them and when they have access to the information they need to do their jobs, they are more satisfied with their employers. So can good communication increase a company's market value? The answer seems to be yes. "When you foster ongoing communications internally, you will have more satisfied employees who will be better equipped to effectively communicate with your customers," says Susan Meisinger, president and CEO of the Society for Human Resource Management. Research finds that organizations that are able to improve their communication integrity also increase their market value by as much as 7% (Meisinger, 2003). We will explore the definition and benefits of effective communication in our next section.

The Communication Process



Figure 8.2 Lee Iacocca, past president and CEO of Chrysler until his retirement in 1992, said, “You can have brilliant ideas, but if you can’t get them across, your ideas won’t get you anywhere.” Wikimedia Commons – public domain.

Communication fulfills three main functions within an organization, including coordination, transmission of information, and sharing emotions and feelings. All these functions are vital to a successful organization. The coordination of effort within an organization helps people work toward the same goals. Transmitting information is a vital part of this process. Sharing emotions and feelings bonds teams and unites people in times of celebration and crisis. Effective communication helps people grasp issues, build rapport with coworkers, and achieve consensus. So, how can we communicate effectively? The first step is to understand the communication process.

We all exchange information with others countless times each day by phone, e-mail, printed word, and of course, in person. Let us take a moment to see how a typical communication cycle works using this as a guide.

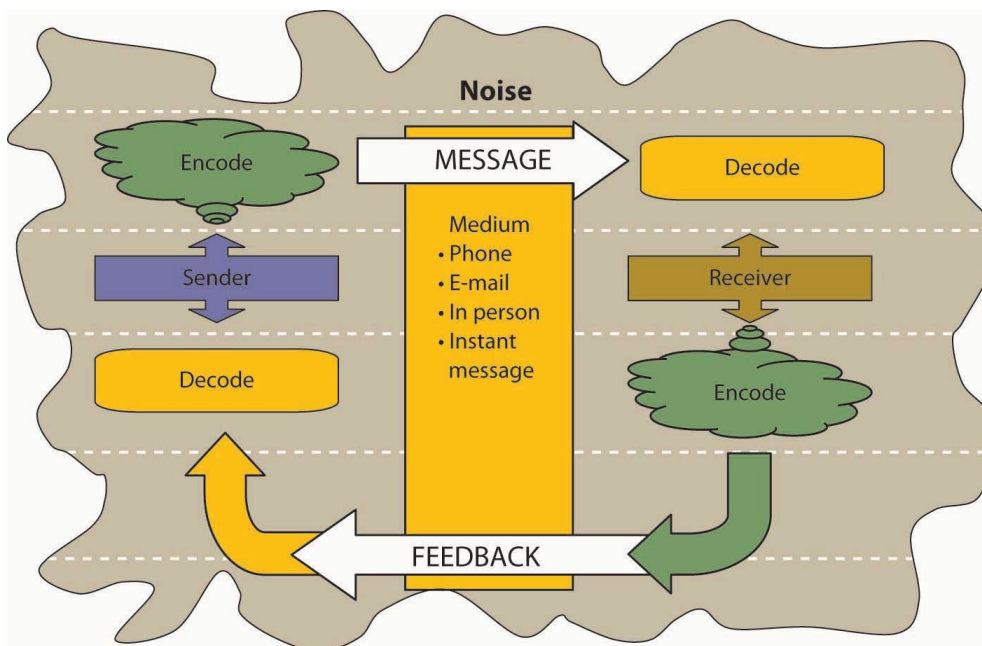


Figure 8.3 Process Model of Communication

A **sender**, such as a boss, coworker, or customer, originates the message with a thought. For example, the boss’s thought could be: “*Get more printer toner cartridges!*”

The sender **encodes** the message, translating the idea into words.

The boss may communicate this thought by saying, *“Hey you guys, let’s order more printer toner cartridges.”*

The **medium** of this encoded message may be spoken words, written words, or signs. The **receiver** is the person who receives the message.

The receiver **decodes** the message by assigning meaning to the words.

In this example, our receiver, Bill, has a to-do list a mile long. *“The boss must know how much work I already have,”* the receiver thinks. Bill’s mind translates his boss’s message as, *“Could you order some printer toner cartridges, in addition to everything else I asked you to do this week...if you can find the time?”*

The meaning that the receiver assigns may not be the meaning that the sender intended, because of factors such as noise. **Noise** is anything that interferes with or distorts the message being transformed. Noise can be external in the environment (such as distractions) or it can be within the receiver. For example, the receiver may be extremely nervous and unable to pay attention to the message. Noise can even occur within the sender: The sender may be unwilling to take the time to convey an accurate message, or the words that are chosen can be ambiguous and prone to misinterpretation.

Picture the next scene. The place: a staff meeting. The time: a few days later. Bill’s boss believes the message about printer toner has been received.

“Are the printer toner cartridges here yet?” Bill’s boss asks.

“You never said it was a rush job!” Bill protests.

“But!”

“But!”

Miscommunications like these happen in the workplace every day. We’ve seen that miscommunication does occur in the workplace, but how does a miscommunication happen? It helps to think of the communication process. The series of arrows pointing the way from the sender to the receiver and back again can, and often do, fall short of their target.

Key Takeaway

Communication is vital to organisations. Poor communication is prevalent between senders and receivers. Communication fulfills three functions within organisations, including coordination, the transmission of information, and sharing emotions and feelings. Noise can disrupt or distort communication.

Exercises

1. Where have you seen the communication process break down at work? At school? At home?
2. Explain how miscommunication might be related to an accident at work.
3. Give an example of noise during the communication process.

8.3 Communication Barriers

Barriers to Effective Communication

The biggest single problem in communication is the illusion that it has taken place.

- *George Bernard Shaw*

Filtering

Filtering is the distortion or withholding of information to manage a person's reactions. Some examples of filtering include a manager keeping a division's negative sales figures from a superior, in this case, the vice president. The old saying, "Don't shoot the messenger!" illustrates the tendency of receivers to vent their negative response to unwanted messages to the sender. A gatekeeper (the vice president's assistant, perhaps) who doesn't pass along a complete message is also filtering. Additionally, the vice president may delete the e-mail announcing the quarter's sales figures before reading it, blocking the message before it arrives.

As you can see, filtering prevents members of an organization from getting the complete picture of a situation. To maximize your chances of sending and receiving effective communications, it's helpful to deliver a message in multiple ways and to seek information from multiple sources. In this way, the impact of any one person's filtering will be diminished.

Since people tend to filter bad news more during upward communication, it is also helpful to remember that those below you in an organization may be wary of sharing bad news. One way to defuse this tendency to filter is to reward employees who clearly convey information upward, regardless of whether the news is good or bad.

Here are some of the criteria that individuals may use when deciding whether to filter a message or pass it on:

1. *Past experience:* Were previous senders rewarded for passing along news of this kind in the past, or were they criticized?
2. *Knowledge and perception of the speaker:* Has the receiver's direct superior made it clear that "no news is good news?"
3. *Emotional state, involvement with the topic, and level of attention:* Does the sender's fear of failure or criticism prevent the message from being conveyed? Is the topic within the sender's realm of expertise, increasing confidence in the ability to decode the message, or is the sender out of a personal comfort zone when it comes to evaluating the message's significance? Are personal concerns impacting the sender's ability to judge the message's value?

Once again, filtering can lead to miscommunications in business. Listeners translate messages into their own words, each creating a unique version of what was said (Alessandra, 1993).

Selective Perception

Small things can command our attention when we're visiting a new place—a new city or a new company. Over time, however, we begin to make assumptions about the environment based on our past experiences. **Selective perception** refers to filtering what we see and hear to suit our own needs. This process is often unconscious. We are bombarded with too much stimuli every day to pay equal attention to everything, so we pick and choose according to our own needs. Selective perception is a time-saver, a necessary tool in a complex culture. But it can also lead to mistakes.

Think back to the example conversation between the person asked to order more toner cartridges and his boss earlier in this chapter. Since Bill found the to-do list from his boss to be unreasonably demanding, he assumed the request could wait. (How else could he do everything else on the list?) The boss, assuming that Bill had heard the urgency in her request, assumed that Bill would place the order before returning to previously stated tasks. Both members of this organization were using selective perception to evaluate the communication. Bill's perception was that the task could wait. The boss's perception was that a timeframe was clear, though unstated. When two selective perceptions collide, a misunderstanding occurs.

Information Overload

Messages reach us in countless ways every day. Some messages are societal—advertisements that we may hear or see in the course of our day. Others are professional—e-mails, memos, and voice mails, as well as conversations with our colleagues. Others are personal—messages from and conversations with our loved ones and friends.

Add these together and it's easy to see how we may be receiving more information than we can take in.

This state of imbalance is known as **information overload**, which occurs "when the information

processing demands on an individual's time to perform interactions and internal calculations exceed the supply or capacity of time available for such processing" (Schick, Gordon, & Haka, 1990). Others note that information overload is "a symptom of the high-tech age, which is too much information for one human being to absorb in an expanding world of people and technology. It comes from all sources including TV, newspapers, and magazines as well as wanted and unwanted regular mail, e-mail and faxes. It has been exacerbated enormously because of the formidable number of results obtained from Web search engines." Other research shows that working in such fragmented fashion significantly impacts efficiency, creativity, and mental acuity (Overholt, 2001).



Figure 8.4 A field study found that managers can expect, on average, to do only *3 minutes* of uninterrupted work on any one task before being interrupted by an incoming e-mail, instant message, phone call, coworker, or other distraction (González & Gloria, 2004). Kathleen Leavitt Cragun – Swedish Hard Hat Tour – CC BY-NC-ND 2.0.

Going back to our example of Bill, let's say he's in his office on the phone with a supplier. While he's talking, he hears the chime of his e-mail alerting him to an important message from his boss. He's scanning through it quickly while still on the phone when a coworker pokes her head into his office saying Bill's late for a staff meeting. The supplier on the other end of the phone line has just given him a choice among the products and delivery dates he requested. Bill realizes he missed hearing the first two options, but he doesn't have time to ask the supplier to repeat them all or to try reconnecting with him at a later time. He chooses the third option—at least he heard that one, he reasons, and it seemed fair. How good was Bill's decision amidst all the information he was processing at the same time?

Workplace Gossip



The informal gossip network known as the **grapevine** is a lifeline for many employees seeking information about their company (Kurland & Pelled, 2000). Researchers agree that the grapevine

is an inevitable part of organizational life. Research finds that 70% of all organizational communication occurs at the grapevine level (Crampton, 1998). Employees trust their peers as a source of information, but the grapevine's informal structure can be a barrier to effective communication from the managerial point of view. Its grassroots structure gives it greater credibility in the minds of employees than information delivered through official channels, even when that information is false. Some downsides of the office grapevine are that gossip offers politically minded insiders a powerful tool for disseminating communication (and self-promoting miscommunications) within an organization. In addition, the grapevine lacks a specific sender, which can create a sense of distrust among employees: Who is at the root of the gossip network? When the news is volatile, suspicions may arise as to the person or person behind the message. Managers who understand the grapevine's power can use it to send and receive messages of their own. They can also decrease the grapevine's power by sending official messages quickly and accurately, should big news arise.

Gender Differences in Communication



Men and women work together every day, but their different styles of communication can sometimes work against them. Generally speaking, women like to ask questions before starting a project, while men tend to “jump right in.” A male manager who's unaware of how most women communicate their readiness to work may misperceive a ready employee as not being prepared.

Another difference that has been noticed is that men often speak in sports metaphors, while many women use their home as a starting place for analogies. Women who believe men are “only talking about the game” may be missing out on a chance to participate in a division's strategy and opportunities for teamwork and “rallying the troops” for success (Krotz).

“It is important to promote the best possible communication between men and women in the workplace,” notes gender policy advisor Dee Norton, who provided the above example. “As we move between the male and female cultures, we sometimes have to change how we behave (speak the language of the other gender) to gain the best results from the situation. Clearly, successful organizations of the future are going to have leaders and team members who understand, respect, and apply the rules of gender culture appropriately” (CDR Dee Norton, 2008).

As we have seen, differences in men's and women's communication styles can lead to misunderstandings in the workplace. Being aware of these differences, however, can be the first step in learning to work with them instead of around them. Keep in mind that men tend to focus more on competition, data, and orders in their communications, while women tend to focus more on cooperation, intuition, and requests. Both styles can be effective in the right situations, but understanding the differences is a first step in avoiding misunderstandings.

Poor Listening



The greatest compliment that was ever paid to me was when one asked me what I thought, and attended to my answer.

- *Henry David Thoreau*

A sender may strive to deliver a message clearly. But the receiver's ability to listen effectively is equally vital to successful communication. The average worker spends 55% of their workdays listening. Managers listen up to 70% each day. Unfortunately, listening doesn't lead to understanding in every case.

From a number of different perspectives, listening matters. Former Chrysler CEO Lee Iacocca lamented, "I only wish I could find an institute that teaches people how to listen. After all, a good manager needs to listen at least as much as he needs to talk" (Iacocca & Novak, 1984). Research shows that listening skills were related to promotions (Sypher, Bostrom, & Seibert, 1989).

Listening clearly matters. Listening takes practice, skill, and concentration. Alan Gulick, a Starbucks Corporation spokesperson, believes better listening can improve profits. If every Starbucks employee misheard one \$10 order each day, their errors would cost the company a billion dollars annually. To teach its employees to listen, Starbucks created a code that helps employees taking orders hear the size, flavor, and use of milk or decaffeinated coffee. The person making the drink echoes the order aloud.

How Can You Improve Your Listening Skills?



Cicero said, "Silence is one of the great arts of conversation." How often have we been in a conversation with someone else when we are not really listening but itching to convey our portion? This behaviour is known as "rehearsing." It suggests the receiver has no intention of considering the sender's message and is actually preparing to respond to an earlier point instead. Effective communication relies on another kind of listening: active listening.

Active listening can be defined as giving full attention to what other people are saying, taking time to understand the points being made, asking questions as needed, and not interrupting at inappropriate times (O*NET Resource Center). Active listening creates a real-time relationship between the sender and receiver by acknowledging the content and receipt of a message. As we've seen in the Starbucks example above, repeating and confirming a message's content offers a way to confirm that the correct content is flowing between colleagues. The process creates a bond between coworkers while increasing the flow and accuracy of messaging.

Becoming a More Effective Listener

As we've seen above, active listening creates a more dynamic relationship between a receiver and a sender. It strengthens personal investment in the information being shared. It also forges healthy working relationships among colleagues by making speakers and listeners equally valued members of the communication process.

Many companies offer public speaking courses for their staff, but what about “public listening”? Here are some more ways you can build your listening skills by becoming a more effective listener and banishing communication freezers from your discussions.

1. *Start by stopping.* Take a moment to inhale and exhale quietly before you begin to listen. Your job as a listener is to receive information openly and accurately.
2. *Don't worry about what you'll say when the time comes.* Silence can be a beautiful thing.
3. *Join the sender's team.* When the sender pauses, summarize what you believe has been said. “What I'm hearing is that we need to focus on marketing as well as sales. Is that correct?” Be attentive to physical as well as verbal communications. “I hear you saying that we should focus on marketing, but the way you're shaking your head tells me the idea may not really appeal to you—is that right?”
4. *Don't multitask while listening.* Listening is a full-time job. It's tempting to multitask when you and the sender are in different places, but doing that is counterproductive. The human mind can only focus on one thing at a time. Listening with only part of your brain increases the chances that you'll have questions later, ultimately requiring more of the speaker's time. (And when the speaker is in the same room, multitasking signals a disinterest that is considered rude.)
5. *Try to empathize with the sender's point of view.* You don't have to agree, but can you find common ground (Barrett, 2006; Ten tips: Active listening, 2007)?

Communication Freezers

Communication freezers put an end to effective communication by making the receiver feel judged or defensive. Typical communication stoppers include criticizing, blaming, ordering, judging, or shaming the other person. Some examples of things to avoid saying include the following:

1. Telling the other person what to do:
 - “You must...”
 - “You cannot...”
2. Threatening with “or else” implied:
 - “You had better...”
 - “If you don't...”

3. Making suggestions or telling the other person what they ought to do:
 - “You should...”
 - “It’s your responsibility to...”
4. Attempting to educate the other person:
 - “Let me give you the facts.”
 - “Experience tells us that...”
5. Judging the other person negatively:
 - “You’re not thinking straight.”
 - “You’re wrong.”
6. Giving insincere praise:
 - “You have so much potential.”
 - “I know you can do better than this.”
7. Psychoanalyzing the other person:
 - “You’re jealous.”
 - “You have problems with authority.”
8. Making light of the other person’s problems by generalizing:
 - “Things will get better.”
 - “Behind every cloud is a silver lining.”
9. Asking excessive or inappropriate questions (Tramel & Reynolds, 1981; Communication stoppers).

8.4 Different Types of Communication and Channels

Types of Communication

There are three types of communication, including: verbal communication involving listening to a person to understand the meaning of a message, written communication in which a message is read, and nonverbal communication involving observing a person and inferring meaning. Let’s start with verbal communication, which is the most common form of communication.

Verbal Communication

Verbal communications in business take place over the phone or in person. The medium of the message is oral. Let’s return to our printer cartridge example. This time, the message is being conveyed from the sender (the manager) to the receiver (an employee named Bill) by telephone. We’ve already seen how the manager’s request to Bill (“Buy more printer toner cartridges!”) can go awry. Now let’s look at how the same message can travel successfully from sender to receiver.

Manager (speaking on the phone): “Good morning Bill!”

(By using the employee’s name, the manager is establishing a clear, personal link to the receiver.) Manager: “Your division’s numbers are looking great.”

(The manager’s recognition of Bill’s role in a winning team further personalizes and emotionalizes the conversation.)

Manager: “Our next step is to order more printer toner cartridges. Would you place an order for 1,000 printer toner cartridges with Jones Computer Supplies? Our budget for this purchase is \$30,000, and the printer toner cartridges need to be here by Wednesday afternoon.” *(The manager breaks down the task into several steps. Each step consists of a specific task, time frame, quantity, or goal.)*

Bill: “Sure thing! I’ll call Jones Computer Supplies and order 1,000 more printer toner cartridges, not exceeding a total of \$30,000, to be here by Wednesday afternoon.”

(Bill, a model employee, repeats what he has heard. This is the feedback portion of the communication. Feedback helps him recognize any confusion he may have had hearing the manager’s message. Feedback also helps the manager hear if she has communicated the message correctly.)

Storytelling has been shown to be an effective form of verbal communication that serves an important organizational function by helping to construct common meanings for individuals within the organization. Stories can help clarify key values and also help demonstrate how certain tasks are performed within an organization. Story frequency, strength, and tone are related to higher organizational commitment (McCarthy, 2008). The quality of the stories is related to the ability of entrepreneurs to secure capital for their firms (Martens, Jennings, & Devereaux, 2007).

While the process may be the same, high stakes communications require more planning, reflection, and skill than normal day-to-day interactions at work. Examples of high stakes communication events include asking for a raise or presenting a business plan to a venture capitalist. In addition to these events, there are also many times in our professional lives when we have **crucial conversations**, which are defined as discussions in which not only are the stakes high, but also the opinions vary and emotions run strong (Patterson et al., 2002). One of the most consistent recommendations from communications experts is to work toward using “and” instead of “but” when communicating under these circumstances. In addition, be aware of your communication style and practice being flexible; it is under stressful situations that communication styles can become the most rigid.



OB Toolbox

10 Recommendations for Improving the Quality of Your Conversations

1. Be the first to say hello. Use your name in your introduction, in case others have forgotten it.
2. Think before you speak. Our impulse is often to imitate movies by offering fast, witty replies in conversation. In the real world, a careful silence can make us sound more intelligent and prevent mistakes.
3. Be receptive to new ideas. If you disagree with another person's opinion, saying, "Tell me more," can be a more useful way of moving forward than saying, "That's stupid!"
4. Repeat someone's name to yourself and then aloud, when being introduced. The form of the name you use may vary. First names work with peers. Mr. or Ms. is common when meeting superiors in business.
5. Ask questions. This establishes your interest in another person.
6. Listen as much, if not more, than you speak. This allows you to learn new information.
7. Use eye contact. Eye contact shows that you are engaged. Also, be sure to smile and make sure your body language matches your message.
8. Mirror the other person. Occasionally repeat what they've said in your own words. "You mean..." (Fine, 2005; Gabor, 1983).

Written Communication

In contrast to verbal communications, which are oral, written business communications are *printed messages*. Examples of written communications include memos, proposals, e-mails, letters, training manuals, and operating policies. They may be printed on paper or appear on the screen. Written communication is often asynchronous. That is, the sender can write a message that the receiver can read at any time, unlike a conversation that is carried on in real time. A written communication can also be read by many people (such as all employees in a department or all customers). It's a "one-to-many" communication, as opposed to a one-to-one conversation. There are exceptions, of course: A voice mail is an oral message that is asynchronous. Conference calls and speeches are oral one-to-many communications, and e-mails can have only one recipient or many.

Normally, a verbal communication takes place in real time. Written communication, by contrast, can be constructed over a longer period of time. It also can be collaborative. Multiple people can contribute to the content on one document before that document is sent to the intended audience.


Verbal and written communications have different strengths and weaknesses. In business, the decision to communicate verbally or in written form can be a powerful one. As we'll see below, each style of communication has particular strengths and pitfalls. When determining whether to communicate verbally or in writing, ask yourself: *Do I want to convey facts or feelings?* Verbal

communications are a better way to convey feelings. Written communications do a better job of conveying facts.

Picture a manager making a speech to a team of 20 employees. The manager is speaking at a normal pace. The employees appear interested. But how much information is being transmitted? Probably not as much as the speaker believes. The fact is that humans listen much faster than they speak. The average public speaker communicates at a speed of about 125 words a minute, and that pace sounds fine to the audience. (In fact, anything faster than that probably would sound unusual. To put that figure in perspective, someone having an excited conversation speaks at about 150 words a minute.) Based on these numbers, we could assume that the audience has more than enough time to take in each word the speaker delivers, which actually creates a problem. The average person in the audience can hear 400 to 500 words a minute (Lee & Hatesohl). The audience has *more than enough time* to hear. As a result, their minds may wander.

As you can see, oral communication is the most often used form of communication, but it is also an inherently flawed medium for conveying specific facts. Listeners' minds wander. It's nothing personal—in fact, it's a completely normal psychological occurrence. In business, once we understand this fact, we can make more intelligent communication choices based on the kind of information we want to convey.

Nonverbal Communication



What you say is a vital part of any communication. Surprisingly, what you *don't say* can be even more important. Research shows that nonverbal cues can also affect whether or not you get a job offer. Judges examining videotapes of actual applicants were able to assess the social skills of job candidates with the sound turned off. They watched the rate of gesturing, time spent talking, and formality of dress to determine which candidates would be the most socially successful on the job (Gifford, Ng, & Wilkinson, 1985). Research also shows that 55% of in-person communication comes from nonverbal cues such as facial expressions, body stance, and tone of voice. According to one study, only 7% of a receiver's comprehension of a message is based on the sender's actual words, 38% is based on paralanguage (the tone, pace, and volume of speech), and 55% is based on *nonverbal cues* (body language) (Mehrabian, 1981). To be effective communicators, our body language, appearance, and tone must align with the words we're trying to convey. Research shows that when individuals are lying, they are more likely to blink more frequently, shift their weight, and shrug (Siegman, 1985).

A different tone can change the perceived meaning of a message. For example, imagine that you're a customer interested in opening a new bank account. At one bank, the bank officer is dressed neatly. She looks you in the eye when she speaks. Her tone is friendly. Her words are easy to understand, yet professional sounding. "Thank you for considering Bank of the East Coast. We appreciate this opportunity and would love to explore ways that we can work together to help your business grow," she says with a friendly smile. At the second bank, the bank officer's tie is stained. He looks over your head and down at his desk as he speaks. He shifts in his seat and fidgets with his hands. His words say, "Thank you for considering Bank of the West Coast. We appreciate this opportunity and would love to explore ways that we can work together to help

your business grow,” but he mumbles his words, and his voice conveys no enthusiasm or warmth. Which bank would you choose? The speaker’s body language must match his or her words. If a sender’s words and body language don’t match—if a sender smiles while telling a sad tale, for example—the mismatch between verbal and nonverbal cues can cause a receiver to actively dislike the sender.

Following are a few examples of nonverbal cues that can support or detract from a sender’s message.

Body Language

A simple rule of thumb is that simplicity, directness, and warmth conveys sincerity. Sincerity is vital for effective communication. In some cultures, a firm handshake, given with a warm, dry hand, is a great way to establish trust. A weak, clammy handshake might convey a lack of trustworthiness. Gnawing one’s lip conveys uncertainty. A direct smile conveys confidence.

Newly conducted research by Amy Cuddy (2012) from Harvard University has found that not only can body language impact others’ perception of us, it can impact our own perception of ourselves! This Ted Talk below described the research and the outcome:

Please insert this video:

https://www.ted.com/talks/amy_cuddy_your_body_language_shapes_who_you_are?language=en

Eye Contact

In business, the style and duration of eye contact varies greatly across cultures. In the United States, looking someone in the eye (for about a second) is considered a sign of trustworthiness.

Facial Expressions

The human face can produce thousands of different expressions. These expressions have been decoded by experts as corresponding to hundreds of different emotional states (Ekman, Friesen, & Hager, 2008). Our faces convey basic information to the outside world. Happiness is associated with an upturned mouth and slightly closed eyes; fear with an open mouth and wide-eyed stare. Shifty eyes and pursed lips convey a lack of trustworthiness. The impact of facial expressions in conversation is instantaneous. Our brains may register them as “a feeling” about someone’s character. For this reason, it is important to consider how we appear in business as well as what we say. The muscles of our faces convey our emotions. We can send a silent message without saying a word. A change in facial expression can change our emotional state. Before an interview, for example, if we focus on feeling confident, our face will convey that confidence to an interviewer. Adopting a smile (even if we’re feeling stressed) can reduce the body’s stress levels.

Posture

The position of our body relative to a chair or other person is another powerful silent messenger that conveys interest, aloofness, professionalism, or lack thereof. Head up, back straight (but not rigid) implies an upright character. In interview situations, experts advise mirroring an interviewer's tendency to lean in and settle back in a seat. The subtle repetition of the other person's posture conveys that we are listening and responding.

Touch

The meaning of a simple touch differs between individuals, genders, and cultures. In Mexico, when doing business, men may find themselves being grasped on the arm by another man. To pull away is seen as rude. In Indonesia, to touch anyone on the head or to touch anything with one's foot is considered highly offensive. In the Far East and some parts of Asia, according to business etiquette writer Nazir Daud, "It is considered impolite for a woman to shake a man's hand" (Daud, 2008). Americans, as we have noted above, place great value in a firm handshake. But handshaking as a competitive sport ("the bone-crusher") can come off as needlessly aggressive both at home and abroad.

Communication Channels

The channel, or medium, used to communicate a message affects how accurately the message will be received. Channels vary in their "information-richness." Information-rich channels convey more non-verbal information. Research shows that effective managers tend to use more information-rich communication channels than less effective managers (Allen & Griffeth, 1997; Yates & Orlikowski, 1992). The figure below illustrates the information richness of different channels.

Information Channel	Information Richness
Face-to-face conversation	High
Videoconferencing	High
Telephone conversation	High
E-mails	Medium
Handheld devices	Medium
Blogs	Medium
Written letters and memos	Medium
Formal written documents	Low
Spreadsheets	Low

Figure 8.5 Sources: Adapted from information in Daft, R. L., & Lengel, R. H. (1984). Information richness: A new approach to managerial behaviour and organizational design. In B. Staw & L. Cummings (Eds.), *Research in organizational behaviour*, vol. 6 (pp. 191–233). Greenwich, CT: JAI Press; Lengel, R. H., & Daft, D. L. (1988). The selection of communication media as an executive skill. *Academy of Management Executive*, 11, 225–232.

The key to effective communication is to match the communication channel with the goal of the message (Barry & Fulmer, 2004). For example, written media may be a better choice when the sender wants a record of the content, has less urgency for a response, is physically separated from the receiver, and doesn't require a lot of feedback from the receiver, or when the message is complicated and may take some time to understand.

Oral communication, on the other hand, makes more sense when the sender is conveying a sensitive or emotional message, needs feedback immediately, and does not need a permanent record of the conversation.

Use Written Communication When:	Use Verbal Communication When:
conveying facts	conveying emotion and feelings
the message needs to become part of a permanent file	the message does not need to be permanent
there is little time urgency	there is time urgency
you do not need immediate feedback	you need immediate feedback
the ideas are complicated	the ideas are simple or can be made simple with explanations

Figure 8.6 Guide for When to Use Written versus Verbal Communication

Like face-to-face and telephone conversations, videoconferencing has high information richness, because receivers and senders can see or hear beyond just the words that are used—they can see the sender's body language or hear the tone of their voice. Handheld devices, blogs, and written letters and memos offer medium-rich channels, because they convey words and pictures or photos. Formal written documents, such as legal documents and budget spreadsheets, convey the least richness, because the format is often rigid and standardized. As a result, the tone of the message is often lost.

The growth of e-mail has been spectacular, but it has also created challenges in managing information and increasing the speed of doing businesses. Over 100 million adults in the United States use e-mail at least once a day (Taylor, 2002). Internet users around the world send an estimated 60 billion e-mails each day, and a large portion of these are spam or scam attempts (60 Billion emails sent daily world-wide, 2006). That makes e-mail the second most popular medium of communication worldwide, second only to voice. Less than 1% of all written human communications even reaches paper these days (Isom, 2008). To combat the overuse of e-mail, companies such as Intel have even instituted "no e-mail Fridays." During these times, all communication is done via other communication channels. Learning to be more effective in your e-mail communications is an important skill. To learn more, check out the OB Toolbox on business e-mail do's and don'ts.



OB Toolbox

Business E-mail Do's and Don'ts

1. DON'T send or forward chain e-mails.
2. DON'T put anything in an e-mail that you don't want the world to see.
3. DON'T write a message in capital letters—this is the equivalent of SHOUTING.
4. DON'T routinely CC everyone. Reducing inbox clutter is a great way to increase communication.
5. DON'T hit send until you've spell-checked your e-mail.
6. DO use a subject line that summarizes your message, adjusting it as the message changes over time.
7. DO make your request in the first line of your e-mail. (And if that's all you need to say, stop there!)
8. DO end your e-mail with a brief sign-off such as, "Thank you," followed by your name and contact information.
9. DO think of a work e-mail as a binding communication.
10. DO let others know if you've received an e-mail in error (Kawasaki, 2006; Leland, 2000).

You might feel uncomfortable conveying an emotionally laden message verbally, especially when the message contains unwanted news. Sending an e-mail to your staff that there will be no bonuses this year may seem easier than breaking the bad news face-to-face, but that doesn't mean that e-mail is an effective or appropriate way to break this kind of news. When the message is emotional, the sender should use verbal communication. Indeed, a good rule of thumb is that more emotionally laden messages require more thought in the choice of channel and how they are communicated.

Cross-Cultural Communication

Culture is a shared set of beliefs and experiences common to people in a specific setting. The setting that creates a culture can be geographic, religious, or professional. As you might guess, the same individual can be a member of many cultures, all of which may play a part in the interpretation of certain words.

The different and often "multicultural" identity of individuals in the same organization can lead to some unexpected and potentially large miscommunications. For example, during the Cold War, Soviet leader Nikita Khrushchev told the American delegation at the United Nations, "We will bury you!" His words were interpreted as a threat of nuclear annihilation. However, a more accurate reading of Khrushchev's words would have been, "We will overtake you," meaning economic superiority. The words, as well as the fear and suspicion that the West had of the Soviet

Union at the time, led to the more alarmist and sinister interpretation (Garner, 2007).

Miscommunications can arise between individuals of the same culture as well. Many words in the English language mean different things to different people. Words can be misunderstood if the sender and receiver do not share common experiences. A sender's words cannot communicate the desired meaning if the receiver has not had some experience with the objects or concepts the words describe (Effective communication, 2004).

It is particularly important to keep this fact in mind when you are communicating with individuals who may not speak English as a first language. For example, when speaking with nonnative English-speaking colleagues, avoid "isn't it?" questions. This sentence construction does not exist in many other languages and can be confusing for nonnative English speakers. For example, to the question, "You are coming, aren't you?" they may answer, "Yes" (I am coming) or "No" (I am coming), depending on how they interpret the question (Lifland, 2006).

Cultures also vary in terms of the desired amount of situational context related to interpreting situations. People in very high context cultures put a high value on establishing relationships prior to working with others and tend to take longer to negotiate deals. Examples of high context cultures include China, Korea, and Japan. Conversely, people in low context cultures "get down to business" and tend to negotiate quickly. Examples of low context cultures include Germany, Scandinavia, and the United States (Hall, 1976; Munter, 1993).

Finally, don't forget the role of nonverbal communication. As we learned in the nonverbal communication section, in the United States, looking someone in the eye when talking is considered a sign of trustworthiness. In China, by contrast, a lack of eye contact conveys respect. A recruiting agency that places English teachers warns prospective teachers that something that works well in one culture can offend in another: "In Western countries, one expects to maintain eye contact when we talk with people. This is a norm we consider basic and essential. This is not the case among the Chinese. On the contrary, because of the more authoritarian nature of the Chinese society, steady eye contact is viewed as inappropriate, especially when subordinates talk with their superiors" (Chinese culture-differences and taboos).

It's easy to see how meaning could become confused, depending on how and when these signals are used. When in doubt, experts recommend that you ask someone around you to help you interpret the meaning of different gestures, that you be sensitive, and that you remain observant when dealing with a culture different from your own.






	<p><i>“V” for victory.</i> Use this gesture with caution! While in North America it signs victory or peace, in England and Australia it means something closer to “take this!”</p>
	<p><i>The “OK” gesture.</i> While in North America it means things are going well, in France it means a person is thought to be worthless, in Japan it refers to money, and in Brazil, Russia, and Germany it means something really not appropriate for the workplace.</p>
	<p>The <i>“thumbs up”</i> means one in Germany, five in Japan, but good job in North America. This can lead to confusion.</p>
	<p><i>“Hook ‘em horns.”</i> In Texas this is the University of Texas rallying call because it looks like the horns of a bull. However, in Italy it means you are being tricked, while in Brazil and Venezuela it means you are warding off evil.</p>
	<p><i>Waving your hand.</i> In much of Europe waving your hand indicates a disagreement. However, in North America it is routinely used as a way to signal greetings or to get someone’s attention.</p>

Figure 8.7 Gestures Around the Globe Adapted from information in Axtell, R. E. (1998). *Gestures: The do's and taboos of body language around the world*. New York: John Wiley.

Exercises

1. How can you assess if you are engaging in ethical communications?
2. What experiences have you had with cross-cultural communications? Please share at least one experience when it has gone well and one when it has not gone well.
3. What advice would you give to someone who will be managing a new division of a company in another culture in terms of communication?

8.5 Employee Satisfaction Translates to Success: The Case of Edward Jones

Figure 8.8 Alan Cleaver – Finances – CC BY 2.0.



Because of the economic turmoil that most financial institutions find themselves in today, it might come as a surprise that an individual investment company came in at number 2 on *Fortune* magazine's "100 Best Companies to Work For" list in 2010, behind software giant SAS Institute Inc. Edward Jones Investments (a limited partnership company) was originally founded in St. Louis, Missouri, where its headquarters remain today. With more than 10,000 offices across the United States and Canada, they are able to serve nearly 7 million investors. This is the 10th year Edward Jones has made the Best Companies list. In addition, Edward Jones ranked highest with client satisfaction among full-service investment firms, according to an annual survey released by J. D. Power and Associates in 2009. How has Edward Jones maintained this favorable

reputation in the eyes of both its employees and customers?

It begins with the perks offered, including profit sharing and telecommuting. But if you ask the company's CEO, Tim Kirley, he will likely tell you that it goes beyond the financial incentives, and at the heart of it is the culture of honest communication that he adamantly promotes. Kirley works with senior managers and team members in what makes up an open floor plan and always tries to maintain his approachability. Examples of this include direct communication, letters to staff and video, and Internet-posted talks. In addition, regular meetings are held to celebrate achievements and reinforce the firm's ethos. Staff surveys are frequently administered and feedback is widely taken into consideration so that the 10,000 employees feel heard and respected.

According to *Fortune*'s managing editor, Hank Gilman, "The most important considerations for this year's list were hiring and the ways in which companies are helping their employees weather the recession." Edward Jones was able to persevere through the trauma of the recent financial

crisis with no layoffs and an 8% one-year job growth. While a salary freeze was enacted, profit sharing continued. Kirley insists that the best approach to the recent economic downturn is to remain honest with his employees even when the news he is delivering is not what they want to hear.

Edward Jones was established in 1922 by Edward D. Jones Sr., and long ago, the company recognized the importance of a satisfied workforce and how that has the ability to translate into customer satisfaction and long-term growth. The company's internal policy of open communication seems to carry over to how advisors value their relationship with individual customers. Investors are most likely to contact their advisor by directly visiting them at a local branch or by picking up the phone and calling them. Edward Jones's managing partner, Jim Weddle, explains it best himself: "We are able to stay focused on the long-term because we are a partnership and we know who we are and what we do. When you respect the people who work here, you take care of them—not just in the good times, but in the difficult times as well" (100 best companies to work for, 2010; Keeping clients happy, 2009; Lawlor, 2008; Rodrigues & Clayton, 2009; St. Louis firms make *Fortune*'s best workplaces, 2009).



Discussion Questions

1. As an organisation, what qualities do you think Edward Jones looks for when hiring new financial advisors?
2. With its success in North America, why do you think Edward Jones has not expanded across the Pacific or Atlantic oceans?
3. How has technology enabled Edward Jones to become more effective at communicating with its employees and customers? Do you think technology can ever hamper effective communication?
4. What types of customer service policies do think Edward Jones has in place?

8.6 Conclusion

In this chapter we have reviewed why effective communication matters to organizations. Communication may break down as a result of many communication barriers that may be attributed to the sender or receiver. Therefore, effective communication requires familiarity with the barriers. Choosing the right channel for communication is also important, because choosing the wrong medium undermines the message. When communication occurs in the cross-cultural context, extra caution is needed, given that different cultures have different norms regarding nonverbal communication, and different words will be interpreted differently across cultures. By being sensitive to the errors outlined in this chapter and adopting active listening skills, you may increase your communication effectiveness.



Chapter

9

Managing Groups and Teams

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Recognize and understand group dynamics and development.
2. Understand the difference between groups and teams.
3. Compare and contrast different types of teams.
4. Understand how to design effective teams.

9.1 Teamwork Takes to the Sky: The Case of General Electric



Figure 9.1 Wikimedia Commons – CC BY-SA 3.0.

In Durham, North Carolina, Robert Henderson was opening a factory for General Electric Company (NYSE: GE). The goal of the factory was to manufacture the largest commercial jet engine in the world. Henderson's opportunity was great and so were his challenges. GE hadn't designed a jet engine from the ground up for over 2 decades. Developing the jet engine project had already cost GE \$1.5 billion. That was a huge sum of money to invest—and an unacceptable sum to lose should things go wrong in the manufacturing stage.

How could one person fulfill such a vital corporate mission? The answer, Henderson decided, was that one person couldn't fulfill the mission. Even Jack Welch, GE's CEO at the time, said, "We now know where productivity comes from. It comes from challenged, empowered, excited, rewarded teams of people."

Empowering factory workers to contribute to GE's success sounded great in theory. But how to accomplish these goals in real life was a more challenging question. Factory floors, traditionally, are unempowered work-places where workers are more like cogs in a vast machine than self-determining team members.

In the name of teamwork and profitability, Henderson travelled to other factories looking for places where worker autonomy was high. He implemented his favourite ideas at the factory in Durham. Instead of hiring generic "mechanics," for example, Henderson hired staffers with FAA (Federal Aviation Administration) mechanic's licenses. This superior training created a team capable of making vital decisions with minimal oversight, a fact that upped the factory's output and his workers' feelings of worth.

Henderson's "self-managing" factory functioned beautifully. And it looked different too. Plant manager Jack Fish described Henderson's radical factory, saying Henderson "didn't want to see supervisors, he didn't want to see forklifts running all over the place, he didn't even want it to look traditional. There's clutter in most plants, racks of parts and so on. He didn't want that."

Henderson also contracted out non-job-related chores, such as bathroom cleaning, that might have been assigned to workers in traditional factories. His insistence that his workers should contribute their highest talents to the team showed how much he valued them. And his team valued their jobs in turn.

Six years later, a Fast Company reporter visiting the plant noted, “GE/Durham team members take such pride in the engines they make that they routinely take brooms in hand to sweep out the beds of the 18-wheelers that transport those engines—just to make sure that no damage occurs in transit.” For his part, Henderson, who remained at GE beyond the project, noted, “I was just constantly amazed by what was accomplished there.”

GE’s bottom line showed the benefits of teamwork too. From the early 1980s, when Welch became CEO, until 2000, when he retired, GE generated more wealth than any organization in the history of the world (Fishman, 1999; Guttman, 2008; Lear, 1998).



Discussion Questions

1. Would Robert Henderson’s strategy have worked if GE were manufacturing an entire plane rather than just an engine? What about if they were manufacturing medical equipment?
2. Jack Welch stated that productivity “comes from challenged, empowered, excited, rewarded teams of people.” Do you agree with this statement? What are some other factors of productivity that Welch may have left out?
3. One of the factors that contributed to the success of Henderson’s new factory was the use of FAA- certified mechanics. How could Henderson have accomplished his goal if the industry was suffering a shortage of FAA-certified individuals?
4. As stated at the opening of the GE story, GE had already invested \$1.5 billion in the jet engine project. This implies that GE has a large amount of money at its disposal. Could Henderson have pulled off his revolutionary production facility without the amount of financial capital GE provided? How might his initial planning and development of the factory have differed if he were working for a new, small, start-up organisation?

9.2 Group Dynamics

What is a **group**? A group is a collection of individuals who interact with each other such that one person’s actions have an impact on the others. In organizations, most work is done within groups. How groups function has important implications for organizational productivity. Groups where people get along, feel the desire to contribute to the team, and are capable of coordinating their efforts may have high performance levels, whereas teams characterized by extreme levels of conflict or hostility may demoralize members of the workforce.

In organizations, you may encounter different types of groups. **Informal work groups** are made up of two or more individuals who are associated with one another in ways not prescribed by the formal organization. For example, a few people in the company who get together to play tennis on the weekend would be considered an informal group. A **formal work group** is made up of managers, subordinates, or both with close associations among group members that influence the behaviour of individuals in the group. We will discuss many different types of formal work groups later on in this chapter.

Stages of Group Development

Forming, Storming, Norming, and Performing

American organizational psychologist Bruce Tuckman presented a robust model in 1965 that is still widely used today. Based on his observations of group behaviour in a variety of settings, he proposed a four-stage map of group evolution, also known as the **forming-storming-norming-performing model** (Tuckman, 1965). Later he enhanced the model by adding a fifth and final stage, the **adjourning phase**. Interestingly enough, just as an individual moves through developmental stages such as childhood, adolescence, and adulthood, so does a group, although in a much shorter period of time. According to this theory, in order to successfully facilitate a group, the leader needs to move through various leadership styles over time.

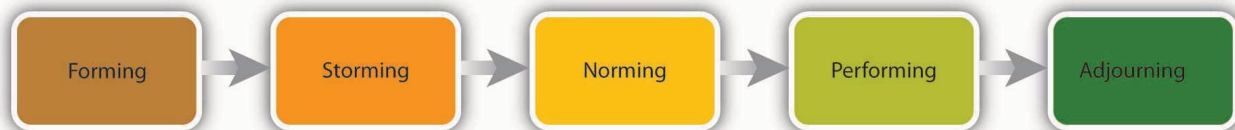


Figure 9.2 Stages of the Group Development Model

Forming

In the **forming** stage, the group comes together for the first time. The members may already know each other or they may be total strangers. In either case, there is a level of formality, some anxiety, and a degree of guardedness as group members are not sure what is going to happen next. “Will I be accepted? What will my role be? Who has the power here?” These are some of the questions participants think about during this stage of group formation. Because of the large amount of uncertainty, members tend to be polite, conflict avoidant, and observant. They are trying to figure out the “rules of the game” without being too vulnerable. At this point, they may also be quite excited and optimistic about the task at hand, perhaps experiencing a level of pride at being chosen to join a particular group. Group members are trying to achieve several goals at this stage, although this may not necessarily be done consciously. First, they are trying to get to know each other. Often this can be accomplished by finding some common ground. Members also begin to explore group boundaries to determine what will be considered acceptable behaviour. “Can I interrupt? Can I leave when I feel like it?” This trial phase may also involve testing the appointed leader or seeing if a leader emerges from the group.

Storming

Once group members feel sufficiently safe and included, they tend to enter the **storming** phase. Participants focus less on keeping their guard up as they shed social facades, becoming more authentic and more argumentative. Group members begin to explore their power and influence, and they often stake out their territory by differentiating themselves from the other group members rather than seeking common ground. Discussions can become heated as participants raise contending points of view and values, or argue over how tasks should be done and who is assigned to them. It is not unusual for group members to become defensive, competitive, or jealous. They may even take sides or begin to form cliques within the group. Questioning and resisting direction from the leader is also quite common. “Why should I have to do this? Who designed this project in the first place? Why do I have to listen to you?” Although little seems to get accomplished at this stage, group members are becoming more authentic as they express their deeper thoughts and feelings. What they are really exploring is “Can I truly be me, have power, and be accepted?” During this chaotic stage, a great deal of creative energy that was previously buried is released and available for use, but it takes skill to move the group from storming to norming. In many cases, the group gets stuck in the storming phase. Once group members discover that they can be authentic and that the group is capable of handling differences without dissolving, they are ready to enter the next stage, norming.



OB Toolbox

Avoid Getting Stuck in the Storming Phase!

There are several steps you can take to avoid getting stuck in the storming phase of group development. Try the following if you feel the group process you are involved in is not progressing:

- Normalize conflict. Let members know this is a natural phase in the group-formation process.
- Be inclusive. Continue to make all members feel included and invite all views into the room. Mention how diverse ideas and opinions help foster creativity and innovation.
- Make sure everyone is heard. Facilitate heated discussions and help participants understand each other.
- Support all group members. This is especially important for those who feel more insecure.
- Remain positive. This is a key point to remember about the group’s ability to accomplish its goal.
- Don’t rush the group’s development. Remember that working through the storming stage can take several meetings.

Norming

“We survived!” is the common sentiment at the **norming** stage. Group members often feel elated at this point, and they are much more committed to each other and the group’s goal. Feeling energized by knowing they can handle the “tough stuff,” group members are now ready to get to work. Finding themselves more cohesive and cooperative, participants find it easy to establish their own ground rules (or *norms*) and define their operating procedures and goals. The group tends to make big decisions, while subgroups or individuals handle the smaller decisions.

Hopefully, at this point the group is more open and respectful toward each other, and members ask each other for both help and feedback.


Performing

Galvanized by a sense of shared vision and a feeling of unity, the group is ready to go into high gear. Members are more interdependent, individuality and differences are respected, and group members feel themselves while being part of a greater entity. At the **performing** stage, participants are not only getting the work done, but they also pay greater attention to *how* they are doing it. They ask questions like, “Do our operating procedures best support productivity and quality assurance? Do we have suitable means for addressing differences that arise so we can preempt destructive conflicts? Are we relating to and communicating with each other in ways that enhance group dynamics and help us achieve our goals? How can I further develop as a person to become more effective?”

Adjourning

Just as groups form, so do they end. For example, many groups or teams formed in a business context are project oriented and therefore are temporary in nature. Alternatively, a working group may dissolve due to an organizational restructuring. Just as when we graduate from school or leave home for the first time, these endings can be bittersweet, with group members feeling a combination of victory, grief, and, insecurity about what is coming next.

Social Loafing



Social loafing refers to the tendency of individuals to put in less effort when working in a group context. This phenomenon, also known as the Ringelmann effect, was first noted by French agricultural engineer Max Ringelmann in 1913. In one study, he had people pull on a rope individually and in groups. He found that as the number of people pulling increased, the group’s total pulling force was less than the individual efforts had been when measured alone (Karau & Williams, 1993).

Why do people work less hard when they are working with other people? Observations show that as the size of the group grows, this effect becomes larger as well (Karau & Williams, 1993). The social loafing tendency is less a matter of being lazy and more a matter of perceiving that one will receive neither one’s fair share of rewards if the group is successful nor blame if the group fails. Rationales for this behaviour include, “My own effort will have little effect on the outcome,” “Others aren’t pulling their weight, so why should I?” or “I don’t have much to contribute, but no one will notice anyway.” This is a consistent effect across a great number of group tasks and countries (Gabrenya, Latane, & Wang, 1983; Harkins & Petty, 1982; Taylor & Faust, 1952; Ziller, 1957). Research also shows that perceptions of fairness are related to levels of social loafing (Price, Harrison, & Gavin, 2006). Therefore, teams that are deemed as more fair should also see less social loafing.



OB Toolbox

Tips for Preventing Social Loafing in Your Group

When designing a group project, these are some considerations to keep in mind:

- Carefully choose the number of individuals you need to get the task done. The likelihood of social loafing increases as group size increases (especially if the group consists of 10 or more people), because it is easier for people to feel unneeded or inadequate, and it is easier for them to “hide” in a larger group.
- Clearly define each member’s tasks in front of the entire group. If you assign a task to the entire group, social loafing is more likely. For example, instead of stating, “By Monday, let’s find several articles on the topic of stress,” you can set the goal of “By Monday, each of us will be responsible for finding five articles on the topic of stress.” When individuals have specific goals, they become more accountable for their performance.
- Design and communicate to the entire group a system for evaluating each person’s contribution. You may have a midterm feedback session in which each member gives feedback to every other member. This would increase the sense of accountability individuals have. You may even want to discuss the principle of social loafing in order to discourage it.
- Build a cohesive group. When group members develop strong relational bonds, they are more committed to each other and the success of the group, and they are therefore more likely to pull their own weight.
- Assign tasks that are highly engaging and inherently rewarding. Design challenging, unique, and varied activities that will have a significant impact on the individuals themselves, the organisation, or the external environment. For example, one group member may be responsible for crafting a new incentive-pay system through which employees can direct some of their bonus to their favorite nonprofits.
- Make sure individuals feel that they are needed. If the group ignores a member’s contributions because these contributions do not meet the group’s performance standards, members will feel discouraged and are unlikely to contribute in the future. Make sure that everyone feels included and needed by the group.

9.3 Understanding Team Design Characteristics

Effective teams give companies a significant competitive advantage. In a high-functioning team, the sum is truly greater than the parts. Team members not only benefit from each other’s diverse experiences and perspectives but also stimulate each other’s creativity. Plus, for many people, working in a team can be more fun than working alone.

Differences Between Groups and Teams

organizations consist of groups of people. What exactly is the difference between a group and a team? A group is a collection of individuals. Within an organization, groups might consist of project-related groups such as a product group or division, or they can encompass an entire store or branch of a company. The performance of a group consists of the inputs of the group minus any process losses, such as the quality of a product, ramp-up time to production, or the sales for a given month. **Process loss** is any aspect of group interaction that inhibits group functioning.

Why do we say *group* instead of *team*? A collection of people is not a team, though they may learn to function in that way. A **team** is a cohesive coalition of people working together to achieve mutual goals. Being on a team does not equate to a total suppression of personal agendas, but it does require a commitment to the vision and involves each individual working toward accomplishing the team's objective. Teams differ from other types of groups in that members are focused on a joint goal or product, such as a presentation, discussing a topic, writing a report, creating a new design or prototype, or winning a team Olympic medal. Moreover, teams also tend to be defined by their relatively smaller size. For example, according to one definition, "A team is a *small* number of people with complementary skills who are committed to a common purpose, performance goals, and approach for which they are mutually accountable" (Katzenbach & Smith, 1993). The key properties of a true team include collaborative action in which, along with a common goal, teams have collaborative tasks. Conversely, in a group, individuals are responsible only for their own area.

Team Roles

Robert Sutton points out that the success of U.S. Airways Flight 1549 to land with no fatalities when it crashed into the Hudson River in New York City is a good example of an effective work team (Sutton, 2009). For example, reports show that Captain Chesley Sullenberger took over flying from copilot Jeff Skiles, who had handled the takeoff, but had less experience in the Airbus (Caruso, 2009). This is consistent with the research findings that effective teams divide up tasks so the best people are in the best positions.



Figure 9.3 Production tasks include actually making something, such as a team of construction workers creating a new building. Leyla.a – Construction Workers in Chinatown – CC BY-SA 2.0.

Studies show that individuals who are more aware of team roles and the behaviour required for each role perform better than individuals who do not. This fact remains true for both student project teams as well as work teams, even after accounting for intelligence and personality (Mumford et al., 2008). Early research found that teams tend to have two

categories of roles consisting of those related to the tasks at hand and those related to the team's functioning. For example, teams that focus only on production at all costs may be successful in the short run, but if they pay no attention to how team members feel about working 70 hours a week, they are likely to experience high turnover.

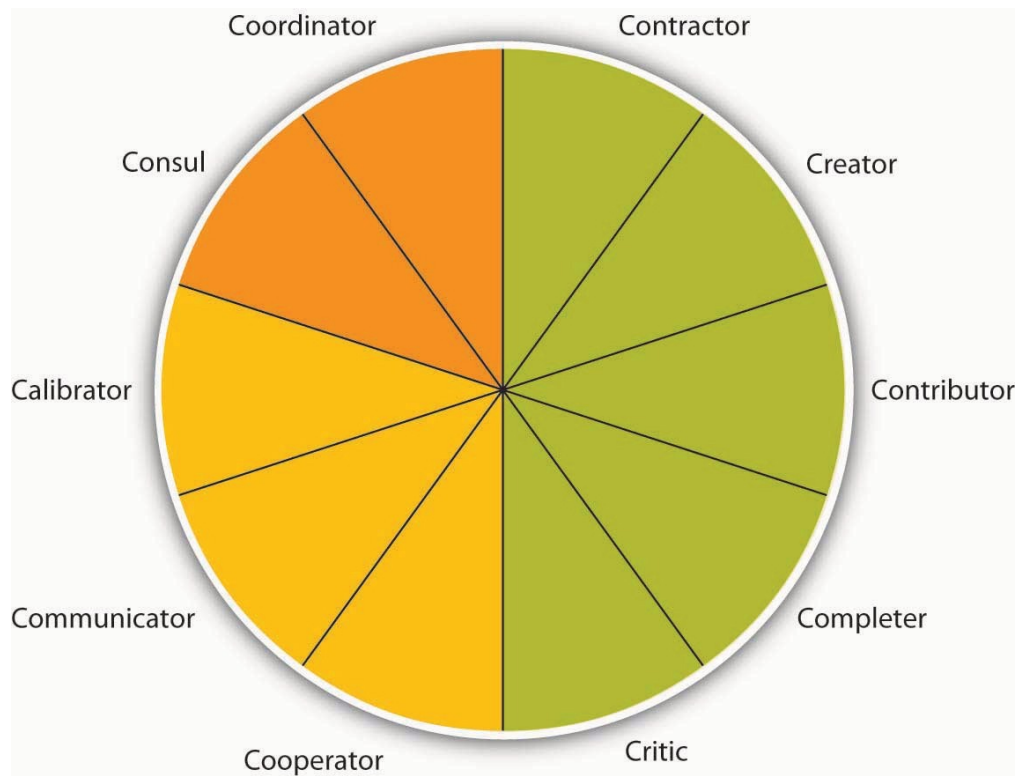


Figure 9.4 Teams are based on many roles being carried out, as summarized by the Team Role Typology. These 10 roles include task roles (green), social roles (yellow), and boundary-spanning roles (orange) (Mumford et al., 2006; Mumford et al., 2008).

Based on decades of research on teams, 10 key roles have been identified (Bales, 1950; Benne & Sheats, 1948; Belbin, 1993). Team leadership is effective when leaders are able to adapt the roles they are contributing or asking others to contribute to fit what the team needs given its stage and the tasks at hand (Kozlowski et al., 1996; Kozlowski et al., 1996). Ineffective leaders might always engage in the same task role behaviours, when what they really need is to focus on social roles, put disagreements aside, and get back to work. While these behaviours can be effective from time to time, if the team doesn't modify its role behaviours as things change, they most likely will not be effective.

Task Roles

Five roles make up the task portion of the typology. The contractor role includes behaviours that serve to organize the team's work, including creating team timelines, production schedules, and task sequencing. The creator role deals more with changes in the team's task process structure. For example, reframing the team goals and looking at the context of goals would fall under this role. The contributor role is important, because it brings information and expertise to the team. This role is characterized by sharing knowledge and training with those who have less expertise to strengthen the team. Research shows that teams with highly intelligent members and evenly

distributed workloads are more effective than those with uneven workloads (Ellis et al., 2003). The completer role is also important, as it transforms ideas into action. Behaviours associated with this role include following up on tasks, such as gathering needed background information or summarizing the team's ideas into reports. Finally, the critic role includes "devil's advocate" behaviours that go against the assumptions being made by the team.

Social Roles

Social roles serve to keep the team operating effectively. When the social roles are filled, team members feel more cohesive, and the group is less prone to suffer process losses or biases such as social loafing, groupthink, or a lack of participation from all members. Three roles fall under the umbrella of social roles. The cooperator role includes supporting those with expertise toward the team's goals. This is a proactive role. The communicator role includes behaviours that are targeted at collaboration, such as practicing good listening skills and appropriately using humor to diffuse tense situations. Having a good communicator helps the team to feel more open to sharing ideas. The calibrator role is an important one that serves to keep the team on track in terms of suggesting any needed changes to the team's process. This role includes initiating discussions about potential team problems such as power struggles or other tensions. Similarly, this role may involve settling disagreements or pointing out what is working and what is not in terms of team process.

Boundary-Spanning Roles

The final two goals are related to activities outside the team that help to connect the team to the larger organization (Anaconda, 1990; Anaconda, 1992; Druskat & Wheeler, 2003). Teams that engage in a greater level of boundary-spanning behaviours increase their team effectiveness (Marrone, Tesluk, & Carson, 2007). The consul role includes gathering information from the larger organization and informing those within the organization about team activities, goals, and successes. Often the consul role is filled by team managers or leaders. The coordinator role includes interfacing with others within the organization so that the team's efforts are in line with other individuals and teams within the organization.

Team Leadership and Autonomy



Teams also vary in terms of how they are led. **Traditional manager-led teams** are teams in which the manager serves as the team leader. The manager assigns work to other team members. These types of teams are the most natural to form, with managers having the power to hire and fire team members and being held accountable for the team's results.

Self-managed teams are a new form of team that rose in popularity with the Total Quality Movement in the 1980s. Unlike manager-led teams, these teams manage themselves and do not report directly to a supervisor. Instead, team members select their own leader, and they may even take turns in the leadership role. Self-managed teams also have the power to select new team members. As a whole, the team shares responsibility for a significant task, such as assembly of an entire car. The task is ongoing rather than a temporary task such as a charity fund drive for a given year.

Self-managed teams are **empowered teams**, which means that they have the *responsibility* as well as the *authority* to achieve their goals. Team members have the power to control tasks and processes and to make decisions. Research shows that self-managed teams may be at a higher risk of suffering from negative outcomes due to conflict, so it is important that they are supported with training to help them deal with conflict effectively (Alper, Tjosvold, & Law, 2000; Langfred, 2007). Self-managed teams may still have a leader who helps them coordinate with the larger organization (Morgeson, 2005).

Traditionally managed teams	Self-managed teams	Self-directed team
<ul style="list-style-type: none"> • Leader resides outside the team • Potential for low autonomy 	<ul style="list-style-type: none"> • The team manages itself but still has a team leader • Potential for low, medium, or high autonomy 	<ul style="list-style-type: none"> • The team makes all decisions internally about leadership and how work is done • Potential for high autonomy

Figure 9.5 Team leadership is a major determinant of how autonomous a team can be.

Designing Effective Teams

Designing an effective team means making decisions about team composition (who should be on the team), team size (the optimal number of people on the team), and team diversity (should team members be of similar background, such as all engineers, or of different backgrounds). Answering these questions will depend, to a large extent, on the type of task that the team will be performing. Teams can be charged with a variety of tasks, from problem solving to generating creative and innovative ideas to managing the daily operations of a manufacturing plant.

Who Are the Best Individuals for the Team?

A key consideration when forming a team is to ensure that all the team members are qualified for the roles they will fill for the team. This process often entails understanding the knowledge, skills, and abilities (KSAs) of team members as well as the personality traits needed before starting the selection process (Humphrey et al., 2007). When talking to potential team members, be sure to communicate the job requirements and norms of the team. Think of ways to train the team members as much as possible to help ensure success and cohesiveness. In addition to task knowledge, research has shown that individuals who understand the concepts covered in this chapter and in this book, such as conflict resolution, motivation, planning, and leadership, actually perform better on their jobs. This finding holds for a variety of jobs, including being an officer in the U.S. Air Force, an employee at a pulp mill, or a team member at a box manufacturing plant (Hirschfeld et al., 2006; Stevens & Campion, 1999).

How Large Should My Team Be?

Interestingly, research has shown that regardless of team size, the most active team member speaks 43% of the time. The difference is that the team member who participates the least in a 3-person team is still active 23% of the time versus only 3% in a 10-person team (McGrath, 1984; Solomon, 1960). When deciding team size, a good rule of thumb is a size of two to 20 members.



Figure 9.6 The ideal size for a team depends on the task at hand. Groups larger than 10 members tend to be harder to coordinate and often break into subteams to accomplish the work at hand. RSNY – Team – CC BY-NC-ND 2.0.

Research shows that groups with more than 20 members have less cooperation (Gratton & Erickson, 2007). The majority of teams have 10 members or less, because the larger the team, the harder it is to coordinate and interact as a team. With fewer individuals, team members are more able to work through differences and agree on a common plan of action. They have a clearer understanding of

others' roles and greater accountability to fulfill their roles, limiting social loafing. Some tasks, however, require larger team sizes because of the need for diverse skills or because of the complexity of the task. In those cases, the best solution is to create sub-teams in which one member from each sub-team is a member of a larger coordinating team. The relationship between team size and performance seems to greatly depend on the level of task interdependence, with some studies finding larger teams outproducing smaller teams and other studies finding just the opposite (Campion, Medsker, & Higgs, 1993; Magjuka & Baldwin, 1991; Vinokur-Kaplan, 1995). The bottom line is that team size should be matched to the goals of the team.

How Diverse Should My Team Be?

Team composition and team diversity often go hand in hand. Teams whose members have complementary skills are often more successful because members can see each other's blind spots. One team member's strengths can compensate for another's weaknesses (Jackson, Joshi, & Erhardt, 2003; van Knippenberg, De Dreu, & Homan, 2004). For example, consider the challenge that companies face when trying to forecast future sales of a given product. Workers who are educated as forecasters have the analytic skills needed for forecasting, but these workers often lack critical information about customers. Salespeople, in contrast, regularly communicate with customers, which means they're in the know about upcoming customer decisions. But salespeople often lack the analytic skills, discipline, or desire to enter this knowledge into spreadsheets and software that will help a company forecast future sales. Putting forecasters and salespeople together on a team tasked with determining the most accurate product forecast each quarter makes the best use of each member's skills and expertise.

Diversity in team composition can help teams come up with more creative and effective solutions. Research shows that teams that believe in the value of diversity performed better than teams that do not (Homan et al., 2007). The more diverse a team is in terms of expertise, gender, age, and background, the more ability the group has to avoid the problems of groupthink (Surowiecki, 2005). For example, different educational levels for team members were related to more creativity in R&D teams and faster time to market for new products (Eisenhardt & Tabrizi, 1995; Shin & Zhou, 2007). Members will be more inclined to make different kinds of mistakes,

which means that they'll be able to catch and correct those mistakes.

9.4 Management of Teams

Establishing Team Norms

Team Norms

Norms are shared expectations about how things operate within a group or team. Just as new employees learn to understand and share the assumptions, norms, and values that are part of an organisation's culture, they also must learn the norms of their immediate team. This understanding helps teams be more cohesive and perform better. Norms are a powerful way of ensuring coordination within a team. For example, is it acceptable to be late to meetings? How prepared are you supposed to be at the meetings? Is it acceptable to criticize someone else's work? These norms are shaped early during the life of a team and affect whether the team is productive, cohesive, and successful.

Team Contracts

Scientific research, as well as experience working with thousands of teams, show that teams that are able to articulate and agree on established ground rules, goals, and roles and develop a **team contract** around these standards are better equipped to face challenges that may arise within the team (Katzenback & Smith, 1993; Porter & Lilly, 1996). Having a team contract does not necessarily mean that the team will be successful, but it can serve as a road map when the team veers off course. The following questions can help to create a meaningful team contract:

- *Team Values and Goals*
 - What are our shared team values?
 - What is our team goal?
- *Team Roles and Leadership*
 - Who does what within this team? (Who takes notes at the meeting? Who sets the agenda? Who assigns tasks? Who runs the meetings?)
 - Does the team have a formal leader?
 - If so, what are his or her roles?
- *Team Decision Making*
 - How are minor decisions made?
 - How are major decisions made?
- *Team Communication*
 - Who do you contact if you cannot make a meeting?
 - Who communicates with whom?
 - How often will the team meet?

- *Team Performance*
 - What constitutes good team performance?
 - What if a team member tries hard but does not seem to be producing quality work?
 - How will poor attendance/work quality be dealt with?

Team Meetings



Anyone who has been involved in a team knows it involves team meetings. While few individuals relish the idea of team meetings, they serve an important function in terms of information sharing and decision making. They also serve an important social function and can help to build team cohesion and a task function in terms of coordination. Unfortunately, we've all attended meetings that were a waste of time and little happened that couldn't have been accomplished by reading an e-mail in 5 minutes. To run effective meetings, it helps to think of meetings in terms of three sequential steps (Haynes, 1997).

Before the Meeting

Much of the effectiveness of a meeting is determined before the team gathers. There are three key things you can do to ensure the team members get the most out of their meeting.

Is a meeting needed? Leaders should do a number of things prior to the meeting to help make it effective. The first thing is to be sure a meeting is even needed. If the meeting is primarily informational in nature, ask yourself if it is imperative that the group fully understands the information and if future decisions will be built upon this information. If so, a meeting may be needed. If not, perhaps simply communicating with everyone in a written format will save valuable time. Similarly, decision-making meetings make the most sense when the problem is complex and important, there are questions of fairness to be resolved, and commitment is needed moving forward.

Create and distribute an agenda. An agenda is important in helping to inform those invited about the purpose of the meeting. It also helps organize the flow of the meeting and keep the team on track.

Send a reminder prior to the meeting. Reminding everyone of the purpose, time, and location of the meeting helps everyone prepare themselves. Anyone who has attended a team meeting only to find there is no reason to meet because members haven't completed their agreed-upon tasks knows that, as a result, team performance or morale can be negatively impacted. Follow up to make sure everyone is prepared. As a team member, inform others immediately if you will not be ready with your tasks so that they can determine whether the meeting should be postponed.

During the Meeting

During the meeting there are several things you can do to make sure the team starts and keeps on track.

Start the meeting on time. Waiting for members who are running late only punishes those who are on time and reinforces the idea that it's OK to be late. Starting the meeting promptly sends an important signal that you are respectful of everyone's time.

Follow the meeting agenda. Veering off agenda communicates to members that the agenda is not important. It also makes it difficult for others to keep track of where you are in the meeting.

Manage group dynamics for full participation. As you've seen in this chapter, a number of group dynamics can limit a team's functioning. Be on the lookout for full participation and engagement from all team members, as well as any potential problems such as social loafing, group conflict, or groupthink.

Summarize the meeting with action items. Be sure to clarify team member roles moving forward. If individuals' tasks are not clear, chances are that role confusion will arise later. There should be clear notes from the meeting regarding who is responsible for each action item and the time frames associated with next steps.

End the meeting on time. This is vitally important, as it shows that you respect everyone's time and are organized. If another meeting is needed to follow up, schedule it later, but don't let the meeting run over.

After the Meeting

Follow up on action items. During the meeting, participants probably generated several action items. It is likely that you'll need to follow up on the action items of others.

Key Takeaway

Much like group development, team socialization takes place over the life of the team. The stages move from evaluation to commitment to role transition. Team norms are important for the team process and help to establish who is doing what for the team and how the team will function. Creating a team contract helps with this process. Keys to address in a team contract are team values and goals, team roles and leadership, team decision making, team communication expectations, and how team performance is characterized. Team meetings can help a team coordinate and share information. Effective meetings include preparation, management during the meeting, and follow-up on action items generated in the meeting.

Exercises

1. Have the norms for most of the teams you have belonged to been formal or informal? How do you think that has affected these teams?
2. Have you ever been involved in creating a team contract? Explain how you think that may have influenced how the team functioned.
3. Should the person requesting a meeting always prepare a meeting agenda? Why or why not?
4. Do you think conducting team meetings standing up is a good idea? Why or why not?

9.5 Barriers to Effective Teams

Problems can arise in any team that will hurt the team's effectiveness. Here are some common problems faced by teams and how to deal with them.

Common Problems Faced by Teams

Challenges of Knowing Where to Begin

At the start of a project, team members may be at a loss as to how to begin. Also, they may have reached the end of a task but are unable to move on to the next step or put the task to rest. Floundering often results from a lack of clear goals, so the remedy is to go back to the team's mission or plan and make sure that it is clear to everyone. Team leaders can help move the team past floundering by asking, "What is holding us up? Do we need more data? Do we need assurances or support? Does anyone feel that we've missed something important?"

Dominating Team Members

Some team members may have a dominating personality that encroaches on the participation or airtime of others. This overbearing behaviour may hurt the team morale or the momentum of the team. A good way to overcome this barrier is to design a team evaluation to include a "balance of participation" in meetings. Knowing that fair and equitable participation by all will affect the team's performance evaluation will help team members limit domination by one member and encourage participation from all members, even shy or reluctant ones. Team members can say, "We've heard from Mary on this issue, so let's hear from others about their ideas."

Poor Performance of Team Members

Research shows that teams deal with poor performers in different ways, depending on members' perceptions of the reasons for poor performance (Jackson & LePine, 2003). In situations in which

the poor performer is perceived as lacking in ability, teams are more likely to train the member. When members perceive the individual as simply being low on motivation, they are more likely to try to motivate or reject the poor performer. Keep in mind that justice is an important part of keeping individuals working hard for the team (Colquitt, 2004). Be sure that poor performers are dealt with in a way that is deemed fair by all the team members.

Poorly Managed Team Conflict

Disagreements among team members are normal and should be expected. Healthy teams raise issues and discuss differing points of view, because that will ultimately help the team reach stronger, more well-reasoned decisions. Unfortunately, sometimes disagreements arise owing to personality issues or feuds that predated a team's formation. Ideally, teams should be designed to avoid bringing adversaries together on the same team. If that is not possible, the next best solution is to have adversaries discuss their issues privately, so the team's progress is not disrupted. The team leader or other team member can offer to facilitate the discussion. One way to make a discussion between conflicting parties meaningful is to form a behavioural contract between the two parties. That is, if one party agrees to do X, then the other will agree to do Y (Scholtes, 1988).

Key Takeaway

Barriers to effective teams include the challenges of knowing where to begin, dominating team members, the poor performance of team members, and poorly managed team conflict.

Exercises

1. How could some of the things discussed in "Understanding Team Design Characteristics" help to avoid the common barriers to team effectiveness?
2. Have you ever been involved in a team where dominating team members hurt the team's performance? Share what happened and how the team dealt with this.

9.6 Green Teams at Work: The Case of New Seasons Market

Teamwork is important at New Seasons Market Inc. (a privately held company). This is a relatively small chain of upscale grocery stores in the Pacific Northwest that are built on the ideas of local identity, quality products, and employee freedom to meet the needs of customers. Formed in 1999 by a group of people with similar goals, New Seasons Market operates nine grocery stores in various Portland area neighborhoods. Though the look and products of the stores are consistent, each store is predominantly staffed by individuals that live in the local

neighborhood, enabling each store to know the needs of its customers and create an internal identity all its own.



Figure 9.7 Wikimedia Commons – CC BY-SA 2.0.

One of the ways each store creates that identity is through Green Teams. These teams are typically composed of up to 13 paid employees from various departments. Teams join together to address social and environmental issues of sustainability within each store and its surrounding

community. The idea for Green Teams originated from a group of employees in one store that assembled to tackle “green” issues in their store. Corporate managers (who also have their own Green Team) agreed that it was such a good idea that now every store is required to have a Green Team. Each team meets monthly and reports to the company sustainability coordinator. Team leadership structures vary from store to store, with some Green Teams having a single chairperson who serves the team for more than 1 year, while other teams regularly rotate leaders or even elect two cochairs to lead the cause. Teams act as liaisons between their department and the Green Team, help educate staff, and make recommendations to management. Store Green Teams also initiate community service projects and help maintain the waste diversion program.

Through this flexibility, each Green Team has accomplished a variety of projects in their store and local community, including wilderness and wetland cleanup, painting and weeding at a local elementary school, and helping plant gardens for low-income families. One suburban store even developed an intricate car pool program for employees to encourage a reduction in drive-alone car trips. As long as the Green Team’s focus is on their local store and community, they are granted freedom and support from corporate management. Safety and Sustainability Manager Heather Schmidt explains, “If there were too many rules, it could hold back creativity and passion. Having a balance is the key.”

Participation in Green Team initiatives has developed a friendly competition between stores and rewards for employees who participate. For example, every time an employee joins in the staff car pool, his or her name is entered into a monthly drawing for a gift card. These values of support and encouragement are consistent throughout New Seasons company culture, where employees are valued for their personal contributions. As their website explains, “To be a truly great company means that we continually evolve to meet the changing needs of our customers, our staff and the world around us.” With these values, New Seasons Market has created “a workplace that truly believes that taking good care of our co-workers, our customers, and our environment is what drives the success of our business” (Schmidt, 2010; Private company information: New Seasons Market Inc., 2010).

9.7 Conclusion

Research shows that group formation is a beneficial but highly dynamic process. The life cycle of teams can often closely resemble various stages in individual development. In order to maintain group effectiveness, individuals should be aware of key stages as well as methods to avoid becoming stuck along the way. Good leadership skills combined with knowledge of group development will help any group perform at its peak level. Teams, though similar, are different from groups in both scope and composition. Groups are often small collections of individuals with various skill sets that combine to address a specific issue, whereas teams can be much larger and often consist of people with overlapping abilities working toward a common goal.

Many issues that can plague groups can also hinder the efficacy of a team. Problems such as social loafing or groupthink can be avoided by paying careful attention to team member differences and providing clear definitions for roles, expectancy, measurement, and rewards. Because many tasks in today's world have become so complex, groups and teams have become an essential component of an organisation's success. The success of the team/group rests within the successful management of its members and making sure all aspects of work are fair for each member.

9.8 Exercises

Ethical Dilemma



Imagine you work at an ad agency and your team is charged with coming up with the name for BeautyBees's latest perfume. You have been with the company for 6 months. The branding team has been brainstorming for the last 2 hours, filling up pages and pages of the flipchart with innovative, imaginative names. Feeling daunted by how loudly, quickly, and assertively branding team members are shouting out suggestions, you decide to sit this one out, even though you have some ideas. You are uncomfortable shouting over everyone else and you reason that the group would discount your input anyway. Plus,

everyone else is generating so many good names that the group is bound to succeed regardless of your input.

Discussion Questions

1. Is your lack of participation ethical? Why or why not?
2. What are the implications of speaking up or not speaking up?
3. Would you change your answer if you'd been with the company for 10 years instead of 6 months?



Chapter

10

Conflict and Negotiations

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the different types of conflict.
2. Understand the causes of conflict.
3. Understand the consequences of conflict.
4. Understand how to manage conflict effectively.
5. Understand the stages of the negotiation process.

10.1 Negotiation Failure: The Case of the PointCast



Figure 10.1 Patrick Nouhailer – Silicon Valley from above – CC BY-SA 2.0.

In 1997, a company called PointCast Network Inc. was the hottest start-up in Silicon Valley. Its founder and CEO, Christopher Hassett, was “the most famous guy on the Internet,” said Hassett’s former attorney, Allen Morgan. Hassett was named CNET’s newsmaker of the year—an honour previously bestowed on giants such as Bill Gates of Microsoft and Larry Ellison of Oracle. The “push

technology” that PointCast pioneered was making headlines as well as being featured on the cover of *Wired* as “The Radical Future of the Media beyond the Web.”

All the attention around PointCast motivated one of the world’s largest communications companies—Rupert Murdoch’s News Corporation—to make them an offer of \$450 million. Negotiations were intense and lasted weeks. With media speculation that PointCast—a company with almost no revenue—deserved to be valued at \$750 million, some people say Hassett started believing the hype and, with the support of his board, asked for more money. “People involved in the company thought they’d be the next Netscape. They hung out for more,” Murdoch said. News Corporation instead lowered its initial offer to \$400 million but added incentive clauses that brought the offer close to the original \$450 million if PointCast met its financial projections.

PointCast also rejected that offer, and News Corporation walked away from the bargaining table. The timing couldn’t have been worse for PointCast, as “push technology” became old news thanks to the maturing of alternatives such as Yahoo! By the time PointCast decided to go public in 1998, the company was valued at half of News Corporation’s last offer. Worse, the process of filing an initial public offering (IPO) requires the company to disclose all potential dangers to investors. PointCast’s disclosures—such as news that customers had left because of poor performance—scared off so many investors that PointCast ultimately withdrew its IPO. By that time Hassett had been forced out by the board, but the company never fully recovered. In the end, PointCast was acquired in 1999 by Idealab for \$7 million. In this case, stalled negotiations cost the firm a steep price of \$443 million.

Referring to the missed opportunity, an industry expert said, “It may go down as one of the biggest mistakes in Internet history.” According to Steve Lippin, writing in the *Wall Street Journal*, “Merger professionals point to these euphemistically called ‘social issues’—ego and corporate pride, that is—as among the most difficult aspects of negotiating multibillion-dollar mergers these days. Although financial issues can be vexing too, these social issues can be deal-breakers.”

In a similar and more recent situation in 2008, Yahoo! CEO Jerry Yang was ousted by the board of directors following failed deals with Microsoft and Google. Yang's behaviour during negotiations indicated that he wasn't interested in bargaining as much as playing "hard to get." He "kept saying we should get more money, we should get more money, and [he was] not realizing how precarious their position was," says high-tech analyst Rob Enderle. In other words, even deals that look great financially can fall apart if participants fail to pay attention to organizational behaviour issues such as perception, groupthink, and power and influence (Arnoldy, 2008; Auletta, 1998; Lipin, 1996).



Discussion Questions

1. Considering the amount of buzz surrounding Hassett's new technology and the impact previous, similar advancements have made, was Hassett necessarily foolish for not taking a quick offer?
2. Is the PointCast situation a case of pride clouding someone's judgment or more accurately a representation of the rapidly changing nature of computer-related business? In other words, if Hassett's advancement had been in an industry that is not known for such rapid changes, would he have been considered foolish if he hadn't held out for more money?
3. This case focuses on how foolish Hassett was for not accepting Rupert Murdoch's first or second offer. However, think of the buyout offer from the perspective of Rupert Murdoch. If the buyout had gone through, News Corporation would likely have lost hundreds of millions of dollars on the deal, and the company was effectively spared massive losses by the merger falling through. What could Murdoch have done differently to protect against such risky mergers in the future?

10.2 Understanding Conflict

Let's take a closer look at these social issues such as conflict to understand how they can derail companies and individuals alike—and what to do to prevent such consequences from happening to you. In this chapter, you'll see that managing conflict and engaging in effective negotiation are both key for effective organizational behaviour within organizations as well as daily life. Conflicts range from minor annoyances to outright violence. For example, one million workers (18,000 people per week) are assaulted on the job in the United States alone (National Institute for Occupational Safety and Health, 1997). One of the major ways to avoid conflicts escalating to these levels is through understanding the causes of conflict and developing methods for managing potential negative outcomes. Negotiation is one of the most effective ways to decrease conflict and will also be examined in depth in this chapter.

Similar to how conflicts can range from minor to major, negotiations vary in terms of their

consequences. A high-stakes negotiation at work might mean the difference between a company's survival and its demise. On the other end of the spectrum, we deal with minor negotiations on a regular basis, such as negotiating with a coworker about which movie to see. Maybe you make a concession: "OK, we'll watch what you want but I get to pick where we eat." Maybe you hold tough: "I don't want to watch anything except a comedy." Perhaps you even look for a third option that would mutually satisfy both parties. Regardless of the level, conflict management and negotiation tactics are important skills that can be learned. First, let's take a deeper look at conflict.

Conflict is a process that involves people disagreeing. Researchers have noted that conflict is like the common cold. Everyone knows what it is, but understanding its causes and how to treat it is much more challenging (Wall & Callister, 1995). As we noted earlier, conflict can range from minor disagreements to workplace violence. In addition, there are three types of conflict that can arise within organizations. Let's take a look at each of them in turn.

Types of Conflict



Intrapersonal Conflict

Intrapersonal conflict arises within a person. For example, when you're uncertain about what is expected or wanted, or you have a sense of being inadequate to perform a task, you are experiencing intrapersonal conflict. Intrapersonal conflict can arise because of differences in roles. A manager may want to oversee a subordinate's work, believing that such oversight is a necessary part of the job. The subordinate, on the other hand, may consider such extensive oversight to be micromanagement or evidence of a lack of trust. Role conflict, another type of intrapersonal conflict, includes having two different job descriptions that seem mutually exclusive. This type of conflict can arise if you're the head of one team but also a member of another team. A third type of intrapersonal conflict involves role ambiguity. Perhaps you've been given the task of finding a trainer for a company's business writing training program. You may feel unsure about what kind of person to hire—a well-known but expensive trainer or a local, unknown but low-priced trainer. If you haven't been given guidelines about what's expected, you may be wrestling with several options.

Interpersonal Conflict

Interpersonal conflict happens between individuals such as coworkers, managers, or CEOs and their staff. For example, in 2006 the CEO of Airbus S.A.S., Christian Streiff, resigned because of his conflict with the board of directors over issues such as how to restructure the company (Michaels, Power, & Gauthier-Villars, 2006). This example may reflect a well-known trend among CEOs. According to one estimate, 31.9% of CEOs resigned from their jobs because they had conflict with the board of directors (Whitehouse, 2008). CEOs of competing companies might also have public conflicts. In 1997, Michael Dell was asked what he would do about Apple Computer. "What would I do? I'd shut it down and give the money back to shareholders." Ten years later, Steve Jobs, the CEO of Apple Inc., indicated he had clearly held a grudge as he shot back at Dell in an e-mail to his employees, stating, "Team, it turned out Michael Dell wasn't perfect in predicting the future. Based on today's stock market close, Apple is worth more than

Dell” (Haddad, 2001; Markoff, 2006). In part, their long-time disagreements stem from their differences. Interpersonal conflict often arises because of competition, as the Dell/Apple example shows, or because of personality or value differences. For example, one person’s style may be to “go with the gut” on decisions, while another person wants to make decisions based on facts. Those differences will lead to conflict if the individuals reach different conclusions. Many companies suffer because of interpersonal conflicts. Keeping conflicts centered around ideas rather than individual differences is important in avoiding a conflict escalation.

Intergroup Conflict



Figure 10.2 Conflicts such as the Air Canada pilot strike can have ripple effects. For example, Air Canada’s parent company threatened to cancel a \$6.1 billion contract with Boeing for new planes if they were unable to negotiate an agreement with the pilots who would fly them. Conflict consequences such as these could affect those working at this Boeing Factory in Seattle, Washington. Wikimedia Commons – CC BY-SA 3.0.

Intergroup conflict takes place among different groups. Types of groups may include different departments or divisions in a company, and employee union and management, or competing companies that supply the same customers. Departments

may conflict over budget allocations; unions and management may disagree over work rules; suppliers may conflict with each other on the quality of parts. Merging two groups together can lead to friction between the groups—especially if there are scarce resources to be divided among the group. For example, in what has been called “the most difficult and hard-fought labour issue in an airline merger,” Canadian Air and Air Canada pilots were locked into years of personal and legal conflict when the two airlines’ seniority lists were combined following the merger (Stoykewych, 2003). Seniority is a valuable and scarce resource for pilots, because it helps to determine who flies the newest and biggest planes, who receives the best flight routes, and who is paid the most. In response to the loss of seniority, former Canadian Air pilots picketed at shareholder meetings, threatened to call in sick, and had ongoing conflicts with pilots from Air Canada. The conflicts with pilots continue to this day. The history of past conflicts among organizations and employees makes new deals challenging.

Is Conflict Always Bad?

Most people are uncomfortable with conflict, but is conflict always bad? Conflict can be dysfunctional if it paralyzes an organization, leads to less than optimal performance, or, in the worst case, leads to workplace violence. Surprisingly, a moderate amount of conflict can actually be a healthy (and necessary) part of organizational life (Amason, 1996). To understand how to get to a positive level of conflict, we need to understand its root causes, consequences, and tools to help manage it. The impact of too much or too little conflict can disrupt performance. If conflict is too low, then performance is low. If conflict is too high, then performance also tends to be low.

The goal is to hold conflict levels in the middle of this range. While it might seem strange to want a particular level of conflict, a medium level of task-related conflict is often viewed as optimal, because it represents a situation in which a healthy debate of ideas takes place.

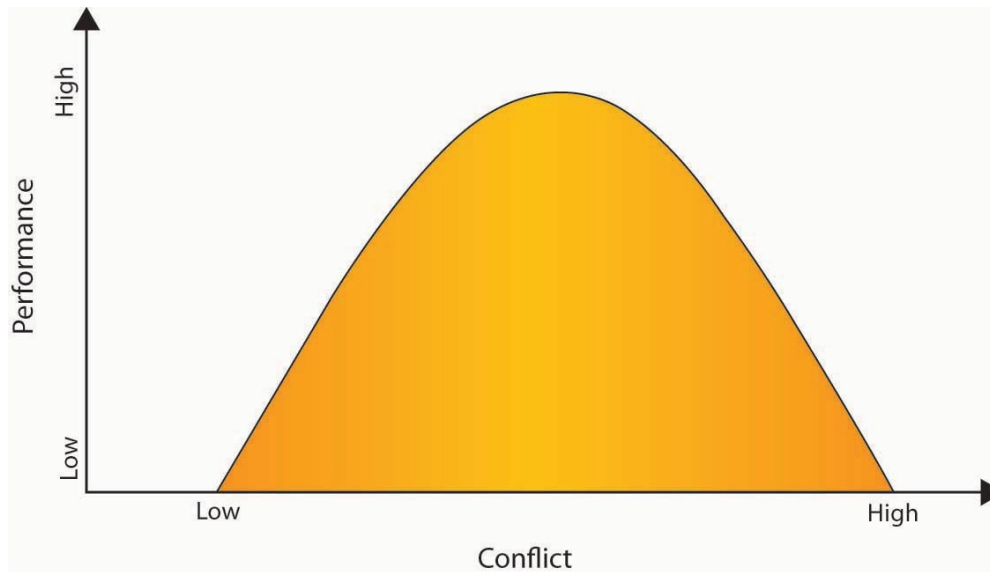


Figure 10.3 The Inverted U Relationship Between Performance and Conflict

Task conflict can be good in certain circumstances, such as in the early stages of decision making, because it stimulates creativity. However, it can interfere with complex tasks in the long run (De Dreu & Weingart, 2003). Personal conflicts, such as personal attacks, are never healthy because they cause stress and distress, which undermines performance. The worst cases of personal conflicts can lead to workplace bullying. At Intel Corporation, all new employees go through a 4-hour training module to learn “constructive confrontation.” The content of the training program includes dealing with others in a positive manner, using facts rather than opinion to persuade others, and focusing on the problem at hand rather than the people involved. “We don’t spend time being defensive or taking things personally. We cut through all of that and get to the issues,” notes a trainer from Intel University (Dahle, 2001). The success of the training remains unclear, but the presence of this program indicates that Intel understands the potentially positive effect of a moderate level of conflict. Research focusing on effective teams across time found that they were characterized by low but increasing levels of process conflict (how do we get things done?), low levels of relationship conflict with a rise toward the end of the project (personal disagreements among team members), and moderate levels of task conflict in the middle of the task time line (Jehn & Mannix, 2001).

Key Takeaway

Conflict can be a problem for individuals and organisations. There are several different types of conflict, including intrapersonal, interpersonal, and intergroup conflict. Moderate conflict can be a healthy and necessary part of organisational life.

Exercises

1. What are the types of conflicts that individuals may have at work? Which type have you experienced the most?
2. What are some primary causes of conflict at work?
3. Explain how miscommunication might be related to a conflict at work.

10.3 Causes and Outcomes of Conflict

There are many potential root causes of conflict at work. We'll go over six of them here. Remember, anything that leads to a disagreement can be a cause of conflict. Although conflict is common to organizations, some organizations have more than others.

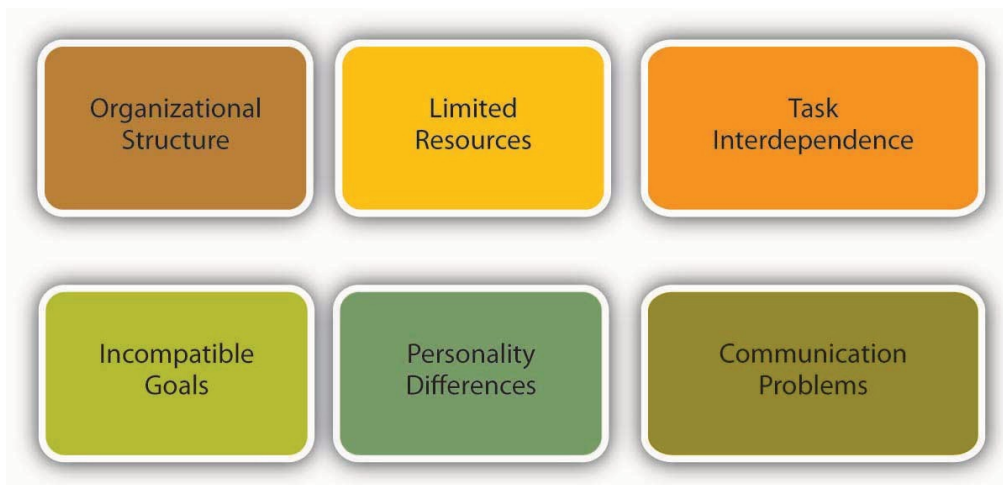


Figure 10.4 Potential Causes of Conflict

Organization Structure

Conflict tends to take different forms, depending upon the organizational structure (Jaffe, 2000). For example, if a company uses a matrix structure as its organizational form, it will have decisional conflict built in, because the structure specifies that each manager report to two bosses. For example, global company ABB Inc. is organized around a matrix structure based on the dimensions of country and industry. This structure can lead to confusion as the company is divided geographically into 1,200 different units and by industry into 50 different units (Taylor, 1991).

Limited Resources

Resources such as money, time, and equipment are often scarce. Competition among people or departments for limited resources is a frequent cause for conflict. For example, cutting-edge laptops and gadgets such as a BlackBerry or iPhone are expensive resources that may be allocated to employees on a need-to-have basis in some companies. When a group of employees have access to such resources while others do not, conflict may arise among employees or between employees and management. While technical employees may feel that these devices are crucial to their productivity, employees with customer contact such as sales representatives may make the point that these devices are important for them to make a good impression to clients. Because important resources are often limited, this is one source of conflict many companies have to live with.

Task Interdependence

Another cause of conflict is task interdependence; that is, when accomplishment of your goal requires reliance on others to perform their tasks. For example, if you're tasked with creating advertising for your product, you're dependent on the creative team to design the words and layout, the photographer or videographer to create the visuals, the media buyer to purchase the advertising space, and so on. The completion of your goal (airing or publishing your ad) is dependent on others.

Incompatible Goals

Sometimes conflict arises when two parties think that their goals are mutually exclusive. Within an organization, incompatible goals often arise because of the different ways department managers are compensated. For example, a sales manager's bonus may be tied to how many sales are made for the company. As a result, the individual might be tempted to offer customers "freebies" such as expedited delivery in order to make the sale. In contrast, a transportation manager's compensation may be based on how much money the company saves on transit. In this case, the goal might be to eliminate expedited delivery because it adds expense. The two will butt heads until the company resolves the conflict by changing the compensation scheme. For example, if the company assigns the bonus based on profitability of a sale, not just the dollar amount, the cost of the expediting would be subtracted from the value of the sale. It might still make sense to expedite the order if the sale is large enough, in which case both parties would support it. On the other hand, if the expediting negates the value of the sale, neither party would be in favor of the added expense.

Personality Differences

Personality differences among coworkers are common. By understanding some fundamental

differences among the way people think and act, we can better understand how others see the world. Knowing that these differences are natural and normal let's anticipate and mitigate interpersonal conflict—it's often not about "you" but simply a different way of seeing and behaving. For example, Type A individuals have been found to have more conflicts with their coworkers than Type B individuals (Baron, 1989).

Communication Problems

Sometimes conflict arises simply out of a small, unintentional communication problem, such as lost emails or dealing with people who don't return phone calls. Giving feedback is also a case in which the best intentions can quickly escalate into a conflict situation. When communicating, be sure to focus on behaviour and its effects, not on the person. For example, say that Jeff always arrives late to all your meetings. You think he has a bad attitude, but you don't really know what Jeff's attitude is. You do know, however, the effect that Jeff's behaviour has on you. You could say, "Jeff, when you come late to the meeting, I feel like my time is wasted." Jeff can't argue with that statement, because it is a fact of the impact of his behaviour on you. It's indisputable, because it is your reality. What Jeff can say is that he did not intend such an effect, and then you can have a discussion regarding the behaviour.

Outcomes of Conflict

One of the most common outcomes of conflict is that it upsets parties in the short run (Bergman & Volkema, 1989). However, conflict can have both positive and negative outcomes. On the positive side, conflict can result in greater creativity or better decisions. For example, as a result of a disagreement over a policy, a manager may learn from an employee that newer technologies help solve problems in an unanticipated new way.

Positive outcomes include the following:

- Consideration of a broader range of ideas, resulting in a better, stronger idea
- Surfacing of assumptions that may be inaccurate
- Increased participation and creativity
- Clarification of individual views that build learning

On the other hand, conflict can be dysfunctional if it is excessive or involves personal attacks or underhanded tactics.

Examples of negative outcomes include the following:

- Increased stress and anxiety among individuals, which decreases productivity and satisfaction
- Feelings of being defeated and demeaned, which lowers individuals' morale and may increase turnover
- A climate of mistrust, which hinders the teamwork and cooperation necessary to get

work done

Given these negative outcomes, how can conflict be managed so that it does not become dysfunctional or even dangerous? We'll explore this in the next section.

Key Takeaway

Conflict has many causes, including organisational structures, limitations on resources, task interdependence, goal incompatibility, personality differences, and communication challenges. Outcomes of well-managed conflict include increased participation and creativity, while negatives of poorly managed conflict include increased stress and anxiety. Jobs that deal with people are at higher risk for conflict.

Exercises

1. What are some primary causes of conflict at work?
2. What are the outcomes of workplace conflict? Which types of jobs are the most at risk for workplace violence? Why do you think that is?
3. What outcomes have you observed from conflict?

10.4 Conflict Management

There are a number of different ways of managing organizational conflict, which are highlighted in this section. **Conflict management** refers to resolving disagreements effectively.

Ways to Manage Conflict

Change the Structure

When structure is a cause of dysfunctional conflict, structural change can be the solution to resolving the conflict. Consider this situation. Vanessa, the lead engineer in charge of new product development, has submitted her components list to Tom, the procurement officer, for purchasing. Tom, as usual, has rejected two of the key components, refusing the expenditure on the purchase. Vanessa is furious, saying, "Every time I give you a request to buy a new part, you fight me on it.

Why can't you ever trust my judgment and honour my request?"

Tom counters, "You're always choosing the newest, leading-edge parts—they're hard to find and expensive to purchase. I'm supposed to keep costs down, and your requests always break my budget."

"But when you don't order the parts we need for a new product, you delay the whole project," Vanessa says.

Sharon, the business unit's vice president, hits upon a structural solution by stating, "From now on, both of you will be evaluated on the total cost and the overall performance of the product. You need to work together to keep component costs low while minimizing quality issues later on." If the conflict is at an intergroup level, such as between two departments, a structural solution could be to have those two departments report to the same executive, who could align their previously incompatible goals.

Change the Composition of the Team

If the conflict is between team members, the easiest solution may be to change the composition of the team, separating the personalities that were at odds. In instances in which conflict is attributed to the widely different styles, values, and preferences of a small number of members, replacing some of these members may resolve the problem. If that's not possible because everyone's skills are needed on the team and substitutes aren't available, consider a physical layout solution. Research has shown that when known antagonists are seated directly across from each other, the amount of conflict increases. However, when they are seated side by side, the conflict tends to decrease (Gordon et al., 1990).

Create a Common Opposing Force

Group conflict within an organization can be mitigated by focusing attention on a common enemy such as the competition. For example, two software groups may be vying against each other for marketing dollars, each wanting to maximize advertising money devoted to their product. But, by focusing attention on a competitor company, the groups may decide to work together to enhance the marketing effectiveness for the company as a whole. The "enemy" need not be another company—it could be a concept, such as a recession, that unites previously warring departments to save jobs during a downturn.

Consider Majority Rule

Sometimes a group conflict can be resolved through majority rule. That is, group members take a vote, and the idea with the most votes is the one that gets implemented. The majority rule approach can work if the participants feel that the procedure is fair. It is important to keep in mind that this strategy will become ineffective if used repeatedly with the same members typically winning. Moreover, the approach should be used sparingly. It should follow a healthy discussion of the issues and points of contention, not be a substitute for that discussion.

Problem Solve

Problem solving is a common approach to resolving conflict. In problem-solving mode, the

individuals or groups in conflict are asked to focus on the problem, not on each other, and to uncover the root cause of the problem. This approach recognizes the rarity of one side being completely right and the other being completely wrong.

Conflict Handling Styles

Individuals vary in the way that they handle conflicts. There are five common styles of handling conflicts. These styles can be mapped onto a grid that shows the varying degree of cooperation and assertiveness each style entails. Let us look at each in turn.

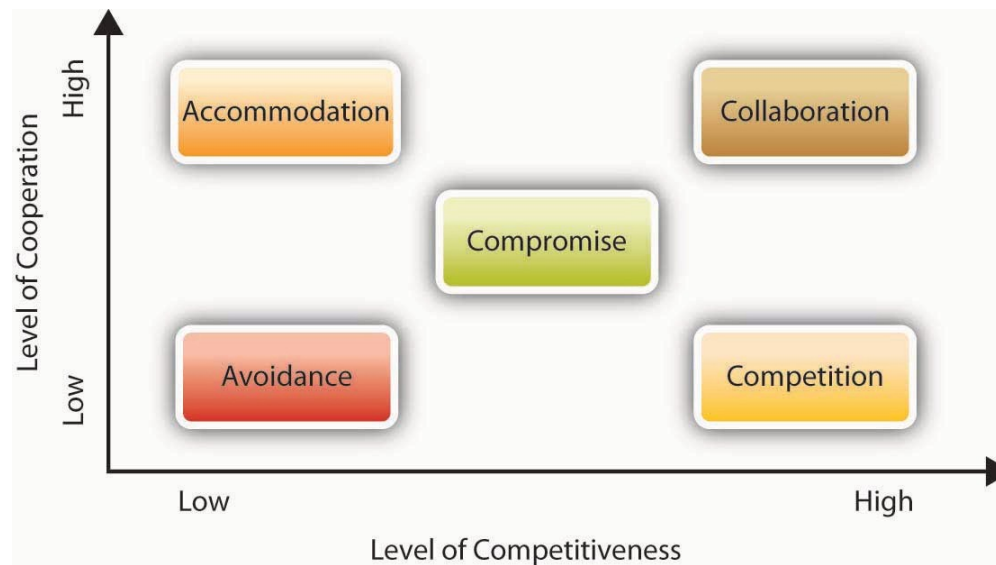


Figure 10.5 Conflict-Handling Styles

Avoidance

The **avoiding** style is uncooperative and unassertive. People exhibiting this style seek to avoid conflict altogether by denying that it is there. They are prone to postponing any decisions in which a conflict may arise. People using this style may say things such as, “I don’t really care if we work this out,” or “I don’t think there’s any problem. I feel fine about how things are.” Conflict avoidance may be habitual to some people because of personality traits such as the need for affiliation. While conflict avoidance may not be a significant problem if the issue at hand is trivial, it becomes a problem when individuals avoid confronting important issues because of a dislike for conflict or a perceived inability to handle the other party’s reactions.

Accommodation

The **accommodating** style is cooperative and unassertive. In this style, the person gives in to what the other side wants, even if it means giving up one’s personal goals. People who use this style may fear speaking up for themselves or they may place a higher value on the relationship, believing that disagreeing with an idea might be hurtful to the other person. They will say things such as, “Let’s do it your way” or “If it’s important to you, I can go along with it.” Accommodation may be an effective strategy if the issue at hand is more important to others

compared to oneself. However, if a person perpetually uses this style, that individual may start to see that personal interests and well-being are neglected.

Compromise

The **compromising** style is a middle-ground style, in which individuals have some desire to express their own concerns and get their way but still respect the other person's goals. The compromiser may say things such as, "Perhaps I ought to reconsider my initial position" or "Maybe we can both agree to give in a little." In a compromise, each person sacrifices something valuable to them. For example, in 2005 the luxurious Lanesborough Hotel in London advertised incorrect nightly rates for £35, as opposed to £350. When the hotel received a large number of online bookings at this rate, the initial reaction was to insist that customers cancel their reservations and book at the correct rate. The situation was about to lead to a public relations crisis. As a result, they agreed to book the rooms at the advertised price for a maximum of three nights, thereby limiting the damage to the hotel's bottom line as well as its reputation (Horowitz et al., 2006).

Competition



Figure 10.6 Body language can fuel a conflict. Gideon – Oh That Body Language! – CC BY 2.0.

People exhibiting a **competing** style want to reach their goal or get their solution adopted regardless of what others say or how they feel. They are more interested in getting the outcome they want as opposed to keeping the other party happy, and they push for the deal they are interested in making. Competition may lead to poor relationships with others if one is always seeking to maximize their own outcomes at the expense of others' well-

being. This approach may be effective if one has strong moral objections to the alternatives or if the alternatives one is opposing are unethical or harmful.

Collaboration

The **collaborating** style is high on both assertiveness and cooperation. This is a strategy to use for achieving the best outcome from conflict—both sides argue for their position, supporting it with facts and rationale while listening attentively to the other side. The objective is to find a win-win solution to the problem in which both parties get what they want. They'll challenge points but not each other. They'll emphasize problem solving and integration of each other's goals. For example, an employee who wants to complete an MBA program may have a conflict with management when he wants to reduce his work hours. Instead of taking opposing positions in which the employee defends his need to pursue his career goals while the manager emphasizes the company's need for the employee, both parties may review alternatives to find an integrated

solution. In the end, the employee may decide to pursue the degree while taking online classes, and the company may realize that paying for the employee's tuition is a worthwhile investment. This may be a win-win solution to the problem in which no one gives up what is personally important, and every party gains something from the exchange.

Which Style Is Best?



Like much of organizational behaviour, there is no one “right way” to deal with conflict. Much of the time it will depend on the situation. However, the collaborative style has the potential to be highly effective in many different situations.

We do know that most individuals have a dominant style that they tend to use most frequently. Think of your friend who is always looking for a fight or your coworker who always backs down from a disagreement. Successful individuals are able to match their style to the situation. There are times when avoiding a conflict can be a great choice. For example, if a driver cuts you off in traffic, ignoring it and going on with your day is a good alternative to “road rage.” However, if a colleague keeps claiming ownership of your ideas, it may be time for a confrontation. Allowing such intellectual plagiarism to continue could easily be more destructive to your career than confronting the individual. Research also shows that when it comes to dealing with conflict, managers prefer forcing, while their subordinates are more likely to engage in avoiding, accommodating, or compromising (Howat & London, 1980). It is also likely that individuals will respond similarly to the person engaging in conflict. For example, if one person is forcing, others are likely to respond with a forcing tactic as well.

Key Takeaway

Conflict management techniques include changing organisational structures to avoid built-in conflict, changing team members, creating a common “enemy,” using majority rules, and problem solving. Conflict management styles include accommodating others, avoiding the conflict, collaborating, competing, and compromising. People tend to have a dominant style. At times it makes sense to build in some conflict over ideas if none exists.

Exercises

1. List three ways to decrease a conflict situation. What are some pros and cons of each of these approaches?
2. Do you deal with conflict differently with friends and family than you do at work? If so, why do you think that is?
3. What is your usual conflict-handling style at work? Do you see it as effective or ineffective?
4. Describe a situation in which not having enough conflict can be a problem.

10.5 Negotiations

A common way that parties deal with conflict is via negotiation. **Negotiation** is a process whereby two or more parties work toward an agreement. There are five phases of negotiation, which are described below.

The Five Phases of Negotiation



Figure 10.7 The Five Phases of Negotiation

Phase 1: Investigation

The first step in negotiation is the **investigation**, or information gathering stage. This is a key stage that is often ignored. Surprisingly, the first place to begin is with yourself: What are your goals for the negotiation? What do you want to achieve? What would you concede? What would you absolutely not concede? Leigh Steinberg, the most powerful agent in sports (he was the role model for Tom Cruise's character in *Jerry Maguire*), puts it this way: "You need the clearest possible view of your goals. And you need to be brutally honest with yourself about your priorities" (Webber, 1998).

During the negotiation, you'll inevitably be faced with making choices. It's best to know what you want, so that in the heat of the moment you're able to make the best decision. For example, if you'll be negotiating for a new job, ask yourself, "What do I value most? Is it the salary level? Working with coworkers whom I like? Working at a prestigious company? Working in a certain geographic area? Do I want a company that will groom me for future positions or do I want to change jobs often in pursuit of new challenges?"

Phase 2: Determine Your BATNA

"If you don't know where you're going, you will probably end up somewhere else."

- Lawrence J. Peter

One important part of the investigation and planning phase is to determine your **BATNA**, which is an acronym that stands for the "best alternative to a negotiated agreement." Roger Fisher and William Ury coined this phrase in their book *Getting to Yes: Negotiating without Giving In*.

Thinking through your BATNA is important to helping you decide whether to accept an offer you receive during the negotiation. You need to know what your alternatives are. If you have various alternatives, you can look at the proposed deal more critically. Could you get a better outcome than the proposed deal? Your BATNA will help you reject an unfavorable deal. On the other hand, if the deal is better than another outcome you could get (that is, better than your BATNA), then you should accept it.

Think about it in common sense terms: When you know your opponent is desperate for a deal, you can demand much more. If it looks like they have a lot of other options outside the negotiation, you'll be more likely to make concessions.

As Fisher and Ury said, "The reason you negotiate is to produce something better than the results you can obtain without negotiating. What are those results? What is that alternative? What is your BATNA—your Best Alternative To a Negotiated Agreement? That is the standard against which any proposed agreement should be measured" (Fisher & Ury, 1981).

The party with the best BATNA has the best negotiating position, so try to improve your BATNA whenever possible by exploring possible alternatives (Pinkley, 1995).

Going back to the example of your new job negotiation, consider your options to the offer you receive. If your pay is lower than what you want, what alternatives do you have? A job with another company? Looking for another job? Going back to school? While you're thinking about your BATNA, take some time to think about the other party's BATNA. Do they have an employee who could readily replace you?

Once you've gotten a clear understanding of your own goals, investigate the person you'll be negotiating with. What does that person (or company) want? Put yourself in the other party's shoes. What alternatives could they have? For example, in the job negotiations, the other side wants a good employee at a fair price. That may lead you to do research on salary levels: What is the pay rate for the position you're seeking? What is the culture of the company?

Greenpeace's goals are to safeguard the environment by getting large companies and organizations to adopt more environmentally friendly practices such as using fewer plastic components. Part of the background research Greenpeace engages in involves uncovering facts. For instance, medical device makers are using harmful PVCs as a tubing material because PVCs are inexpensive. But are there alternatives to PVCs that are also cost-effective? Greenpeace's research found that yes, there are (Layne, 1999). Knowing this lets Greenpeace counter those arguments and puts Greenpeace in a stronger position to achieve its goals.

Phase 3: Presentation

The third phase of negotiation is **presentation**. In this phase, you assemble the information you've gathered in a way that supports your position. In a job hiring or salary negotiation situation, for instance, you can present facts that show what you've contributed to the organization in the past (or in a previous position), which in turn demonstrates your value. Perhaps you created a blog that brought attention to your company or got donations or funding for a charity. Perhaps you're

a team player who brings out the best in a group.



Figure 10.8 All phases of the negotiation process are important. The presentation is the one that normally receives the most attention, but the work done before that point is equally important. The Bush Center – Negotiations – CC BY-NC-ND 2.0.

Phase 4: Bargaining

During the **bargaining** phase, each party discusses their goals and seeks to get an agreement. A natural part of this process is making **concessions**, namely, giving up one thing to get something else in return. Making a concession is not a sign of weakness—parties expect to give up some of their goals. Rather, concessions demonstrate cooperativeness and help move the negotiation toward its conclusion. Making concessions is particularly important in tense union-management disputes, which can get bogged down by old issues. Making a concession shows forward movement and process, and it allays concerns about rigidity or closed-mindedness. What would a typical concession be? Concessions are often in the areas of money, time, resources, responsibilities, or autonomy. When negotiating for the purchase of products, for example, you might agree to pay a higher price in exchange for getting the products sooner. Alternatively, you could ask to pay a lower price in exchange for giving the manufacturer more time or flexibility in when they deliver the product.

One key to the bargaining phase is to ask questions. Don't simply take a statement such as "we can't do that" at face value. Rather, try to find out why the party has that constraint. Let's take a look at an example. Say that you're a retailer and you want to buy patio furniture from a manufacturer. You want to have the sets in time for spring sales. During the negotiations, your goal is to get the lowest price with the earliest delivery date. The manufacturer, of course, wants to get the highest price with the longest lead time before delivery. As negotiations stall, you evaluate your options to decide what's more important: a slightly lower price or a slightly longer delivery date? You do a quick calculation. The manufacturer has offered to deliver the products by April 30, but you know that some of your customers make their patio furniture selection early in the spring, and missing those early sales could cost you \$1 million. So, you suggest that you can accept the April 30 delivery date if the manufacturer will agree to drop the price by \$1 million.

"I appreciate the offer," the manufacturer replies, "but I can't accommodate such a large price cut." Instead of leaving it at that, you ask, "I'm surprised that a 2-month delivery would be so costly to you. Tell me more about your manufacturing process so that I can understand why you can't manufacture the products in that time frame."

“*Manufacturing* the products in that time frame is not the problem,” the manufacturer replies, “but getting them *shipped* from Asia is what’s expensive for us.”

When you hear that, a light bulb goes off. You know that your firm has favorable contracts with shipping companies because of the high volume of business the firm gives them. You make the following counteroffer: “Why don’t we agree that my company will arrange and pay for the shipper, and you agree to have the products ready to ship on March 30 for \$10.5 million instead of \$11 million?” The manufacturer accepts the offer—the biggest expense and constraint (the shipping) has been lifted. You, in turn, have saved money as well (Malhotra & Bazerman, 2007).

Phase 5: Closure

Closure is an important part of negotiations. At the close of a negotiation, you and the other party have either come to an agreement on the terms, or one party has decided that the final offer is unacceptable and therefore must walk away. Most negotiators assume that if their best offer has been rejected, there’s nothing left to do. You made your best offer and that’s the best you can do. The savviest of negotiators, however, see the rejection as an opportunity to learn. “What would it have taken for us to reach an agreement?”

Recently, a CEO had been in negotiations with a customer. After learning the customer decided to go with the competition, the CEO decided to inquire as to why negotiations had fallen through. With nothing left to lose, the CEO placed a call to the prospect’s vice president and asked why the offer had been rejected, explaining that the answer would help improve future offerings. Surprisingly, the VP explained the deal was given to the competitor because, despite charging more, the competitor offered after-sales service on the product. The CEO was taken by surprise, originally assuming that the VP was most interested in obtaining the lowest price possible. In order to accommodate a very low price, various extras such as after-sales service had been cut from the offer. Having learned that the VP was seeking service, not the lowest cost, the CEO said, “Knowing what I know now, I’m confident that I could have beaten the competitor’s bid. Would you accept a revised offer?” The VP agreed, and a week later the CEO had a signed contract (Malhotra & Bazerman, 2007).

Sometimes at the end of negotiations, it’s clear why a deal was not reached. But if you’re confused about why a deal did not happen, consider making a follow-up call. Even though you may not win the deal back in the end, you might learn something that’s useful for future negotiations. What’s more, the other party may be more willing to disclose the information if they don’t think you’re in a “selling” mode.

When All Else Fails: Third-Party Negotiations



Alternative Dispute Resolution

Alternative Dispute Resolution (ADR) includes mediation, arbitration, and other ways of resolving conflicts with the help of a specially trained, neutral third party without the need for a formal trial or hearing (New York State Unified Court System, 2008). Many companies find this effective in dealing with challenging problems. For example, Eastman Kodak Company added

an alternative dispute resolution panel of internal employees to help them handle cases of perceived discrimination and hopefully stop a conflict from escalating (Deutsch, 2004).

Mediation

In **mediation**, an outside third party (the mediator) enters the situation with the goal of assisting the parties in reaching an agreement. The mediator can facilitate, suggest, and recommend. The mediator works with both parties to reach a solution but does not represent either side. Rather, the mediator's role is to help the parties share feelings, air and verify facts, exchange perceptions, and work toward agreements. Susan Podziba, a mediation expert, has helped get groups that sometimes have a hard time seeing the other side's point of view to open up and talk to one another. Her work includes such groups as pro-choice and pro-life advocates, individuals from Israel and Palestine, as well as fishermen and environmentalists.

Arbitration

In contrast to mediation, in which parties work with the mediator to arrive at a solution, in **arbitration** the parties submit the dispute to the third-party arbitrator. It is the arbitrator who makes the final decision. The arbitrator is a neutral third party, but the decision made by the arbitrator is final (the decision is called the "award"). Awards are made in writing and are binding to the parties involved in the case (American Arbitration Association, 2007). Arbitration is often used in union-management grievance conflicts.

10.6 Conclusion

Conflict can run the gamut from minor annoyances to physically violent situations. At the same time, conflict can increase creativity and innovation, or it can bring organizations to a grinding halt. There are many different types of conflict, including interpersonal, intrapersonal, and intergroup. Within organizations, there are many common situations that can spur conflict. Certain organizational structures, such as a matrix structure, can cause any given employee to have multiple bosses and conflicting or overwhelming demands. A scarcity of resources for employees to complete tasks is another common cause of organizational conflict, particularly if groups within the organization compete over those resources. Of course, simple personality clashes can create interpersonal conflict in any situation. Communication problems are also a very common source of conflict even when no actual problem would exist otherwise. When conflict arises, it can be handled by any number of methods, each with varying degrees of cooperation and competitiveness. Different situations require different conflict handling methods, and no one method is best.

Negotiations occur during many important processes and possessing astute negotiation skills can be an incredible tool. A key component to negotiations involves having a BATNA, or "best alternative to a negotiated agreement." Negotiations typically move through five phases, including investigation, determining your BATNA, presentation, bargaining, and closure. During a negotiation, it is important not to make any number of common mistakes. These mistakes can include accepting the first offer, letting ego get in the way, having unrealistic expectations of the outcome of the negotiation, becoming too emotional during the process, or being weighed down

by previous failures and letting the past repeat itself. It is important to keep in mind that many cultures have preferential methods for handling conflict and negotiation. Individuals should understand the cultural background of others to better navigate what could otherwise become a messy situation.

10.7 Exercises

Ethical Dilemma

Imagine that you are part of a bargaining team that has been engaged in negotiations for 6 long months. One night, as you are getting ready to leave and are gathering your things, you notice a piece of green paper on the ground near where Devin, a member of the opposite negotiation team, was sitting just a few minutes earlier. When you pick it up, you realize that it is a list of the ideal outcome for the other team.

At first you are ecstatic—this is the information you need to end these negotiations! Then you begin to recall your organisational behaviour course and all those ethical dilemmas that seemed so easy back then. What should you do? Should you use the information for your team? I mean, why not, they were careless enough to leave it behind? On the other hand, would that be ethical?

Thinking back to that OB course, you recall some key questions you should ask yourself during negotiations:

- Would this be honest?
- Would this involve keeping my promises?
- Would I be following the Platinum Rule and be “treating people the way they want to be treated?”

As you are pondering these questions, you also realize that this is a key decision. There are some additional questions you should ask yourself around making ethical decisions if you plan on using this information to help your team:

- Is this decision fair?
- Will I feel better or worse about myself after I make this decision?
- Does this decision break any organisational rules?
- Does this decision break any laws?
- How would I feel if this decision were broadcast on the news?

Just as you think you’ve made your decision, Devin from the opposing team walks back in and asks you if you’ve seen a green piece of paper.

- What would you do?
- What are the ethical dilemmas involved?
- How would you justify your choice?
- What would be the consequences of your choice?

Individual Exercise

A Case of Listening: When Silence Is Golden (Devine, 2002)

Listening can be an effective tool during negotiations. William Devine was representing a client on a land purchase. “The owner and I spent 2 hours on the phone horse-trading contract issues, then turned to the price,” Devine explained. “We were \$100,000 apart.” The owner then said, “The price your client proposes will leave us well short of our projections. That makes it very tough on us.” The line went silent.

“My impulse was to say something in response to the silence, and I started to speak, then stopped. As I hesitated, I sensed that if I said, ‘My client can pay all cash,’ or ‘It’s still a good deal for you,’ then the owner would take my comment as an invitation to joust, we would battle over the hundred grand, and my client would end up having to pay some or all of that sum. The owner had not asked a question or proposed a compromise, so no response was required from me at that moment. I decided to remain silent. After what felt like days but was probably less than 30 seconds, I heard, ‘But I guess it’s good for us [i.e., his company] to just get this deal done, so we’ll do it.’”

Devine saved his client \$100,000 by staying silent.

Questions to Think About

1. What does this case suggest about the role of silence in negotiations?
2. Have you ever had a similar experience when saying nothing paid off?
3. Are there times when silence is a bad idea? Explain your answer.

Group Exercise

Salary Negotiations

Thinking about negotiations is a lot easier than actually engaging in them. In order to give you some practice with the information in this chapter, you will engage in a salary negotiation.

1. To make this more meaningful, the exercise will be based on a job that you are actually interested in. Think of a job you would like to have (either now or in the future). Imagine you have been offered this job. The salary is OK. It is about 15% below the market rate for this type of job, but you really want the job.
2. What will you do?
 - Will you negotiate for a higher salary?
 - What are the pros and cons of this choice?
3. If you’ve decided to negotiate (and we strongly suggest you do), work through the next six steps in the OB Toolbox “Seven Steps to Negotiating a Higher Salary.” Once you are up to step 5, let your instructor know you are ready to begin the negotiation process.



Chapter

11

Making Decisions

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand what is involved in decision making.
2. Compare and contrast different decision-making models.
3. Compare and contrast individual and group decision making.
4. Understand potential decision-making traps and how to avoid them.
5. Understand the pros and cons of different decision-making aids.
6. Engage in ethical decision making.
7. Understand cross-cultural differences in decision making.

11.1 Decision-Making Culture: The Case of Google



Figure 11.1 Wikimedia Commons – public domain.

Google (NASDAQ: GOOG) is one of the best-known and most admired companies around the world, so much so that “googling” is the term many use to refer to searching information on the web. What started out as a student project by two Stanford University graduates—Larry Page and Sergey Brin—in 1996, Google became the most frequently used web search engine on the internet with 1 billion searches per day in 2009, as well as other innovative applications such as Gmail, Google Earth, grew from 10 employees working in a garage in Palo Alto to 10,000

employees operating around the world by 2009. What is the formula behind this success?

Google strives to operate based on solid principles that may be traced back to its founders. In a world crowded with search engines, they were probably the first company that put users first. Their mission statement summarizes their commitment to end-user needs: “To organize the world’s information and to make it universally accessible and useful.” While other companies were focused on marketing their sites and increasing advertising revenues, Google stripped the search page of all distractions and presented users with a blank page consisting only of a company logo and a search box. Google resisted pop-up advertising, because the company felt that it was annoying to end-users. They insisted that all their advertisements would be clearly marked as “sponsored links.” This emphasis on improving user experience and always putting it before making more money in the short term seems to have been critical to their success.

Keeping their employees happy is also a value they take to heart. Google created a unique work environment that attracts, motivates, and retains the best players in the field. Google was ranked as the number 1 “Best Place to Work For” by Fortune magazine in 2007 and number 4 in 2010. This is not surprising if one looks closer at how Google treats employees. On their Mountain View, California, campus called the “Googleplex,” employees are treated to free gourmet food options including sushi bars and espresso stations. In fact, many employees complain that once they started working for Google, they tend to gain 10 to 15 pounds! Employees have access to gyms, shower facilities, video games, on-site child care, and doctors. Google provides 4 months of paternal leave with 75% of full pay and offers \$500 for take-out meals for families with a

newborn. These perks create a place where employees feel that they are treated well and their needs are taken care of. Moreover, they contribute to the feeling that they are working at a unique and cool place that is different from everywhere else they may have worked.

In addition, Google encourages employee risk taking and innovation. How is this done? When a vice president in charge of the company's advertising system made a mistake costing the company millions of dollars and apologized for the mistake, she was commended by Larry Page, who congratulated her for making the mistake and noting that he would rather run a company where they are moving quickly and doing too much, as opposed to being too cautious and doing too little. This attitude toward acting fast and accepting the cost of resulting mistakes as a natural consequence of working on the cutting edge may explain why the company is performing much ahead of competitors such as Microsoft and Yahoo! One of the current challenges for Google is to expand to new fields outside of their web search engine business. To promote new ideas, Google encourages all engineers to spend 20% of their time working on their own ideas.

Google's culture is reflected in their decision making as well. Decisions at Google are made in teams. Even the company management is in the hands of a triad: Larry Page and Sergey Brin hired Eric Schmidt to act as the CEO of the company, and they are reportedly leading the company by consensus. In other words, this is not a company where decisions are made by the senior person in charge and then implemented top down. It is common for several small teams to attack each problem and for employees to try to influence each other using rational persuasion and data. Gut feeling has little impact on how decisions are made. In some meetings, people reportedly are not allowed to say "I think..." but instead must say "the data suggests..." To facilitate teamwork, employees work in open office environments where private offices are assigned only to a select few. Even Kai-Fu Lee, the famous employee whose defection from Microsoft was the target of a lawsuit, did not get his own office and shared a cubicle with two other employees.

How do they maintain these unique values? In a company emphasizing hiring the smartest people, it is very likely that they will attract big egos that may be difficult to work with. Google realizes that its strength comes from its "small company" values that emphasize risk taking, agility, and cooperation. Therefore, they take their hiring process very seriously. Hiring is extremely competitive and getting to work at Google is not unlike applying to a college. Candidates may be asked to write essays about how they will perform their future jobs. Recently, they targeted potential new employees using billboards featuring brain teasers directing potential candidates to a web site where they were subjected to more brain teasers. Each candidate may be interviewed by as many as eight people on several occasions. Through this scrutiny, they are trying to select "Googley" employees who will share the company's values, perform at high levels, and be liked by others within the company.

Will this culture survive in the long run? It may be too early to tell, given that the company was only founded in 1998. The founders emphasized that their initial public offering (IPO) would not change their culture and they would not introduce more rules or change the way things are done in Google to please Wall Street. But can a public corporation really act like a start-up? Can a global giant facing scrutiny on issues including privacy, copyright, and censorship maintain its culture rooted in its days in a Palo Alto garage? Larry Page is quoted as saying, "We have a

mantra: don't be evil, which is to do the best things we know how for our users, for our customers, for everyone. So I think if we were known for that, it would be a wonderful thing" (Elgin, Hof & Greene, 2005; Hardy, 2005; Mangalindan, 2004; Schoeneman, 2006; Warner, 2004).



Discussion Questions

1. Do you think Google's decision-making culture will help or hurt Google in the long run?
2. What are the factors responsible for the specific culture that exists in Google?
3. What type of decision-making approach has Google taken? Do you think this will remain the same over time? Why or why not?
4. Do you see any challenges Google may face in the future because of its emphasis on risk taking?

11.2 Understanding Decision Making

Decision making refers to making choices among alternative courses of action—which may also include inaction. While it can be argued that management is decision making, half of the decisions made by managers within organizations ultimately fail (Ireland & Miller, 2004; Nutt, 2002; Nutt, 1999). Therefore, increasing effectiveness in decision making is an important part of maximizing your effectiveness at work. This chapter will help you understand how to make decisions alone or in a group while avoiding common decision-making pitfalls.

Types of Decisions

Most discussions of decision making assume that only senior executives make decisions or that only senior executives' decisions matter. This is a dangerous mistake.

Despite the far-reaching nature of the decisions in the previous example, not all decisions have major consequences or even require a lot of thought. For example, before you come to class, you make simple and habitual decisions such as what to wear, what to eat, and which route to take as you go to and from home and school. You probably do not spend much time on these mundane decisions. These types of straightforward decisions are termed **programmed decisions**, or decisions that occur frequently enough that we develop an automated response to them. The automated response we use to make these decisions is called the **decision rule**. For example, many restaurants face customer complaints as a routine part of doing business. Because complaints are a recurring problem, responding to them may become a programmed decision.

The restaurant might enact a policy stating that every time they receive a valid customer complaint, the customer should receive a free dessert, which represents a decision rule.

On the other hand, unique and important decisions require conscious thinking, information gathering, and careful consideration of alternatives. These are called **nonprogrammed decisions**. For example, in 2005 McDonald's Corporation became aware of the need to respond to growing customer concerns regarding the unhealthy aspects (high in fat and calories) of the food they sell. This is a nonprogrammed decision, because for several decades, customers of fast-food restaurants were more concerned with the taste and price of the food, rather than its healthiness. In response to this problem, McDonald's decided to offer healthier alternatives such as the choice to substitute French fries in Happy Meals with apple slices and in 2007 they banned the use of trans fat at their restaurants.

Decisions can be classified into three categories based on the level at which they occur. **Strategic decisions** set the course of an organization. **Tactical decisions** are decisions about how things will get done. Finally, **operational decisions** refer to decisions that employees make each day to make the organization run. For example, think about the restaurant that routinely offers a free dessert when a customer complaint is received. The owner of the restaurant made a strategic decision to have great customer service. The manager of the restaurant implemented the free dessert policy as a way to handle customer complaints, which is a tactical decision. Finally, the servers at the restaurant are making individual decisions each day by evaluating whether each customer complaint received is legitimate and warrants a free dessert.

Level of Decision	Examples of Decision	Who Typically Makes Decisions
Strategic Decisions	Should we merge with another company? Should we pursue a new product line? Should we downsize our organisation?	Top Management Teams, CEOs, and Boards of Directors
Tactical Decisions	What should we do to help facilitate employees from the two companies working together? How should we market the new product line? Who should be let go when we downsize?	Managers
Operational Decisions	How often should I communicate with my new coworkers? What should I say to customers about our new product? How will I balance my new work demands?	Employees throughout the organisation

Figure 11.2 Examples of Decisions Commonly Made Within organizations

In this chapter, we are going to discuss different decision-making models designed to understand and evaluate the effectiveness of nonprogrammed decisions. We will cover four decision-making approaches, starting with the rational decision-making model, moving to the bounded rationality decision-making model, the intuitive decision-making model, and ending with the creative decision-making model.

Making Rational Decisions

The **rational decision-making model** describes a series of steps that decision makers should consider if their goal is to maximize the quality of their outcomes. In other words, if you want to

make sure that you make the best choice, going through the formal steps of the rational decision-making model may make sense.

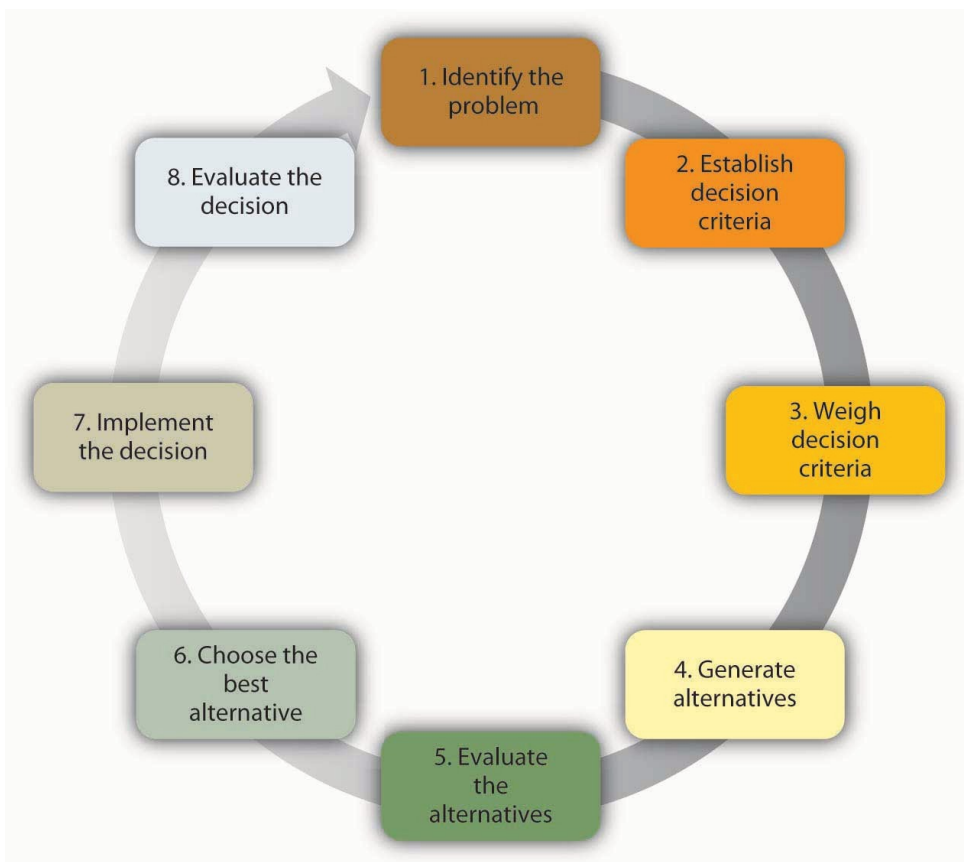
Let's imagine that your old, clunky car has broken down, and you have enough money saved for a substantial down payment on a new car. It will be the first major purchase of your life, and you want to make the right choice. The first step, therefore, has already been completed—we know that you want to buy a new car. Next, in step 2, you'll need to decide which factors are important to you. How many passengers do you want to accommodate? How important is fuel economy to you? Is safety a major concern? You only have a certain amount of money saved, and you don't want to take on too much debt, so price range is an important factor as well. If you know you want to have room for at least five adults, get at least 20 miles per gallon, drive a car with a strong safety rating, not spend more than \$22,000 on the purchase, and like how it looks, you have identified the **decision criteria**. All the potential options for purchasing your car will be evaluated against these criteria. Before we can move too much further, you need to decide how important each factor is to your decision in step 3. If each is equally important, then there is no need to weigh them, but if you know that price and mpg are key factors, you might weigh them heavily and keep the other criteria with medium importance. Step 4 requires you to generate all **alternatives** about your options. Then, in step 5, you need to use this information to evaluate each alternative against the criteria you have established. You choose the best alternative (step 6), and then you would go out and buy your new car (step 7).

Of course, the outcome of this decision will influence the next decision made. That is where step 8

comes in. For example, if you purchase a car and have nothing but problems with it, you will be less likely to consider the same make and model when purchasing a car the next time.

Figure 11.3 Steps in the Rational Decision-Making Model

While decision makers can get off track during any of these steps, research shows that searching for alternatives in the fourth step can be the most challenging and often leads to failure. In fact, one researcher found that no alternative generation occurred in 85% of the decisions he studied (Nutt, 1994).



Conversely, successful managers know what they want at the outset of the decision-making process, set objectives for others to respond to, carry out an unrestricted search for solutions, get key people to participate, and avoid using their power to push their perspective (Nutt, 1998).

The rational decision-making model has important lessons for decision makers. First, when making a decision, you may want to make sure that you establish your decision criteria before you search for alternatives. This would prevent you from liking one option too much and setting your criteria accordingly. For example, let's say you started browsing cars online before you generated your decision criteria. You may come across a car that you feel reflects your sense of style and you develop an emotional bond with the car. Then, because of your love for the particular car, you may say to yourself that the fuel economy of the car and the innovative braking system are the most important criteria. After purchasing it, you may realize that the car is too small for your friends to ride in the back seat, which was something you should have thought about. Setting criteria before you search for alternatives may prevent you from making such mistakes. Another advantage of the rational model is that it urges decision makers to generate all alternatives instead of only a few. By generating a large number of alternatives that cover a wide range of possibilities, you are unlikely to make a more effective decision that does not require sacrificing one criterion for the sake of another.

Despite all its benefits, you may have noticed that this decision-making model involves a number of unrealistic assumptions as well. It assumes that people completely understand the decision to be made, that they know all their available choices, that they have no perceptual biases, and that they want to make optimal decisions. Nobel Prize winning economist Herbert Simon observed that while the rational decision-making model may be a helpful device in aiding decision makers when working through problems, it doesn't represent how decisions are frequently made within organizations. In fact, Simon argued that it didn't even come close.

Making “Good Enough” Decisions

The **bounded rationality model** of decision making recognizes the limitations of our decision-making processes. According to this model, individuals knowingly limit their options to a manageable set and choose the first acceptable alternative without conducting an exhaustive search for alternatives. An important part of the bounded rationality approach is the tendency to **satisfice** (a term coined by Herbert Simon from *satisfy* and *suffice*), which refers to accepting the first alternative that meets your minimum criteria. For example, many college graduates do not conduct a national or international search for potential job openings. Instead, they focus their search on a limited geographic area, and they tend to accept the first offer in their chosen area, even if it may not be the ideal job situation. Satisficing is similar to rational decision making. The main difference is that rather than choosing the best option and maximizing the potential outcome, the decision maker saves cognitive time and effort by accepting the first alternative that meets the minimum threshold.

Making Intuitive Decisions

The **intuitive decision-making model** has emerged as an alternative to other decision making processes. This model refers to arriving at decisions without conscious reasoning. A total of 89% of managers surveyed admitted to using intuition to make decisions at least sometimes and 59%

said they used intuition often (Burke & Miller, 1999). Managers make decisions under challenging circumstances, including time pressures, constraints, uncertainty, changing conditions, and high visibility, and high stakes outcomes. Thus, it makes sense that they would not have the time to use the rational decision-making model. Yet when CEOs, financial analysts, and health care workers are asked about the critical decisions they make, seldom do they attribute success to luck. To an outside observer, it may seem like they are making guesses as to the course of action to take, but it turns out that experts systematically make decisions using a different model than was earlier suspected. Research on life-or-death decisions made by fire chiefs, pilots, and nurses finds that experts do not choose among a list of well thought out alternatives. They don't decide between two or three options and choose the best one. Instead, they consider only one option at a time. The intuitive decision-making model argues that in a given situation, experts making decisions scan the environment for cues to recognize patterns (Breen, 2000; Klein, 2003; Salas & Klein, 2001). Once a pattern is recognized, they can play a potential course of action through to its outcome based on their prior experience.

Making Creative Decisions

In addition to the rational decision making, bounded rationality, and intuitive decision-making models, creative decision making is a vital part of being an effective decision maker. **Creativity** is the generation of new, imaginative ideas. With the flattening of organizations and intense competition among companies, individuals and organizations are driven to be creative in decisions ranging from cutting costs to generating new ways of doing business. Please note that, while creativity is the first step in the innovation process, creativity and innovation are not the same thing. Innovation begins with creative ideas, but it also involves realistic planning and follow-through. Innovations such as 3M's Clearview Window Tinting grow out of a creative decision-making process about what may or may not work to solve real-world problems.

The five steps to creative decision making are similar to the previous decision-making models in some key ways. All the models include problem identification, which is the step in which the need for problem solving becomes apparent. If you do not recognize that you have a problem, it is impossible to solve it. Immersion is the step in which the decision maker consciously thinks about the problem and gathers information. A key to success in creative decision making is having or acquiring expertise in the area being studied. Then, incubation occurs. During incubation, the individual sets the problem aside and does not think about it for a while. At this time, the brain is actually working on the problem unconsciously. Then comes illumination, or the insight moment when the solution to the problem becomes apparent to the person, sometimes when it is least expected. This sudden insight is the "eureka" moment, similar to what happened to the ancient Greek inventor Archimedes, who found a solution to the problem he was working on while taking a bath. Finally, the verification and application stage happen when the decision maker consciously verifies the feasibility of the of the solution and implements the decision.

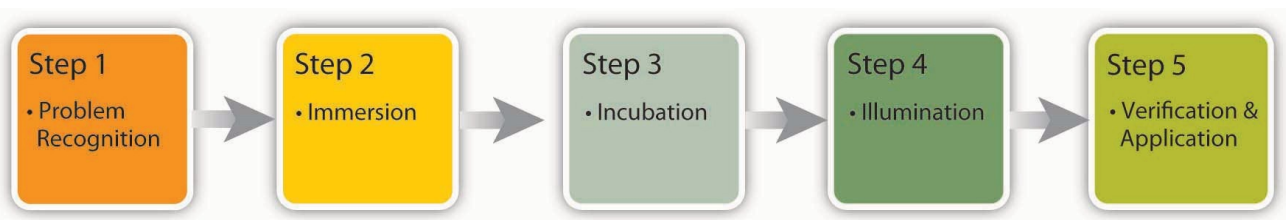


Figure 11.4 The Creative Decision-Making Process

A NASA scientist describes his decision-making process leading to a creative outcome as follows: He had been trying to figure out a better way to de-ice planes to make the process faster and safer. After recognizing the problem, he immersed himself in the literature to understand all the options, and he worked on the problem for months trying to figure out a solution. It was not until he was sitting outside a McDonald's restaurant with his grandchildren that it dawned on him. The golden arches of the M of the McDonald's logo inspired his solution—he would design the deicer as a series of Ms. This represented the illumination stage. After he tested and verified his creative solution, he was done with that problem, except to reflect on the outcome and process.

Decision Making Model	Use This Model When:
Rational	<ul style="list-style-type: none"> You have facts and information You have the ability and time to do analysis, and a step-by-step procedure to come to a decision
Bounded Rationality	<ul style="list-style-type: none"> You do not have or you are not willing to invest much time to make You are not trying to maximize your outcome.
Intuitive	<ul style="list-style-type: none"> There is time pressure and analysis paralysis would be costly. You have experience with the problem.
Creative	<ul style="list-style-type: none"> Solutions to the problem are not clear. New solutions need to be generated. You have time to immerse yourself in the issues.

Figure 11.5 Which decision-making model should I use?

Key Takeaway

Decision making is choosing among alternative courses of action, including inaction. There are different types of decisions ranging from automatic, programmed, to nonprogrammed decisions. Structured decision-making processes include rational, bounded rationality, intuitive, and creative decision making. Each of these can be useful, depending on the circumstances and the problem that needs to be solved.

Exercises

1. What do you see as the main difference between a successful and an unsuccessful decision? How much does luck versus skill have to do with it? How much time needs to pass to know if a decision is successful or not?
2. Research has shown that over half of the decisions made within organisations fail. Does this surprise you? Why or why not?
3. Have you used the rational decision-making model to make a decision? What was the context? How well did the model work?
4. Share an example of a decision in which you used satisficing. Were you happy with the outcome? Why or why not? When would you be most likely to engage in satisficing?
5. Do you think intuition is respected as a decision-making style? Do you think it should be? Why or why not?

11.3 Faulty Decision Making

Avoiding Decision-Making Traps

No matter which model you use, it is important to know and avoid the decision-making traps that exist. Daniel Kahnemann (another Nobel Prize winner) and Amos Tversky spent decades studying how people make decisions. They found that individuals are influenced by overconfidence bias, hindsight bias, anchoring bias, framing bias, and escalation of commitment.

Overconfidence bias occurs when individuals overestimate their ability to predict future events. Many people exhibit signs of overconfidence. For example, 82% of the drivers surveyed feel they are in the top 30% of safe drivers, 86% of students at the Harvard Business School say they are better looking than their peers, and doctors consistently overestimate their ability to detect problems (Tilson, 1999). Much like friends that are 100% sure they can pick the winners of this week's football games despite evidence to the contrary, these individuals are suffering from overconfidence bias. Similarly, in 2008, the French bank Société Générale lost over \$7 billion as a result of the rogue actions of a single trader. Jérôme Kerviel, a junior trader in the bank, had extensive knowledge of the bank's control mechanisms and used this knowledge to beat the system. Interestingly, he did not make any money from these transactions himself, and his sole motive was to be successful. He secretly started making risky moves while hiding the evidence. He made a lot of profit for the company early on and became overly confident in his abilities to

make even more. In his defense, he was merely able to say that he got “carried away” (The rogue rebuttal, 2008). People who purchase lottery tickets as a way to make money are probably suffering from overconfidence bias. It is three times more likely for a person driving 10 miles to be killed in a car accident than to win the jackpot (Orkin, 1991).

Hindsight bias is the opposite of overconfidence bias, as it occurs when looking backward in time and mistakes seem obvious after they have already occurred. In other words, after a surprising event occurred, many individuals are likely to think that they already knew the event was going to happen. This bias may occur because they are selectively reconstructing the events. Hindsight bias tends to become a problem when judging someone else’s decisions. For example, let’s say a company driver hears the engine making unusual sounds before starting the morning routine. Being familiar with this car in particular, the driver may conclude that the probability of a serious problem is small and continues to drive the car. During the day, the car malfunctions and stops miles away from the office. It would be easy to criticize the decision to continue to drive the car because in hindsight, the noises heard in the morning would make us believe that the driver should have known something was wrong and taken the car in for service. However, the driver in question may have heard similar sounds before with no consequences, so based on the information available at the time, continuing with the regular routine may have been a reasonable choice. Therefore, it is important for decision makers to remember this bias before passing judgments on other people’s actions.

Anchoring refers to the tendency for individuals to rely too heavily on a single piece of information. Job seekers often fall into this trap by focusing on a desired salary while ignoring other aspects of the job offer such as additional benefits, fit with the job, and working environment. Similarly, but more dramatically, lives were lost in the Great Bear Wilderness Disaster when the coroner, within 5 minutes of arriving at the accident scene, declared all five passengers of a small plane dead, which halted the search effort for potential survivors. The next day two survivors who had been declared dead walked out of the forest. How could a mistake like this have been made? One theory is that decision biases played a large role in this serious error, and anchoring on the fact that the plane had been consumed by flames led the coroner to call off the search for any possible survivors (Becker, 2007).

Framing bias is another concern for decision makers. Framing bias refers to the tendency of decision makers to be influenced by the way that a situation or problem is presented. For example, when making a purchase, customers find it easier to let go of a discount as opposed to accepting a surcharge, even though they both might cost the person the same amount of money. Similarly, customers tend to prefer a statement such as “85% lean beef” as opposed to “15% fat” (Li, Sun & Wang, 2007). It is important to be aware of this tendency, because depending on how a problem is presented to us, we might choose an alternative that is disadvantageous simply because of the way it is framed.

Escalation of commitment occurs when individuals continue on a failing course of action after information reveals it may be a poor path to follow. It is sometimes called the “sunk costs fallacy,” because continuation is often based on the idea that one has already invested in the course of action. For example, imagine a person who purchases a used car, which turns out to need something repaired every few weeks. An effective way of dealing with this situation might

be to sell the car without incurring further losses, donate the car, or use it until it falls apart. However, many people would spend hours of their time and hundreds, even thousands of dollars repairing the car in the hopes that they might recover their initial investment. Thus, rather than cutting their losses, they waste time and energy while trying to justify their purchase of the car.

Why does escalation of commitment occur? There may be many reasons, but two are particularly important. First, decision makers may not want to admit that they were wrong. This may be because of personal pride or being afraid of the consequences of such an admission. Second, decision makers may incorrectly believe that spending more time and energy might somehow help them recover their losses. Effective decision makers avoid escalation of commitment by distinguishing between when persistence may actually pay off versus when it might mean escalation of commitment. To avoid escalation of commitment, you might consider having strict turning back points. For example, you might determine up front that you will not spend more than \$500 trying to repair the car and will sell it when you reach that point. You might also consider assigning separate decision makers for the initial buying and subsequent selling decisions. Periodic evaluations of an initially sound decision to see whether the decision still makes sense is also another way of preventing escalation of commitment. This type of review becomes particularly important in projects such as the Iridium phone, in which the initial decision is not immediately implemented but instead needs to go through a lengthy development process. In such cases, it becomes important to periodically assess the soundness of the initial decision in the face of changing market conditions. Finally, creating an organizational climate in which individuals do not fear admitting that their initial decision no longer makes economic sense would go a long way in preventing escalation of commitment, as it could lower the regret the decision maker may experience (Wong & Kwong, 2007).

So far we have focused on how individuals make decisions and how to avoid decision traps. Next we shift our focus to the group level. There are many similarities as well as many differences between individual and group decision making. There are many factors that influence group dynamics and also affect the group decision-making process. We will discuss some of them in the following section.

Key Takeaway

Understanding decision-making traps can help you avoid and manage them. Overconfidence bias can cause you to ignore obvious information. Hindsight bias can similarly cause a person to incorrectly believe in their ability to predict events. Anchoring and framing biases show the importance of the way problems or alternatives are presented in influencing one's decision. Escalation of commitment demonstrates how individuals' desire to be consistent or avoid admitting a mistake can cause them to continue to invest in a decision that is no longer prudent.

Exercises

1. Describe a time when you fell into one of the decision-making traps. How did you come to realize that you had made a poor decision?
2. How can you avoid escalation of commitment?
3. Share an example of anchoring.
4. Which of the traps seems the most dangerous for decision makers and why?

11.4 Decision Making in Groups

When it Comes to Decision Making, are two Heads Better Than One?

The answer to this question depends on several factors. Group decision making has the advantage of drawing from the experiences and perspectives of a larger number of individuals. Hence, a group may have the potential to be more creative and lead to more effective decisions. In fact, groups may sometimes achieve results beyond what they could have done as individuals. Groups may also make the task more enjoyable for the members. Finally, when the decision is made by a group rather than a single individual, implementation of the decision will be easier, because group members will be more invested in the decision. If the group is diverse, better decisions may be made, because different group members may have different ideas based on their backgrounds and experiences. Research shows that for top management teams, diverse groups that debate issues make decisions that are more comprehensive and better for the bottom line (Simons, Pelled, & Smith, 1999).

Despite its popularity within organizations, group decision making suffers from a number of disadvantages. We know that groups rarely outperform their best member (Miner, 1984). While groups have the potential to arrive at an effective decision, they often suffer from process losses. For example, groups may suffer from coordination problems. Anyone who has worked with a team of individuals on a project can attest to the difficulty of coordinating members' work or even coordinating everyone's presence in a team meeting. Furthermore, groups can suffer from groupthink. Finally, group decision making takes more time compared to individual decision making, because all members need to discuss their thoughts regarding different alternatives.

Thus, whether an individual or a group decision is preferable will depend on the specifics of the situation. For example, if there is an emergency and a decision needs to be made quickly, individual decision making might be preferred. Individual decision making may also be

appropriate if the individual in question has all the information needed to make the decision and if implementation problems are not expected. On the other hand, if one person does not have all the information and skills needed to make a decision, if implementing the decision will be difficult without the involvement of those who will be affected by the decision, and if time urgency is more modest, then decision making by a group may be more effective.

Advantages of Group Decisions

- You can incorporate different perspectives and ideas. For this advantage to be realized, however, you need a diverse group.
- Reduce the effects of bias on the outcome.
- More options being generated and to greater intellectual stimulation as group members discuss the available options.

Disadvantages of Group Decisions

- More conflict may surface.
- More time often needed.
- Power differences and personality differences may result in uneven sharing and weighting of ideas.
- Potential for group-think to occur.

Groupthink



Figure 11.7 In January 1986, the space shuttle *Challenger* exploded 73 seconds after liftoff, killing all seven astronauts aboard. The decision to launch *Challenger* that day, despite problems with mechanical components of the vehicle and unfavorable weather conditions, is cited as an example of groupthink (Esser & Lindoerfer, 1989; Moorhead, Ference, & Neck, 1991). Wikimedia Commons – public domain.

Have you ever been in a decision-making group that you felt was heading in the wrong direction but you didn't speak up and say so? If so, you have already been a victim of groupthink. **Groupthink** is a tendency to avoid a critical evaluation of ideas the group favors. Irving Janis, author of a book called *Victims of Groupthink*, explained that groupthink is characterized by eight

1. **Illusion of invulnerability** is shared by most or all of the group members, which creates excessive optimism and encourages them to take extreme risks.
2. **Collective rationalizations** occur, in which members downplay negative information or warnings that might cause them to reconsider their assumptions.

3. **An unquestioned belief in the group's inherent morality** occurs, which may incline members to ignore ethical or moral consequences of their actions.
4. **Stereotyped views of outgroups** are seen when groups discount rivals' abilities to make effective responses.
5. **Direct pressure** is exerted on any members who express strong arguments against any of the group's stereotypes, illusions, or commitments.
6. **Self-censorship** occurs when members of the group minimize their own doubts and counter-arguments.
7. **Illusions of unanimity** occur, based on self-censorship and direct pressure on the group. The lack of dissent is viewed as unanimity.
8. **The emergence of self-appointed mind guards** happens when one or more members protect the group from information that runs counter to the group's assumptions and course of action.

Tools and Techniques for Making Better Decisions

Nominal Group Technique (NGT) was developed to help with group decision making by ensuring that all members participate fully. NGT is not a technique to be used routinely at all meetings. Rather, it is used to structure group meetings when members are grappling with problem solving or idea generation. It follows four steps (Delbecq, Van de Ven, & Gustafson, 1975). First, each member of the group begins by independently and silently writing down ideas. Second, the group goes in order around the room to gather all the ideas that were generated. This process continues until all the ideas are shared. Third, a discussion takes place around each idea, and members ask for and give clarification and make evaluative statements. Finally, group members vote for their favourite ideas by using ranking or rating techniques. Following the four-step NGT helps to ensure that all members participate fully, and it avoids group decision-making problems such as groupthink.



Figure 11.8 Communicating is a key aspect of making decisions in a group. In order to generate potential alternatives, brainstorming and critical thinking are needed to avoid groupthink. Paul Shanks – Communication – CC BY-NC 2.0.

Delphi Technique is unique because it is a group process using written responses to a series of questionnaires instead of physically bringing individuals together to make a decision. The first questionnaire asks individuals to respond to a broad question such as stating the problem, outlining objectives, or proposing solutions. Each subsequent questionnaire is built from the information gathered in the previous one. The

process ends when the group reaches a consensus. Facilitators can decide whether to keep responses anonymous. This process is often used to generate best practices from experts. For example, Purdue University Professor Michael Campion used this process when he was editor of the research journal *Personnel Psychology* and wanted to determine the qualities that

distinguished a good research article. Using the Delphi technique, he was able to gather responses from hundreds of top researchers from around the world and distill them into a checklist of criteria that he could use to evaluate articles submitted to his journal, all without ever having to leave his office (Campion, 1993).

Majority rule refers to a decision-making rule in which each member of the group is given a single vote and the option receiving the greatest number of votes is selected. This technique has remained popular, perhaps due to its simplicity, speed, ease of use, and representational fairness. Research also supports majority rule as an effective decision-making technique (Hastie & Kameda, 2005). However, those who did not vote in favor of the decision will be less likely to support it.

Consensus is another decision-making rule that groups may use when the goal is to gain support for an idea or plan of action. While consensus tends to require more time, it may make sense when support is needed to enact the plan. The process works by discussing the issues at hand, generating a proposal, calling for consensus, and discussing any concerns. If concerns still exist, the proposal is modified to accommodate them. These steps are repeated until consensus is reached. Thus, this decision-making rule is inclusive, participatory, cooperative, and democratic. Research shows that consensus can lead to better accuracy (Roch, 2007), and it helps members



OB Toolbox

Perform a Project “Premortem”

Doctors routinely perform postmortems to understand what went wrong with a patient who has died. The idea is for everyone to learn from the unfortunate outcome so that future patients will not meet a similar fate. But what if you could avoid a horrible outcome before it happened by proactively identifying project risks? Research has shown that the simple exercise of imagining what could go wrong with a given decision can increase people’s ability to correctly identify reasons for future successes or failures by 30% (Mitchell, Russo, & Pennington, 1989). A “premortem” is a way to imagine what might go wrong and avoid it before spending a cent or having to change course along the way. Gary Klein, an expert on decision making in fast-paced, uncertain, complex, and critical environments, recommends that decision makers follow a five-step process to increase their chances of success.

1. A planning team comes up with an outline of a plan, such as the launching of a new product.
2. Either the existing group or a unique group is then told to imagine looking into a crystal ball and seeing that the new product failed miserably. They then write down all the reasons they can imagine that might have led to this failure. Each team member shares items from their list until all the potential problems have been identified.
3. The list is reviewed for additional ideas.
4. The issues are sorted into categories in the search for themes.
5. The plan should then be revised to correct the flaws and avoid these potential problems.

This technique allows groups to truly delve into “what if” scenarios. For example, in a premortem session at a Fortune 500 company, an executive imagined that a potential billion-dollar environmental sustainability project might fail because the CEO had retired (Breen, 2000; Klein, 2007; Klein, 2003; Pliske et al., 2001).

feel greater satisfaction with decisions (Mohammed & Ringseis, 2001). However, groups take longer with this approach, and if consensus cannot be reached, members tend to become frustrated (Peterson, 1999).

Decision trees are diagrams in which answers to yes or no questions lead decision makers to address additional questions until they reach the end of the tree. Decision trees are helpful in avoiding errors such as framing bias (Wright & Goodwin, 2002). Decision trees tend to be helpful in guiding the decision maker to a predetermined alternative and ensuring consistency of decision making—that is, every time certain conditions are present, the decision maker will follow one course of action as opposed to others if the decision is made using a decision tree.

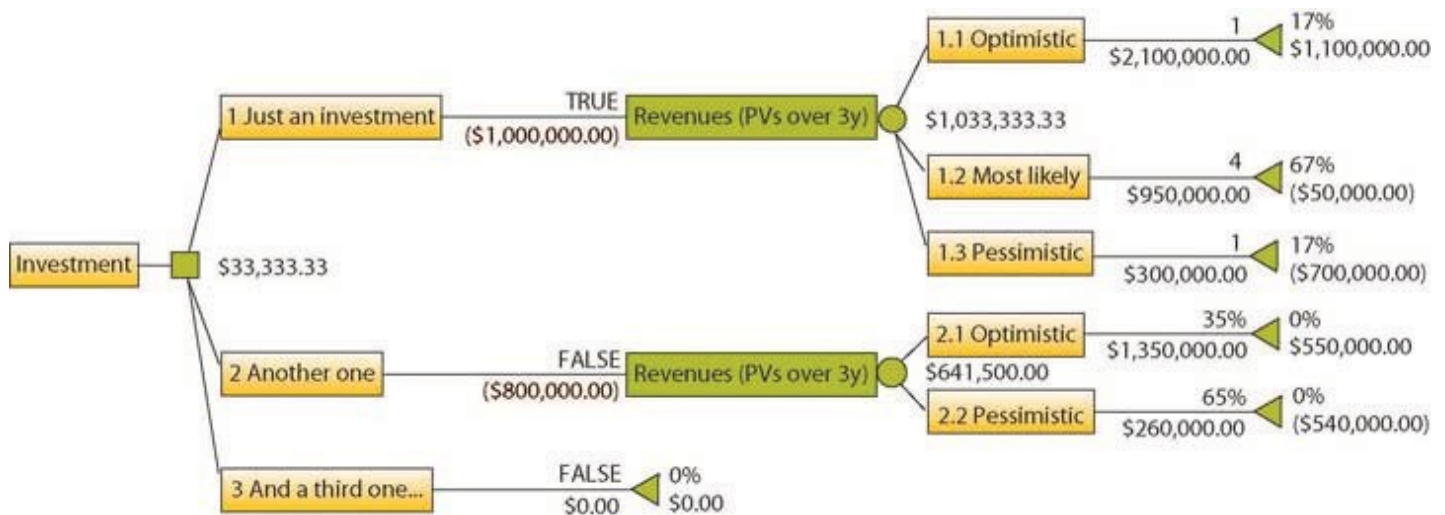


Figure 11.9 Utilizing decision trees can improve investment decisions by optimizing them for maximum payoff. A decision tree consists of three types of nodes. Decision nodes are commonly represented by squares. Chance nodes are represented by circles. End nodes are represented by triangles. Wikimedia Commons.

Key Takeaway

There are trade-offs between making decisions alone and within a group. Groups have a greater diversity of experiences and ideas than individuals, but they also have potential process losses such as groupthink. Groupthink can be avoided by recognizing the eight symptoms discussed. Finally, there are a variety of tools and techniques available for helping to make more effective decisions in groups, including the nominal group technique, Delphi technique, majority rule, consensus, GDSS, and decision trees.

Exercises

1. Do you prefer to make decisions in a group or alone? What are the main reasons for your preference?
2. Have you been in a group that used the brainstorming technique? Was it an effective tool for coming up with creative ideas? Please share examples.
3. Have you been in a group that experienced groupthink? If so, how did you deal with it?
4. Which of the decision-making tools discussed in this chapter (NGT, Delphi, and so on) have you used? How effective were they?

11.5 The Role of Ethics and National Culture

Ethics and Decision Making

Because many decisions involve an ethical component, one of the most important considerations in management is whether the decisions you are making as an employee or manager are ethical. Here are some basic questions you can ask yourself to assess the ethics of a decision (Blanchard & Peale, 1988).

- Is this decision fair?
- Will I feel better or worse about myself after I make this decision?
- Does this decision break any organizational rules?
- Does this decision break any laws?
- How would I feel if this decision were broadcasted on the news?

The current economic crisis in the United States and many other parts of the world is a perfect example of legal yet unethical decisions resulting in disaster. Many experts agree that one of the driving forces behind the sliding economy was the lending practices of many banks (of which several no longer exist). In March of 2008, a memo from JPMorgan Chase & Co. was leaked to an Oregon newspaper called “Zippy Cheats & Tricks” (Zippy is Chase’s automated, computer-based loan approval system). Although Chase executives firmly stated that the contents of the memo were not company policy, the contents clearly indicate some of the questionable ethics involved with the risky loans now clogging the financial system.


In the memo, several steps were outlined to help a broker push a client’s approval through the

system, including, “In the income section of your 1003, make sure you input all income in base income. DO NOT break it down by overtime, commissions or bonus. NO GIFT FUNDS! If your borrower is getting a gift, add it to a bank account along with the rest of the assets. Be sure to remove any mention of gift funds on the rest of your 1003. If you do not get Stated/Stated, try resubmitting with slightly higher income. Inch it up \$500 to see if you can get the findings you want. Do the same for assets” (Manning, 2008).

While it is not possible to determine how widely circulated the memo was, the mentality it captures was clearly present during the lending boom that precipitated the current meltdown. While some actions during this period were distinctly illegal, many people worked well within the law and simply made unethical decisions. Imagine a real estate agent that knows a potential buyer’s income. The buyer wants to purchase a home priced at \$400,000, and the agent knows the individual cannot afford to make payments on a mortgage of that size. Instead of advising the buyer accordingly and losing a large commission, the agent finds a bank willing to lend money to an unqualified borrower, collects the commission for the sale, and moves on to the next client. It is clear how these types of unethical yet legal decisions can have dramatic consequences.

Suppose you are the CEO of a small company that needs to cut operational costs or face bankruptcy. You have decided that you will not be issuing the yearly bonus that employees have come to expect. The first thing you think about after coming to this decision is whether or not it is fair. It seems logical to you that since the alternative would be the failure of the company and everyone losing their jobs, not receiving a bonus is preferable to being out of work. Additionally, you will not be collecting a bonus yourself, so that the decision will affect everyone equally. After deciding that the decision seems fair, you try to assess how you will feel about yourself after informing employees that there will not be a bonus this year. Although you do not like the idea of not being able to issue the yearly bonus, you are the CEO, and CEOs often have to make tough decisions. Since your ultimate priority is to save the company from bankruptcy, you decide it is better to withhold bonuses rather than issuing them, knowing the company cannot afford it. Despite the fact that bonuses have been issued every year since the company was founded, there are no organizational policies or laws requiring that employees receive a bonus; it has simply been a company tradition. The last thing you think about is how you would feel if your decision were broadcast on the news. Because of the dire nature of the situation, and because the fate of the business is at stake, you feel confident that this course of action is preferable to laying off loyal employees. As long as the facts of the situation were reported correctly, you feel the public would understand why the decision was made.

Decision Making Around the Globe



Decision-making styles and approaches tend to differ depending on the context, and one important contextual factor to keep in mind is the culture in which decisions are being made. Research on Japanese and Dutch decision makers show that while both cultures are consensus-oriented, Japanese managers tend to seek consensus much more than Dutch managers (Noorderhaven, 2007). Additionally, American managers tend to value quick decision making, while Chinese managers are more reflective and take their time to make important decisions—especially when they involve some sort of potential conflict.

Another example of how decision-making styles may differ across cultures is the style used in Japan called *nemawashi*. Nemawashi refers to building consensus within a group before a decision is made. Japanese decision makers talk to parties whose support is needed beforehand, explain the subject, address their concerns, and build their support. Using this method clearly takes time and may lead to slower decision making. However, because all parties important to the decision will give their stamp of approval before the decision is made, this technique leads to a quicker implementation of the final decision once it is decided.

Key Takeaway

Asking yourself some key questions can help you determine if a decision you are considering is ethical. A decision being legal does not automatically make it ethical. Unethical decisions can lead to business failures for a variety of reasons. Different cultures have different styles of decision making. In countries with a collectivist orientation, a high value is placed on building consensus. Some national cultures value quick decision making, whereas others believe in taking time to arrive at a decision. Taking national culture into account is important in effective cross-cultural business interactions.

Exercises

1. How can you assess if you are making ethical decisions or not?
2. Have you seen examples of ethical or unethical decisions being made? Describe what you observed.
3. Have you seen examples of national culture affecting decision making?
4. What advice surrounding decision making would you give to someone who will be managing a new division of a company in another culture?
5. What can go wrong when cultural factors are ignored?

11.6 Empowered Decision Making: The Case of Ingar Skaug

“If you always do what you always did, you always get what you always got,” says Ingar Skaug—and he should know. Skaug is president and CEO of Wilh. Wilhelmsen ASA (OSE: ABM), a leading global maritime industry company based in Norway with 23,000 employees and 516 offices worldwide. He faced major challenges when he began his job at Wilhelmsen Lines in 1989. The entire top management team of the company had been

killed in an airplane crash when returning from a ship dedication ceremony. As you can imagine, employees were mourning the loss of their friends and leadership team. While Skaug knew that changes needed to be made within the organization, he also knew that he had to proceed slowly and carefully in implementing any changes. The biggest challenge he saw was the decision-making style within the company.

Skaug recalls this dilemma as follows:

I found myself in a situation in Wilhelmsen Lines where everyone was coming to my office in the morning and they expected me to take all the decisions. I said to people, “Those are not my decisions. I don’t want to take those decisions. You take those decisions.” So for half a year they were screaming about that I was very afraid of making decisions. So I had a little bit of a struggle with the organization, with the people there at the time. They thought I was a very poor manager because I didn’t dare to make decisions. I had to teach them. I had to force the people to make their own decisions.

His lessons paid off over the years. The company has now invented a cargo ship capable of transporting 10,000 vehicles while running exclusively on renewable energy via the power of the sun, wind, and water. He and others within the company cite the freedom that employees feel to make decisions and mistakes on their way to making discoveries as a major factor in their success in revolutionizing the shipping industry one innovation at a time (Furness, 2005; McCarthy et al., 2005; Norwegian, 2006).

Exercises

1. What are some additional challenges Ingar Skaug probably faced while taking over control of Wilh. Wilhelmsen?
2. Skaug says that for the first several months as CEO, he deferred many decisions to other employees. In what types of situations might this have been inappropriate? Would Skaug’s method have worked if he were taking over a hospital or an investment firm?
3. How would you approach a situation like Skaug’s?
4. For Skaug, the decision to defer decisions worked for the company. What are some potential pitfalls this management style could have fallen into? Does the pace of the industry make a difference in what management style is appropriate (e.g., the fast pace of a high-tech company versus the slower pace of an industrial manufacturing company)?

11.7 Conclusion



Decision making is a critical component of business. Some decisions are obvious and can be made quickly without investing much time and effort in the decision-making process. Others, however, require substantial consideration of the circumstances surrounding the decision, available alternatives, and potential outcomes. Fortunately, there are several methods that can be used when making a difficult decision, depending on various environmental factors. Some decisions are best made by groups. Group decision-making processes also have multiple models to follow, depending on the situation. Even when specific models are followed, groups and individuals can often fall into potential decision-making pitfalls. If too little information is available, decisions might be made based on a feeling. On the other hand, if too much information is presented, people can suffer from analysis paralysis, in which no decision is reached because of the overwhelming number of alternatives.

Ethics and culture both play a part in decision making. From time to time, a decision can be legal but not ethical. These gray areas that surround decision making can further complicate the process, but following basic guidelines can help people ensure that the decisions they make are ethical and fair. Additionally, different cultures can have different styles of decision making. In some countries such as the United States, it may be customary to come to a simple majority when making a decision. Conversely, a country such as Japan will often take the time to reach consensus when making decisions. Being aware of the various methods for making decisions as well as potential problems that may arise can help people become effective decision makers in any situation.

11.8 Exercises



Ethical Dilemma

Herb's Concoction (and Martha's Dilemma): The Case of the Deadly Fertilizer

Martha Wang worked in the Consumer Affairs Department of a company called Herb's Garden Products. Martha was a relatively new employee and had only worked there 6 months, while most employees at Herb's had been with the company since its beginning back in 1958. She enjoyed her job and hoped to be promoted at her next performance appraisal. One especially exciting part of working at Herb's was that they had made a public commitment to protecting the environment. There were regular meetings at work about the choice to brand the organisation in this way, sell their products at "green" markets, and capture some of the growing consumer market for natural products. Martha's values were closely aligned with this mentality, so she really loved her new job at Herb's Garden Products. How quickly things change.

One day, Martha received a call from a dissatisfied customer who complained that Herb's Special Fertilizer Mix killed her dog, an expensive and beloved toy poodle. Martha knew that the fertilizer was made mostly of fish byproducts and chicken manure, but she had also heard there was a "secret ingredient" that had only been revealed to long-time employees. The company had advertised the product as "safe enough to eat for breakfast" and "able to work wonders on any plant." However, Martha had used the product only once herself. Shortly after applying the fertilizer, Martha found several dead birds near the garden where she had spread the most fertilizer. At the time, she convinced herself this was just a coincidence. Listening now to this customer describing the death of her small dog after lying on the soil near the fertilizer, Martha began to wonder if those birds had perished for the same reason. Martha took the customer's name and number and went immediately to her boss.

Martha's boss was Herb's nephew, Mac. Once Martha explained her story about her own experience with the fertilizer and the customer's claim that it killed her dog, Mac began to smile. "Some people will complain about the littlest things," Mac said. Martha protested that it was her job as a consumer affairs officer to address the serious concerns of this customer and follow company procedure to ensure the safety of future customers and their pets. Mac laughed and said, "You really believe that something is wrong with our product? We've been selling this fertilizer for 35 years. People love it! Now and again someone whines about finding dead animals, but that's just their imagination. After all, we use all-natural ingredients!" Martha thanked Mac for his help and slowly headed back toward her cubicle. She felt extremely confused and torn about her role at this point. What should she tell the customer when she called her back? Was the fertilizer safe? Should she worry about working in a place with potentially dangerous products? What about quality issues for the company's products in general? Were Herb's other products unsafe or of poor quality? What might be the environmental impact of this product as it runs off into lakes and streams? As her head began to spin with the difficulty of the task ahead of her, the phone suddenly rang. It was Herb himself, the owner and founder of the company. "Martha," the voice on the other line whispered, "Herb's Special Fertilizer is our best seller! Don't let us down."

NOW It Is Your Turn (Enders).

- What kind of decision does Martha face? What are some of her decision-making challenges?
- What recommendations do you have for a company facing this situation? What should they do to deal with this customer complaint? From the perspective of the management at Herb's Garden Products, what are some next steps that could be taken?

Group Exercise

Moon Walk and Talk2

Warning: *Do not discuss this exercise with other members of your class until instructed to do so.*

You are a member of the moon space crew originally scheduled to rendezvous with a mother ship on the lighted surface of the moon. Due to mechanical difficulties, however, your ship was forced to land at a spot some 200 miles (320 km) from the rendezvous point. During reentry and landing, much of the equipment aboard was damaged, and because survival depends on reaching the mother ship, the most critical items available must be chosen for the 200-mile (320 km) trip. Please see the list of the 15 items left intact and undamaged after landing. Your task is to rank the items in terms of their importance for your crew to reach the rendezvous point. Place the number 1 by the most important, 2 by the next most important, and so on, with 15 being the least important (NASA educational materials).

Undamaged items	My ranking	Group ranking	NASA ranking	My difference	Group difference
Box of matches					
Food concentrates					
50 feet of nylon					
Parachute silk					
Portable heating unit					
Two 45-caliber pistols					
One case dehydrated milk					
Two 100 lb. tanks oxygen					
Stellar map (of moon's constellations)					
Life raft					
Magnetic compass					
5 gallons of water					
Signal flares					
First aid kit containing injection needles					
Solar powered FM receiver-transmitter					

Figure 11.10



Chapter

12

Leading People Within Organisations

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Define what leadership is and identify traits of effective leaders.
2. Describe behaviours that effective leaders demonstrate.
3. Specify the contexts in which various leadership styles are effective.
4. Explain the concepts of transformational, transactional, servant, and authentic leadership.

Leadership may be defined as the act of influencing others to work toward a goal. Leaders exist at all levels of an organization. Some leaders hold a position of authority and may utilize the power that comes from their position, as well as their personal power to influence others. They are called **formal leaders**. In contrast, **informal leaders** are without a formal position of authority within the organization but demonstrate leadership by influencing others through personal forms of power. One caveat is important here: leaders do not rely on the use of force to influence people. Instead, people willingly adopt the leader's goal as their own goal. If a person is relying on force and punishment, the person is a dictator, not a leader.

What makes leaders effective? What distinguishes people who are perceived as leaders from those who are not perceived as leaders? More importantly, how do we train future leaders and improve our own leadership ability? These are important questions that have attracted scholarly attention in the past several decades. In this chapter, we will review the history of leadership studies and summarize the major findings relating to these important questions. Around the world, we view leaders as at least partly responsible for their team or company's success and failure. Company CEOs are paid millions of dollars in salaries and stock options with the assumption that they hold their company's future in their hands. In politics, education, sports, profit and nonprofit sectors, the influence of leaders over the behaviours of individuals and organizations is rarely questioned. When people and organizations fail, managers and CEOs are often viewed as responsible. Some people criticize the assumption that leadership always matters and call this belief "the romance of leadership." However, research evidence pointing to the importance of leaders for organizational success is accumulating (Hogan, Curphy, & Hogan, 1994).

12.1 Taking on the Pepsi Challenge: The Case of Indra Nooyi



Figure 12.1 Penn State – Indra Nooyi – CC BY-NC 2.0.

She is among the top 100 most influential people according to *Time* magazine's 2008 list. She is also number 5 in *Forbes*'s "Most Influential Women in the World" (2007), number 1 in *Fortune*'s "50 Most Powerful Women" (2006), and number 22 in *Fortune*'s "25 Most Powerful People in Business" (2007). The lists go on and on. To those familiar with her work and style, this should come as no surprise: even before she became the CEO of PepsiCo Inc. (NYSE: PEP) in 2006, she was one of the most powerful executives at PepsiCo and one of the two candidates being groomed for the coveted CEO position. Born in Chennai, India, Nooyi graduated from Yale's School of Management and worked

in companies such as the Boston Consulting Group Inc., Motorola Inc., and ABB Inc. She also led an all-girls rock band in high school, but that is a different story.

What makes her one of the top leaders in the business world today? To start with, she has a clear vision for PepsiCo, which seems to be the right vision for the company at this point in time. Her vision is framed under the term “performance with purpose,” which is based on two key ideas: tackling the obesity epidemic by improving the nutritional status of PepsiCo products and making PepsiCo an environmentally sustainable company. She is an inspirational speaker and rallies people around her vision for the company. She has the track record to show that she means what she says. She was instrumental in PepsiCo’s acquisition of the food conglomerate Quaker Oats Company and the juice maker Tropicana Products Inc., both of which have healthy product lines. She is bent on reducing PepsiCo’s reliance on high-sugar, high-calorie beverages, and she made sure that PepsiCo removed trans fats from all its products before its competitors. On the environmental side, she is striving for a net zero impact on the environment. Among her priorities are plans to reduce the plastic used in beverage bottles and find biodegradable packaging solutions for PepsiCo products. Her vision is long term and could be risky for short-term earnings, but it is also timely and important.

Those who work with her feel challenged by her high-performance standards and expectation of excellence. She is not afraid to give people negative feedback—and with humour, too. She pushes people until they come up with a solution to a problem and does not take “I don’t know” for an answer. For example, she insisted that her team find an alternative to expensive palm oil and did not stop urging them forward until the alternative arrived: rice bran oil.

Nooyi is well liked and respected because she listens to those around her, even when they disagree with her. Her background cuts across national boundaries, which gives her a true appreciation for diversity, and she expects those around her to bring their values to work. In fact, when she graduated from college, she wore a sari to a job interview at Boston Consulting, where she got the job. She is an unusually collaborative person in the top suite of a *Fortune* 500 company, and she seeks help and information when she needs it. She has friendships with three ex-CEOs of PepsiCo who serve as her informal advisors, and when she was selected to the top position at PepsiCo, she made sure that her rival for the position got a pay raise and was given influence in the company so she did not lose him. She says that the best advice she received was from her father, who taught her to assume that people have good intentions. Nooyi notes that expecting people to have good intentions helps her prevent misunderstandings and show empathy for them. It seems that she is a role model to other business leaders around the world, and PepsiCo is well positioned to tackle the challenges the future may bring (Birger et al., 2008; Brady, 2007; Compton, 2007; McKay, 2008; Morris & Neering, 2008; Schultz, 2008; The Pepsi challenge, 2006).



Discussion Questions

1. Indra Nooyi is not a typical CEO. How does she differ from your idea of what a typical CEO is like? How do you think your current image of CEOs was created?
2. Indra Nooyi is touted as being “unusually collaborative” for someone in charge of a Fortune 500 company. Why do you think her level of collaboration is so unusual for top executives?
3. Do you think Nooyi’s story represents a transition of American companies to a different type of leader or simply a unique case?
4. Pepsi-Cola dates back to 1898 and officially became PepsiCo after merging with Frito-Lay in 1965. What are some challenges the CEO faces today that were not an issue at that time? What are some aspects that make the position easier in modern times?
5. If you were in Indra Nooyi’s shoes, what direction would you take the company, given the success you have had thus far? What are some challenges that could arise in the near future for PepsiCo?

12.2 Who is a Leader? Trait Approaches to Leadership

The earliest approach to the study of leadership sought to identify a set of traits that distinguished leaders from non-leaders. What were the personality characteristics and the physical and psychological attributes of people who are viewed as leaders? Because of the problems in measurement of personality traits at the time, different studies used different measures. By 1940, researchers concluded that the search for leadership-defining traits was futile. In recent years, though, after the advances in personality literature such as the development of the Big Five personality framework, researchers have had more success in identifying traits that predict leadership (House & Aditya, 1997). Most importantly, charismatic leadership, which is among the contemporary approaches to leadership, may be viewed as an example of a trait approach.

The traits that show relatively strong relations with leadership are discussed below (Judge et al., 2002).

Intelligence

General mental ability, which psychologists refer to as “g” and which is often called “IQ” in everyday language, has been related to a person’s emergence as a leader within a group.

Specifically, people who have high mental abilities are more likely to be viewed as leaders in their environment (House & Aditya, 1997; Ilies, Gerhardt, & Huy, 2004; Lord, De Vader, & Alliger, 1986; Taggar, Hackett, & Saha, 1999). We should caution, though, that intelligence is a positive but modest predictor of leadership, and when actual intelligence is measured with paper-and-pencil tests, its relationship to leadership is a bit weaker compared to when intelligence is defined as the perceived intelligence of a leader (Judge, Colbert, & Ilies, 2004). In addition to having a high IQ, effective leaders tend to have high emotional intelligence (EQ). People with high EQ demonstrate a high level of self-awareness, motivation, empathy, and social skills. The psychologist who coined the term *emotional intelligence*, Daniel Goleman, believes that IQ is a threshold quality: It matters for entry to high-level management jobs, but once you get there, it no longer helps leaders because most leaders already have a high IQ. According to Goleman, what differentiates effective leaders from ineffective ones becomes their ability to control their own emotions and understand other people's emotions, their internal motivation, and their social skills (Goleman, 2004).

Big 5 Personality Traits

Psychologists have proposed various systems for categorizing the characteristics that make up an individual's unique personality; one of the most widely accepted is the "Big Five" model, which rates an individual according to Openness to experience, Conscientiousness, Extraversion, Agreeableness, and Neuroticism. Several of the Big Five personality traits have been related to leadership emergence (whether someone is viewed as a leader by others) and effectiveness (Judge et al., 2002).

Trait	Description
Openness	Being curious, original, intellectual, creative, and open to new ideas.
Conscientiousness	Being organized, systematic, punctual, achievement-oriented, and dependable.
Extraversion	Being outgoing, talkative, sociable, and enjoying social situations.
Agreeableness	Being affable, tolerant, sensitive, trusting, kind, and warm.
Neuroticism	Being anxious, irritable, temperamental, and moody.

Figure 12.2 Big Five Personality Traits

For example, extraversion is related to leadership. *Extraverts* are sociable, assertive, and energetic people. They enjoy interacting with others in their environment and demonstrate self-confidence. Because they are both dominant and sociable in their environment, they emerge as leaders in a wide variety of situations. Out of all personality traits, extraversion has the strongest relationship with both leader emergence and leader effectiveness. This is not to say that all effective leaders are extraverts, but you are more likely to find extraverts in leadership positions.

An example of an introverted leader is Jim Buckmaster, the CEO of Craigslist. He is known as an introvert, and he admits to not having meetings because he does not like them (Buckmaster, 2008). Research shows that another personality trait related to leadership is *conscientiousness*. Conscientious people are organized, take initiative, and demonstrate persistence in their endeavors. Conscientious people are more likely to emerge as leaders and be effective in that role. Finally, people who have *openness to experience*—those who demonstrate originality, creativity, and are open to trying new things—tend to emerge as leaders and also be quite effective.

Self-Esteem

Self-esteem is not one of the Big Five personality traits, but it is an important aspect of one's personality. The degree to which a person is at peace with oneself and has an overall positive assessment of one's self worth and capabilities seem to be relevant to whether someone is viewed as a leader. Leaders with high self-esteem support their subordinates more and, when punishment is administered, they punish more effectively (Atwater et al., 1998; Niebuhr, 1984).

It is possible that those with high self-esteem have greater levels of self-confidence and this affects their image in the eyes of their followers. Self-esteem may also explain the relationship between some physical attributes and leader emergence. For example, research shows a strong relationship between being tall and being viewed as a leader (as well as one's career success over life). It is proposed that self-esteem may be the key mechanism linking height to being viewed as a leader because people who are taller are also found to have higher self-esteem and therefore may project greater levels of charisma as well as confidence to their followers (Judge & Cable, 2004).

Integrity

Research also shows that people who are effective as leaders tend to have a moral compass and demonstrate honesty and integrity (Reave, 2005). Leaders whose integrity is questioned lose their trustworthiness, and they hurt their company's business along the way. For example, when it was revealed that Whole Foods Market CEO, John Mackey, was using a pseudonym to make negative comments online about the company's rival Wild Oats Markets Inc., his actions were heavily criticized, his leadership was questioned, and the company's reputation was affected (Farrell & Davidson, 2007).

There are also some traits that are negatively related to leader emergence and being successful in that position. For example, agreeable people who are modest, good natured, and avoid conflict are less likely to be perceived as leaders (Judge et al., 2002).

Despite problems in trait approaches, these findings can still be useful to managers and companies. For example, knowing about leadership traits helps organizations select the right people into positions of responsibility. The key to benefiting from the findings of trait researchers

is to be aware that not all traits are equally effective in predicting leadership potential across all circumstances. Some organizational situations allow leader traits to make a greater difference (House & Aditya, 1997). For example, in small, entrepreneurial organizations where leaders have a lot of leeway to determine their own behaviour, the type of traits leaders have may make a difference in leadership potential. In large, bureaucratic, and rule-bound organizations such as the government and the military, a leader's traits may have less to do with how the person behaves and whether the person is a successful leader (Judge et al., 2002). Moreover, some traits become relevant in specific circumstances. For example, bravery is likely to be a key characteristic in military leaders, but not necessarily in business leaders. Scholars now conclude that instead of trying to identify a few traits that distinguish leaders from non-leaders, it is important to identify the conditions under which different traits affect a leader's performance, as well as whether a person emerges as a leader (Hackman & Wageman, 2007).

Key Takeaway

Many studies searched for a limited set of personal attributes, or traits, which would make someone be viewed as a leader and be successful as a leader. Some traits that are consistently related to leadership include intelligence (both mental ability and emotional intelligence), personality (extraversion, conscientiousness, openness to experience, self-esteem), and integrity. The main limitation of the trait approach was that it ignored the situation in which leadership occurred. Therefore, it is more useful to specify the conditions under which different traits are needed.

Exercises

1. Think of a leader you admire. What traits does this person have? Are they consistent with the traits discussed in this chapter? If not, why is this person effective despite the presence of different traits?
2. Can the findings of trait approaches be used to train potential leaders? Which traits seem easier to teach? Which are more stable?
3. How can organisations identify future leaders with a given set of traits? Which methods would be useful for this purpose?
4. What other traits can you think of that would be relevant to leadership?

12.3 What Do Leaders Do? Behavioural Approaches to Leadership

Leader Behaviours

When trait researchers became disillusioned in the 1940s, their attention turned to studying leader behaviours. What did effective leaders actually do? Which behaviours made them perceived as leaders? Which behaviours increased their success? To answer these questions, researchers at Ohio State University and the University of Michigan used many different techniques, such as observing leaders in laboratory settings as well as surveying them. This research stream led to the discovery of two broad categories of behaviours: task-oriented behaviours (sometimes called **initiating structure**) and people-oriented behaviours (also called **consideration**). **Task-oriented leader behaviours** involve structuring the roles of subordinates, providing them with instructions, and behaving in ways that will increase the performance of the group. Task-oriented behaviours are directives given to employees to get things done and to ensure that organizational goals are met. **People-oriented leader behaviours** include showing concern for employee feelings and treating employees with respect. People-oriented leaders genuinely care about the wellbeing of their employees, and they demonstrate their concern in their actions and decisions. At the time, researchers thought that these two categories of behaviours were the keys to the puzzle of leadership (House & Aditya, 1997). However, research did not support the argument that demonstrating both of these behaviours would necessarily make leaders effective (Nystrom, 1978).

When we look at the overall findings regarding these leadership behaviours, it seems that both types of behaviours, in the aggregate, are beneficial to organizations, but for different purposes. For example, when leaders demonstrate people-oriented behaviours, employees tend to be more satisfied and react more positively. However, when leaders are task oriented, productivity tends to be a bit higher (Judge, Piccolo, & Ilies, 2004). Moreover, the situation in which these behaviours are demonstrated seems to matter. In small companies, task-oriented behaviours were found to be more effective than in large companies (Miles & Petty, 1977). There is also some evidence that very high levels of leader task-oriented behaviours may cause burnout with employees (Seltzer & Numerof, 1988).

Leader Decision Making

Another question behavioural researchers focused on involved how leaders actually make decisions and the influence of decision-making styles on leader effectiveness and employee reactions. Three types of decision-making styles were studied. In **authoritarian decision making**, leaders make the decision alone without necessarily involving employees in the decision-making process. When leaders use **democratic decision making**, employees participate in the making of the decision. Finally, leaders using **laissez-faire decision making** leave

employees alone to make the decision. The leader provides minimum guidance and involvement in the decision.

As with other lines of research on leadership, these studies did not identify one decision-making style as the best. It seems that the effectiveness of the style the leader is using depends on the circumstances. A review of the literature shows that when leaders use more democratic or participative decision-making styles, employees tend to be more satisfied; however, the effects on decision quality or employee productivity are weaker. Moreover, instead of expecting to be involved in every single decision, employees seem to care more about the overall prescriptiveness of the organizational climate (Miller & Monge, 1986). Different types of employees may also expect different levels of involvement. In a research organization, scientists viewed democratic leadership most favorably and authoritarian leadership least favorably (Baumgartel, 1957), but employees working in large groups where opportunities for member interaction was limited preferred authoritarian leader decision making (Vroom & Mann, 1960). Finally, the effectiveness of each style seems to depend on who is using it. There are examples of effective leaders using both authoritarian and democratic styles. At Hyundai Motor America, high-level managers use authoritarian decision-making styles, and the company is performing very well (Deutschman, 2004; Welch, Kiley, & Ihlwan, 2008).



Figure 12.3 Google cofounders Larry Page and Sergey Brin (shown here) are known for their democratic decision-making styles. Wikimedia Commons – CC BY 2.0.

The track record of the laissez-faire decision-making style is more problematic. Research shows that this style is negatively related to employee satisfaction with leaders and leader effectiveness (Judge & Piccolo, 2004). Laissez-faire leaders create high levels of ambiguity about job expectations on the part of employees, and employees also

engage in higher levels of conflict when leaders are using the laissez-faire style (Skogstad et al., 2007).

Exercises

1. Give an example of a leader you admire whose behaviour is primarily task oriented, and one whose behaviour is primarily people oriented.
2. What are the limitations of authoritarian decision making? Under which conditions do you think authoritarian style would be more effective?
3. What are the limitations of democratic decision making? Under which conditions do you think democratic style would be more effective?
4. What are the limitations of laissez-faire decision making? Under which conditions do you think laissez-faire style would be more effective?
5. Examine your own leadership style. Which behaviours are you more likely to demonstrate? Which decision-making style are you more likely to use?

12.4 Contingency Approaches to Leadership

What is the best leadership style? By now, you must have realized that this may not be the right question to ask. Instead, a better question might be: under which conditions are certain leadership styles more effective? After the disappointing results of trait and behavioural approaches, several scholars developed leadership theories that specifically incorporated the role of the environment. Specifically, researchers started following a contingency approach to leadership—rather than trying to identify traits or behaviours that would be effective under all conditions, the attention moved toward specifying the situations under which different styles would be effective.

Situational Leadership

Another contingency approach to leadership is Kenneth Blanchard and Paul Hersey's Situational Leadership Theory (SLT) which argues that leaders must use different leadership styles depending on their followers' development level (Hersey, Blanchard, & Johnson, 2007). According to this model, employee readiness (defined as a combination of their competence and commitment levels) is the key factor determining the proper leadership style. This approach has been highly popular with 14 million managers across 42 countries undergoing SLT training and 70% of *Fortune* 500 companies employ its use.

The model summarizes the level of directive and supportive behaviours that leaders may exhibit. The model argues that to be effective, leaders must use the right style of behaviours at the right

time in each employee's development. It is recognized that followers are key to a leader's success. Employees who are at the earliest stages of development are seen as being highly committed but with low competence for the tasks. Thus, leaders should be highly directive and less supportive. As the employee becomes more competent, the leader should engage in more coaching behaviours. Supportive behaviours are recommended once the employee is at moderate to high levels of competence. And finally, delegating is the recommended approach for leaders dealing with employees who are both highly committed and highly competent. While the SLT is popular with managers, relatively easy to understand and use, and has endured for decades, it received mixed support from research on the basic assumptions of the model (Blank, Green, & Weitzel, 1990; Graeff, 1983; Fernandez & Vecchio, 2002). Therefore, while it can be a useful way to think about matching behaviours to situations, overreliance on this model, at the exclusion of other models, is premature.

Follower Readiness Level	Competence (Low)	Competence (Low)	Competence (Moderate to High)	Competence (High)
	Commitment (High)	Commitment (Low)	Commitment (Variable)	Commitment (High)
Recommended Leader Style	Directing Behaviour	Coaching Behaviour	Supporting Behaviour	Delegating Behaviour

Figure 12.4 Situational Leadership Theory helps leaders match their style to follower readiness levels.

Path-Goal Theory of Leadership

Robert House's path-goal theory of leadership is based on the expectancy theory of motivation (House, 1971). The expectancy theory of motivation suggests that employees are motivated when they believe—or expect—that (a) their effort will lead to high performance, (b) their high performance will be rewarded, and (c) the rewards they will receive are valuable to them. According to the path-goal theory of leadership, the leader's main job is to make sure that all three of these conditions exist. Thus, leaders will create satisfied and high-performing employees by making sure that employee effort leads to performance, and their performance is rewarded by desired rewards. The leader removes roadblocks along the way and creates an environment that subordinates find motivational.

The theory also makes specific predictions about what type of leader behaviour will be effective under which circumstances (House, 1996; House & Mitchell, 1974). The theory identifies four leadership styles. Each of these styles can be effective, depending on the characteristics of employees (such as their ability level, preferences, locus of control, and achievement motivation) and characteristics of the work environment (such as the level of role ambiguity, the degree of stress present in the environment, and the degree to which the tasks are unpleasant).

Four Leadership Styles

Directive leaders provide specific directions to their employees. They lead employees by clarifying role expectations, setting schedules, and making sure that employees know what to do on a given work day. The theory predicts that the directive style will work well when employees are experiencing role ambiguity on the job. If people are unclear about how to do their jobs, giving them specific directions will motivate them. On the other hand, if employees already have role clarity, and if they are performing boring, routine, and highly structured jobs, giving them direction does not help. In fact, it may hurt them by creating an even more restricting atmosphere. Directive leadership is also thought to be less effective when employees have high levels of ability. When managing professional employees with high levels of expertise and job-specific knowledge, telling them what to do may create a low-empowerment environment, which impairs motivation.

Supportive leaders provide emotional support to employees. They treat employees well, care about them on a personal level, and they are encouraging. Supportive leadership is predicted to be effective when employees are under a lot of stress or performing boring, repetitive jobs. When employees know exactly how to perform their jobs but their jobs are unpleasant, supportive leadership may be more effective.

Participative leaders make sure that employees are involved in the making of important decisions. Participative leadership may be more effective when employees have high levels of ability, and when the decisions to be made are personally relevant to them. For employees with a high internal locus of control (those who believe that they control their own destiny), participative leadership is a way of indirectly controlling organizational decisions, which is likely to be appreciated.

Achievement-oriented leaders set goals for employees and encourage them to reach their goals. Their style challenges employees and focuses their attention on work-related goals. This style is likely to be effective when employees have both high levels of ability and high levels of achievement motivation.

The path-goal theory of leadership has received partial but encouraging levels of support from researchers. Because the theory is highly complicated, it has not been fully and adequately tested (House & Aditya, 1997; Stinson & Johnson, 1975; Wofford & Liska, 1993). The theory's biggest contribution may be that it highlights the importance of a leader's ability to change styles depending on the circumstances. Unlike Fiedler's contingency theory, in which the leader's style is assumed to be fixed and only the environment can be changed, House's path-goal theory underlines the importance of varying one's style depending on the situation.

Situation	Appropriate Leadership Style
<ul style="list-style-type: none"> • When employees have high role ambiguity • When employees have low abilities • When employees have external locus of control 	Directive
<ul style="list-style-type: none"> • When tasks are boring and repetitive • When tasks are stressful 	Supportive
<ul style="list-style-type: none"> • When employees have high abilities • When the decision is relevant to employees • When employees have high internal locus of control 	Participative
<ul style="list-style-type: none"> • When employees have high abilities • When employees have high achievement motivation 	Achievement-oriented

Figure 12.5 Predictions of the Path-Goal Theory Approach to Leadership Sources: Based on information presented in House, R. J. (1996). Path-goal theory of leadership: Lessons, legacy, and a reformulated theory. *Leadership Quarterly*, 7, 323–352; House, R. J., & Mitchell, T. R. (1974). Path-goal theory of leadership. *Journal of Contemporary Business*, 3, 81–97.

12.5 Contemporary Approaches to Leadership

What are the leadership theories that have the greatest contributions to offer to today's business environment? In this section, we will review the most recent developments in the field of leadership.

Transformational Leadership

Transformational leadership theory is a recent addition to the literature, but more research has been conducted on this theory than all the contingency theories combined. The theory distinguishes transformational and transactional leaders. **Transformational leaders** lead employees by aligning employee goals with the leader's goals. Thus, employees working for transformational leaders start focusing on the company's well-being rather than on what is best for them as individual employees. On the other hand, **transactional leaders** ensure that employees demonstrate the right behaviours and provide resources in exchange (Bass, 1985; Burns, 1978).

Transformational leaders have four tools in their possession, which they use to influence employees and create commitment to the company goals (Bass, 1985; Burns, 1978; Bycio, Hackett, & Allen, 1995; Judge & Piccolo, 2004). First, transformational leaders are charismatic. **Charisma** refers to behaviours leaders demonstrate that create confidence in, commitment to,

and admiration for the leader (Shamir, House, & Arthur, 1993). Charismatic individuals have a “magnetic” personality that is appealing to followers. Second, transformational leaders use **inspirational motivation**, or come up with a vision that is inspiring to others. Third is the use of **intellectual stimulation**, which means that they challenge organizational norms and status quo, and they encourage employees to think creatively and work harder. Finally, they use **individualized consideration**, which means that they show personal care and concern for the well-being of their followers. Examples of transformational leaders include Steve Jobs of Apple Inc.; Lee Iaccoca, who transformed Chrysler Motors LLC in the 1980s; and Jack Welch, who was the CEO of General Electric Company for 20 years. Each of these leaders is charismatic and is held responsible for the turnarounds of their companies.

While transformational leaders rely on their charisma, persuasiveness, and personal appeal to change and inspire their companies, transactional leaders use three different methods. **Contingent rewards** mean rewarding employees for their accomplishments. **Active management by exception** involves leaving employees to do their jobs without interference, but at the same time proactively predicting potential problems and preventing them from occurring. **Passive management by exception** is similar in that it involves leaving employees alone, but in this method the manager waits until something goes wrong before coming to the rescue.

Which leadership style do you think is more effective, transformational or transactional? Research shows that transformational leadership has a very powerful influence over leader effectiveness as well as employee satisfaction (Judge & Piccolo, 2004). In fact, transformational leaders increase the intrinsic motivation of their followers, build more effective relationships with employees, increase performance and creativity of their followers, increase team performance, and create higher levels of commitment to organizational change efforts (Herold et al., 2008; Piccolo & Colquitt, 2006; Schaubroeck, Lam, & Cha, 2007; Shin & Zhou, 2003; Wang et al., 2005). However, except for passive management by exception, the transactional leadership styles are also effective, and they also have positive influences over leader performance as well as employee attitudes (Judge & Piccolo, 2004). To maximize their effectiveness, leaders are encouraged to demonstrate both transformational and transactional styles. They should also monitor themselves to avoid demonstrating passive management by exception or leaving employees to their own devices until problems arise.

Why is transformational leadership effective? The key factor may be **trust**. Trust is the belief that the leader will show integrity, fairness, and predictability in his or her dealings with others. Research shows that when leaders demonstrate transformational leadership behaviours, followers are more likely to trust the leader. The tendency to trust in transactional leaders is substantially lower. Because transformational leaders express greater levels of concern for people’s well-being and appeal to people’s values, followers are more likely to believe that the leader has a trustworthy character (Dirks & Ferrin, 2002).

Servant Leadership



The early 21st century has been marked by a series of highly publicized corporate ethics scandals: between 2000 and 2003 we witnessed the scandals of Enron, WorldCom, Arthur Andersen LLP,

Qwest Communications International Inc., and Global Crossing Ltd. As corporate ethics scandals shake investor confidence in corporations and leaders, the importance of ethical leadership and keeping long-term interests of stakeholders in mind is becoming more widely acknowledged.

Servant leadership is a leadership approach that defines the leader's role as serving the needs of others. According to this approach, the primary mission of the leader is to develop employees and help them reach their goals. Servant leaders put their employees first, understand their personal needs and desires, empower them, and help them develop in their careers. Unlike mainstream management approaches, the overriding objective in servant leadership is not limited to getting employees to contribute to organizational goals. Instead, servant leaders feel an obligation to their employees, customers, and the external community. Employee happiness is seen as an end in itself, and servant leaders sometimes sacrifice their own well-being to help employees succeed. In addition to a clear focus on having a moral compass, servant leaders are also interested in serving the community. In other words, their efforts to help others are not restricted to company insiders, and they are genuinely concerned about the broader community surrounding their organization (Greenleaf, 1977; Liden et al., 2008). According to historian Doris Kearns Goodwin, Abraham Lincoln was a servant leader because of his balance of social conscience, empathy, and generosity (Goodwin, 2005).

Even though servant leadership has some overlap with other leadership approaches such as transformational leadership, its explicit focus on ethics, community development, and self-sacrifice are distinct characteristics of this leadership style. Research shows that servant leadership has a positive impact on employee commitment, employee citizenship behaviours toward the community (such as participating in community volunteering), and job performance



OB Toolbox

Be a Servant Leader

One of the influential leadership paradigms involves leaders putting others first. This could be a hard transition for an achievement-oriented and success-driven manager who rises to high levels. Here are some tips to achieve servant leadership.

- Don't ask what your employees can do for you. Think of what you can do for them. Your job as a leader is to be of service to them. How can you relieve their stress? Protect them from undue pressure? Pitch in to help them? Think about creative ways of helping ease their lives.
- One of your key priorities should be to help employees reach their goals. This involves getting to know them. Learn about who they are and what their values and priorities are.
- Be humble. You are not supposed to have all the answers and dictate others. One way of achieving this humbleness may be to do volunteer work.
- Be open with your employees. Ask them questions. Give them information so that they understand what is going on in the company.
- Find ways of helping the external community. Giving employees opportunities to be involved in community volunteer projects or even thinking and strategizing about making a positive impact on the greater community would help (Buchanan, 2007; Douglas, 2005; Ramsey, 2005).

(Liden et al., 2008). Leaders who follow the servant leadership approach create a climate of fairness in their departments, which leads to higher levels of interpersonal helping behaviour (Ehrhart, 2004).

Authentic Leadership

Leaders have to be a lot of things to a lot of people. They operate within different structures, work with different types of people, and they have to be adaptable. At times, it may seem that a leader's smartest strategy would be to act as a social chameleon, changing his or her style whenever doing so seems advantageous. But this would lose sight of the fact that effective leaders have to stay true to themselves. The **authentic leadership approach** embraces this value: Its key advice is "be yourself." Think about it: we all have different backgrounds, different life experiences, and different role models. These trigger events over the course of our lifetime that shape our values, preferences, and priorities. Instead of trying to fit into societal expectations about what a leader should be, act like, or look like, authentic leaders derive their strength from their own past experiences. Thus, one key characteristic of authentic leaders is that they are self-aware. They are introspective, understand where they are coming from, and have a thorough understanding of their own values and priorities. Secondly, they are not afraid to act the way they



are. In other words, they have high levels of personal integrity. They say what they think. They behave in a way consistent with their values. As a result, they remain true to themselves. Instead of trying to imitate other great leaders, they find their own style in their personality and life experiences (Avolio & Gardner, 2005; Gardner et al., 2005; George, 2007; Ilies, Morgeson, & Nahrgang, 2005; Sparrowe, 2005).

One example of an authentic leader is Howard Schultz, the founder of Starbucks Corporation coffeehouses. As a child, Schultz witnessed the job-related difficulties his father experienced as a result of medical problems. Even though he had no idea he would have his own business one day, the desire to protect people was shaped in those years and became one of his foremost values. When he founded Starbucks, he became an industry pioneer by providing health insurance and retirement coverage to part-time as well as full-time employees (Shamir & Eilam, 2005).

Figure 12.6 An example of an authentic leader is Howard Schultz, the founder of Starbucks coffeehouses. Witnessing his father losing jobs because of medical problems, he became passionate about a company's need to care for its employees. Wikimedia Commons – public domain.

Authentic leadership requires understanding oneself. Therefore, in addition to self-reflection, feedback from others is needed to gain a true understanding of one's behaviour and its impact on others. Authentic leadership is viewed as a potentially influential style, because employees are more likely to trust such a leader. Moreover, working for an authentic leader is likely to lead to

greater levels of satisfaction, performance, and overall well-being on the part of employees (Walumbwa et al., 2008).

Key Takeaway

Contemporary approaches to leadership include transformational leadership, leader-member exchange, servant leadership, and authentic leadership. The transformational leadership approach highlights the importance of leader charisma, inspirational motivation, intellectual stimulation, and individualized consideration as methods of influence. Its counterpart is the transactional leadership approach, in which the leader focuses on getting employees to achieve organisational goals. According to the leader-member exchange (LMX) approach, the unique, trust-based relationships leaders develop with employees are the key to leadership effectiveness. Recently, leadership scholars started to emphasize the importance of serving others and adopting a customer-oriented view of leadership; another recent focus is on the importance of being true to oneself as a leader. While each leadership approach focuses on a different element of leadership, effective leaders will need to change their style based on the demands of the situation, as well as utilizing their own values and moral compass.

Exercises

1. What are the characteristics of transformational leaders? Are transformational leaders more effective than transactional leaders?
2. What is charisma? What are the advantages and disadvantages of charismatic leadership? Should organisations look for charismatic leaders when selecting managers?
3. What are the differences (if any) between a leader having a high-quality exchange with employees and being friends with employees?
4. What does it mean to be a servant leader? Do you know any leaders whose style resembles servant leaders? What are the advantages of adopting such a leadership style?
5. What does it mean to be an authentic leader? How would such a style be developed?

12.6 Leadership Around the Globe

Is leadership universal? This is a critical question given the amount of international activity in the world. Companies that have branches in different countries often send expatriates to manage the operations. These expatriates are people who have demonstrated leadership skills at home, but will these same skills work in the host country? Unfortunately, this question has not yet been fully

answered. All the leadership theories that we describe in this chapter are U.S.-based. Moreover, around 98% of all leadership research has been conducted in the United States and other western nations. Thus, these leadership theories may have underlying cultural assumptions. The United States is an individualistic, performance-oriented culture, and the leadership theories suitable for this culture may not necessarily be suitable to other cultures.

People who are perceived as leaders in one society may have different traits compared to people perceived as leaders in a different culture because each society has a concept of ideal leader prototypes. When we see certain characteristics in a person, we make the attribution that this person is a leader. For example, someone who is confident, caring, and charismatic may be viewed as a leader because we feel that these characteristics are related to being a leader. These leadership prototypes are societally driven and may have a lot to do with a country's history and its heroes.

Recently, a large group of researchers from 62 countries came together to form a project group called Global Leadership and organizational Behaviour Effectiveness or GLOBE (House et al., 2004). This group is one of the first to examine leadership differences around the world. Their results are encouraging because in addition to identifying differences, they found similarities in leadership styles as well. Specifically, certain leader traits seem to be universal. Around the world, people feel that honesty, decisiveness, being trustworthy, and being fair are related to leadership effectiveness. There is also universal agreement in characteristics viewed as undesirable in leaders: being irritable, egocentric, and a loner (Den Hartog et al., 1999; Javidan et al., 2006). Visionary and charismatic leaders were found to be the most influential leaders around the world, followed by team-oriented and participative leaders. In other words, there seems to be a substantial generalizability in some leadership styles.

Even though certain leader behaviours such as charismatic or supportive leadership appear to be universal, what makes someone charismatic or supportive may vary across nations. For example, when leaders fit the leadership prototype, they tend to be viewed as charismatic, but in Turkey, if they are successful but did not fit the prototype, they were still viewed as charismatic (Ensari & Murphy, 2003). In Western and Latin cultures, people who speak in an emotional and excited manner may be viewed as charismatic. In Asian cultures such as China and Japan, speaking in a monotonous voice may be more impressive because it shows that the leader can control emotions. Similarly, how leaders build relationships or act supportively is culturally determined. In collectivist cultures such as Turkey or Mexico, a manager is expected to show personal interest in employees' lives. Visiting an employee's sick mother at the hospital may be a good way of showing concern. Such behaviour would be viewed as intrusive or strange in the United States or the Netherlands. Instead, managers may show concern verbally or by lightening the workload of the employee (Brodbeck et al., 2000; Den Hartog et al., 1999).

There were also many leader characteristics that vary across cultures (Dorfman et al., 1997; Gerstner & Day, 1994). Traits such as being autonomous, conflict avoidant, status conscious, and ambitious were culturally dependent. For example, in France, employees do not expect their leaders to demonstrate empathy. Leaders demonstrating self-sacrifice are also viewed negatively, suggesting that servant leadership style would be suitable there. In Middle Eastern cultures such as Egypt, leaders are expected to be superior to lay people. They are supposed to have all

the answers, be confident, and authoritarian. In fact, leading like a benevolent autocrat (someone who cares about people but acts alone) may be an appropriate style (Javidan et al., 2006). Even within the same geography, researchers identified substantial cultural differences. For example, in Europe, there were five clusters of cultures. Directness in interpersonal relationships was viewed positively in Nordic cultures such as Finland, but negatively in Near Eastern cultures such as Turkey. Similarly, leaders who are autonomous were viewed positively in Germanic cultures such as Austria, but negatively in Latin European cultures such as Portugal (Brodbeck et al., 2000). Finally, in some cultures, good leaders are paternalistic. These leaders act like a parent to employees, give advice, care for them, and get obedience and loyalty in return (Aycan et al., 2000; Pellegrini & Scandura, 2008).

Given all these differences, effective leaders should develop a sensitivity to cultural differences and adapt their style when they work in different societies or with people from different cultural backgrounds. It seems that flexibility is an important trait for global leaders.

12.7 Leadership Development: The Case of Starbucks



Figure 12.7 Mike Mozart – Starbucks – CC BY 2.0.

Starbucks Coffee (NASDAQ: SBUX) was born out of a desire for convenience and accessibility to great coffee. In 1971, three friends made that desire a reality and established the first Starbucks coffee house in historic Pike Place Market on Seattle's

waterfront. In 1990, Starbucks drafted its first mission statement, and the number one principle was to "provide a great work environment and treat each other with respect and dignity." How has the company lived up to that declaration 20 years later? Starbucks has consistently made *Fortune* magazine's "100 Best Companies to Work For" list and in addition, is included on a list of the best places to work for LGBT (lesbian, gay, bisexual, and transgender) equality. Working conditions in the service and retail industry are notoriously low paying with long hours, but Starbucks manages to offer benefits for part-time and full-time employees as well as higher-than-average salaries for store managers. Why, one might ask, does Starbucks try so hard to set itself apart?

Leadership development is a core element of the business process at Starbucks, which ensures that the organizational culture of the company is maintained with every CEO successor. Starbucks is forward looking in this respect and strives to attract future business leaders and managers. The idea of planning for one's own succession can often make people uneasy, but this idea is openly embraced at Starbucks. The company plans far in advance to replace its top-level successors. The importance of leadership is not only ingrained in the upper management team, but Starbucks also ensures that this is an understood value throughout the organization. In 2004, the Coffee Master program was introduced to teach employees about

regional coffee flavours. Graduates of the Coffee Master program earn a prestigious black apron and a special insignia on their business cards. In creating this ethos, Starbucks excels at its ability to attract an educated workforce with a high satisfaction level where individuals often move up to become effective leaders within the company.

With the recession of 2009, Starbucks has been forced to rethink its traditional strategy of accelerated growth by closing over 30,000 stores. CEO Howard Schultz has cut his salary to less than \$10,000 a year, down from \$1.2 million. Despite these slowdowns, Starbucks continues to call employees “partners” and offers a dynamic place to work. As a result, the company had more than 150,000 people apply for jobs last year, a sure indication that the company’s ability to cultivate talented leaders is as strong as ever (100 best companies, 2010; Cohn, Khurana & Reeves, 2005; Helm, 2007; Miller, 2009; Stanley, 2002).

12.8 Conclusion

In this chapter we have reviewed the most influential leadership theories. Trait approaches identify the characteristics required to be perceived as a leader and to be successful in the role. Intelligence, extraversion, conscientiousness, openness to experience, and integrity seem to be leadership traits. Behavioural approaches identify the types of behaviours leaders demonstrate. Both trait and behavioural approaches suffered from a failure to pay attention to the context in which leadership occurs, which led to the development of contingency approaches. Recently, ethics became an explicit focus of leadership theories such as servant leadership and authentic leadership. It seems that being conscious of one’s style and making sure that leaders demonstrate the behaviours that address employee, organizational, and stakeholder needs are important and require flexibility on the part of leaders.



Discussion Questions

1. Why does Starbucks Coffee consider internal leadership development such an important part of its core business process?
2. What possible negative repercussions can the aggressive growth strategy that Starbucks exhibits have on its leadership agenda?
3. With the slowdown of business, how can Starbucks ensure that the importance of leadership development does not get overlooked?
4. How does your experience with leadership and management compare with the case of Starbucks?

12.9 Exercises

Ethical Dilemma



You are currently a department manager and Jim is your “trusted assistant.” You have very similar working styles, and you went to the same college and worked in the insurance industry for several years. Before working in this company, you both worked at a different company and you have this shared history with him. You can trust him to come to your aid, support you in your decisions, and be loyal to you. Because of your trust in him, you do not supervise his work closely, and you give him a lot of leeway in how he structures his work. He sometimes chooses to work from home, and he has flexibility in his work hours, which is unusual in the department.

Now you decided to promote him to be the assistant department manager. However, when you shared this opinion with someone else in the department, you realized that this could be a problem. Apparently, Jim is not liked by his colleagues in the department and is known as an “impression manager.” Others view him as a slacker when you are not around, and the fact that he gets the first pick in schedules and gets the choice assignments causes a lot of frustration on the part of others. They feel that you are playing favorites.

Discussion Questions

1. Should you ask for the identity-revealing information? What are the advantages and disadvantages of finding out the identity of these people?
2. How would you handle a situation like this now and in the future?

Individual Exercise

Ideas for Developing Yourself as an Authentic Leader

Authentic leaders have high levels of self-awareness, and their behaviour is driven by their core personal values. This leadership approach recognizes the importance of self-reflection and understanding one's life history. Answer the following questions while you are alone to gain a better understanding of your own core values and authentic leadership style.

- Understand Your History
 - Review your life history. What are the major events in your life? How did these events make you the person you are right now?
 - Think about your role models. Who were your role models as you were growing up? What did you learn from your role models?
- Take Stock of Who You Are Now
 - Describe your personality. How does your personality affect your life?
 - Know your strengths and weaknesses. What are they and how can you continue to improve yourself?
- Reflect on Your Successes and Challenges
 - Keep a journal. Research shows that journaling is an effective tool for self-reflection. Write down challenges you face and solutions you used to check your progress.
- Make Integrity a Priority
 - Understand your core values. What are your core values? Name three of your most important values.
 - Do an ethics check. Are you being consistent with your core values? If not, how can you get back on track?
- Understand the Power of Words
 - Words shape reality. Keep in mind that the words you use to describe people and situations matter. For example, how might the daily reality be different if you refer to those you manage as associates or team members rather than employees or subordinates?

In view of your answers to the questions above, what kind of a leader would you be if you truly acted out your values? How would people working with you respond to such a leadership style?



Group Exercise

You are charged with hiring a manager for a fast-food restaurant. The operations within the store are highly standardized, and employees have very specific job descriptions. The person will be in charge of managing around 30 employees. There is a high degree of turnover among employees, so retention will be an important priority. Most employees who work in the restaurant are young with low levels of work experience, and few of them view the restaurant business as a full-time career. The restaurant has a fast pace atmosphere. In this company, managers are often promoted from within, and this position is an exception. Therefore, the incoming manager may not expect a warm welcome from employees who were passed over for a promotion, as well as their colleagues. Finally, the position power of the manager will be somewhat limited because employees are unionized. Therefore, the manager will have limited opportunities for distributing pay raises or bonuses.

Discussion Questions

1. Identify the leadership traits and behaviours that are desirable for this position.
2. Design an approach to selecting this person. Which methods of employee selection would you use? Why?
3. Develop interview questions to be used in hiring this manager. Your questions should be aimed at predicting the leadership capabilities of the person in question.



Chapter

13

Power and Politics

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Understand the meaning of power.
2. Recognize the positive and negative aspects of power and influence.
3. Recognize the sources of power.
4. Understand and recognize influence tactics and impression management.
5. Learn the definition of a social network and how to analyze your own network.
6. Understand the antecedents and consequences of organisational politics.
7. Understand how ethics affect power.
8. Understand cross-cultural influences on power use.



Video Connection

13.1 Focus on Power: The Case of Steve Jobs



Figure 13.1 Wikimedia Commons – CC BY 2.0.

In 2007, *Fortune* named Steve Jobs the “Most Powerful Person in Business.” In 2009, the magazine named him “CEO of the Decade.” Jobs, CEO of Apple Inc. (NASDAQ: AAPL), has transformed no fewer than five different industries: computers, Hollywood movies, music, retailing, and wireless

phones. His Apple II ushered in the personal computer era in 1977, and the graphical interface of the Macintosh in 1984 set the standard that all other PCs emulated. His company Pixar defined the computer-animated feature film. The iPod, iTunes, and iPhone revolutionized how we listen to music, how we pay for and receive all types of digital content, and what we expect of a mobile phone.

How has Jobs done it? Jobs draws on all six types of power: legitimate, expert, reward, information, coercive, and referent. His vision and sheer force of will helped him succeed as a young unknown. But the same determination that helped him succeed has a darker side—an autocracy and drive for perfection that can make him tyrannical. Let’s take each of these in turn.

1. *Legitimate power.* As CEO of Apple, Jobs enjoys unquestioned legitimate power.
2. *Expert power.* His success has built a tremendous amount of expert power. Jobs is renowned for being able to think of markets and products for needs that people didn’t even know they had.
3. *Reward power.* As one of the richest individuals in the United States, Jobs has

reward power both within and outside Apple. He also can reward individuals with his time and attention.

4. *Information power.* Jobs has been able to leverage information in each industry he has transformed.
5. *Coercive power.* Forcefulness is helpful when tackling large, intractable problems, says Stanford social psychologist Roderick Kramer, who calls Jobs one of the “great intimidators.” Robert Sutton notes that “the degree to which people in Silicon Valley are afraid of Jobs is unbelievable.” Jobs is known to berate people to the point of tears.
6. *Referent power.* But at the same time, “He inspires astounding effort and creativity from his people.” Employee Andy Herzfeld, the lead designer of the original Mac operating system, says Jobs imbues employees with a “messianic zeal” and can make them feel that they’re working on the greatest product in the world.

Those who work with him say Jobs is very hard to please. However, they also say that this means that Apple employees work hard to win his approval. “He has the ability to pull the best out of people,” says Cordell Ratzlaff, who worked closely with Jobs on OS X for 18 months. “I learned a tremendous amount from him.” Jobs’s ability to persuade and influence has come to be called a “reality distortion field.” As Bud Tribble put it, “In his presence, reality is malleable. He can convince anyone of practically anything.” Hertzfeld describes his style as “a confounding mélange of a charismatic rhetorical style, an indomitable will, and an eagerness to bend any fact to fit the purpose at hand.” The influence works even when you’re aware of it, and it works even on “enemies”: “No other high-tech impresario could walk into the annual sales meeting of one of his fiercest rivals and get a standing ovation,” which is what Jobs got in 2002 from Intel Corporation (the ally of Apple archrival Microsoft in the partnership known as Wintel: Windows + Intel).

Jobs’s power is not infallible—he was ousted from his own company in 1987 by the man he hired to help him run it. But he returned in 1997 and brought the company back from the brink of failure. The only years that Apple was unprofitable were the years during



Discussion Questions

1. Steve Jobs has achieved a great deal of success. What are some possible negative consequences of the level of power that he holds?
2. Where does Steve Jobs’s power and influence come from?
3. How might the CEO of Apple create compliance within his organisation?
4. Does a member of an organisation who has the title of power, such as Steve Jobs, need legitimacy from the members of the organisation to realize that power, or is the title enough?
5. Apple is a global company. How might the power structure within Apple change to reflect regional differences?

Jobs's absence. Many watched to see how Apple and Jobs succeed with the iPad in 2010 (Hertzfeld, 1981; Kahney, 2008; Schlender, 2007; Sutton, 2007).

13.2 The Basics of Power

What Is Power?

We'll look at the aspects and nuances of power in more detail in this chapter, but simply put, **power** is the ability to influence the behaviour of others to get what you want. Gerald Salancik and Jeffery Pfeffer concur, noting, "Power is simply the ability to get things done the way one wants them to be done" (Salancik & Pfeffer, 1989). If you want a larger budget to open a new store in a large city and you get the budget increase, you have used your power to influence the decision.

Power distribution is usually visible within organizations. For example, Salancik and Pfeffer gathered information from a company with 21 department managers and asked 10 of those department heads to rank all the managers according to the influence each person had in the organization. Although ranking 21 managers might seem like a difficult task, all the managers were immediately able to create that list. When Salancik and Pfeffer compared the rankings, they found virtually no disagreement in how the top 5 and bottom 5 managers were ranked. The only slight differences came from individuals ranking themselves higher than their colleagues ranked them. The same findings held true for factories, banks, and universities.

Positive and Negative Consequences of Power

The fact that we can see and succumb to power means that power has both positive and negative consequences. On one hand, powerful CEOs can align an entire organization to move together to achieve goals. Amazing philanthropists such as Paul Farmer, a doctor who brought hospitals, medicine, and doctors to remote Haiti, and Greg Mortenson, a mountaineer who founded the Central Asia Institute and built schools across Pakistan, draw on their own power to organize others toward lofty goals; they have changed the lives of thousands of individuals in countries around the world for the better (Kidder, 2004; Mortenson & Relin, 2006).

On the other hand, autocracy can destroy companies and countries alike. The phrase, "Power tends to corrupt, and absolute power corrupts absolutely" was first said by English historian John Emerich Edward Dalberg, who warned that power was inherently evil and its holders were not to be trusted. History shows that power can be intoxicating and can be devastating when abused, as seen in high-profile cases such as those involving Enron Corporation and government leaders such as the impeached Illinois Governor Rod Blagojevich in 2009. One reason that power can be so easily abused is because individuals are often quick to conform. To understand this relationship better, we will examine some famous researchers who studied conformity in a variety of contexts.

Conformity

Conformity refers to people's tendencies to behave consistently with social norms. Conformity can refer to small things such as how people tend to face forward in an elevator. There's no rule listed in the elevator saying which way to face, yet it is expected that everyone will face forward. To test this, the next time you're in an elevator with strangers, simply stand facing the back of the elevator without saying anything. You may notice that those around you become uncomfortable. Conformity can result to engaging unethical behaviours because you are led by someone you admire and respect who has power over you. Guards at Abu Ghraib said they were just following orders when they tortured prisoners (CNN.com, 2005). People conform because they want to fit in with and please those around them. There is also a tendency to look to others in ambiguous situations, which can lead to conformity. The response to "Why did you do that?" being "Because everyone else was doing it" sums up this tendency.

So, does conformity occur only in rare or extreme circumstances? Actually, this is not the case. Three classic sets of studies illustrate how important it is to create checks and balances to help individuals resist the tendency to conform or to abuse authority. To illustrate this, we will examine findings from the Milgram, Asch, and Zimbardo studies.

The Milgram Studies

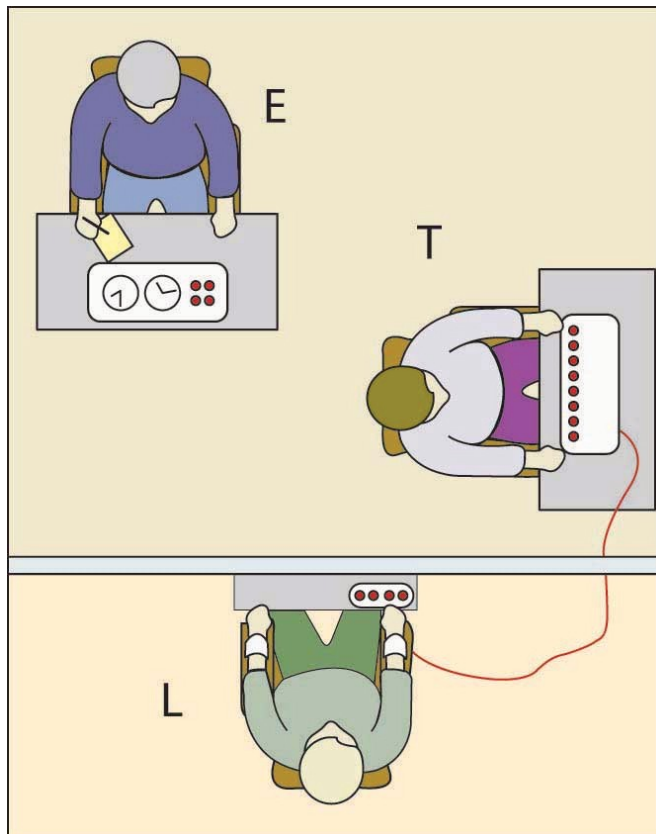


Figure 13.2 This is an illustration of the setup of a Milgram experiment. The experimenter (E) convinces the subject ("Teacher" T) to give what are believed to be painful electric shocks to another subject, who is actually an actor ("Learner" L). Many subjects continued to give shocks despite pleas of mercy from the actors. Wikimedia Commons – CC BY-SA 3.0.

Stanley Milgram, a psychologist at Yale in the 1960s, set out to study conformity to authority. His work tested how far individuals would go in hurting another individual when told to do so by a researcher. A key factor in the Milgram study and others that will be discussed is the use of confederates, or people who seem to be participants but are actually paid by the researchers to take on a certain role. Participants believed that they were engaged in an experiment on learning. The participant (teacher) would ask a series of questions to another "participant" (learner). The teachers were instructed to shock the learners whenever an incorrect answer was given. The learner was not a

participant at all but actually a confederate who would pretend to be hurt by the shocks and yell out in pain when the button was pushed. Starting at 15 volts of power, the participants were asked to increase the intensity of the shocks over time. Some expressed concern when the voltage was at 135 volts, but few stopped once they were told by the researcher that they would not personally be held responsible for the outcome of the experiment and that their help was needed to complete the experiment. In the end, all the participants were willing to go up to 300 volts, and a shocking 65% were willing to administer the maximum of 450 volts even as they heard screams of pain from the learner (Milgram, 1974).

The Zimbardo Study

Philip Zimbardo, a researcher at Stanford University, conducted a famous experiment in the 1970s (Zimbardo, 2009). While this experiment would probably not make it past the human subjects committee of schools today, at the time, he was authorized to place an ad in the paper that asked for male volunteers to help understand prison management. After excluding any volunteers with psychological or medical problems or with any history of crime or drug abuse, he identified 24 volunteers to participate in his study. Researchers randomly assigned 18 individuals to the role of prisoner or guard. Those assigned the role of “prisoners” were surprised when they were picked up by actual police officers and then transferred to a prison that had been created in the basement of the Stanford psychology building. The guards in the experiment were told to keep order but received no training. Zimbardo was shocked with how quickly the expected roles emerged. Prisoners began to feel depressed and helpless. Guards began to be aggressive and abusive. The original experiment was scheduled to last 2 weeks, but Zimbardo ended it after only 6 days upon seeing how deeply entrenched in their roles everyone, including himself, had become.

The Relationship Between Dependency and Power Dependency

Dependency is directly related to power. The more that a person is dependent on you, the more power you have over them. The **strategic contingencies model** provides a good description of how dependency works. According to the model, dependency is power that a person gains from their ability to handle actual or potential problems facing the organization (Saunders, 1990). You know how dependent you are on someone when you answer three key questions that are addressed in the following sections.

Scarcity

Scarcity refers to the uniqueness of a resource. The more difficult something is to obtain, the more valuable it tends to be. Sales people, for example, exploit this reality by making an opportunity or offer seem more attractive because it is limited or exclusive. At work, a manager might convince you to take on a project because “it’s rare to get a chance to work on a new project like this,” or “you have to sign on today because if you don’t, I have to offer it to someone else.”

Importance

Importance refers to the value of the resource. The key question here is “how important is this?” If the resources or skills you control are vital to the organization, you will gain some power. The more vital the resources that you control are, the more power you will have. For example, if

Kecia is the only person who knows how to fill out reimbursement forms, it is important that you are able to work with her, because getting paid back for business trips and expenses is important to most of us.

Substitutability

Finally, **substitutability** refers to one's ability to find another option that works as well as the one offered. The question around whether something is substitutable is "how difficult would it be for me to find another way to this?" The harder it is to find a substitute, the more dependent the person becomes and the more power someone else has over them. If you are the only person who knows how to make a piece of equipment work, you will be very powerful in the organization. This is true unless another piece of equipment is brought in to serve the same function. At that point, your power would diminish. Similarly, countries with large supplies of crude oil have traditionally had power to the extent that other countries need oil to function. As the price of oil climbs, alternative energy sources such as wind, solar, and hydropower become more attractive to investors and governments. For example, in response to soaring fuel costs and environmental concerns, in 2009 Japan Airlines successfully tested a blend of aircraft fuel made from a mix of camelina, jatropha, and algae on the engine of a Boeing 747-300 aircraft (Krauss, 2009).

Key Takeaway

Power is the ability to influence the behaviour of others to get what you want. It is often visible to others within organisations. Conformity manifests itself in several ways, and research shows that individuals will defer to a group even when they may know that what they are doing is inaccurate or unethical. Having just one person dissent helps to buffer this effect. The more dependent someone is on you, the more power you have over them. Dependency is increased when you possess something that is considered scarce, important, and not substitutable by others.

Exercises

1. What does the phrase "power corrupts and absolute power corrupts absolutely" refer to? What experiences have you had that confirm or refute this assumption?
2. Thinking about the Milgram and Zimbardo studies, do you think you would behave the same or differently in those situations? Why or why not?
3. What lessons can be learned from the past studies of conformity to help avoid abuses of power in the future?
4. Give an example of someone who you are dependent upon. Think about how scarcity, importance, and substitutability affect this dependency.

13.2 The Power to Influence

Sources of Power

Having power and using power are two different things. For example, imagine a manager who has the power to reward or punish employees. When the manager makes a request, he or she will probably be obeyed even though the manager does not actually reward the employee. The fact



that the manager has the ability to give rewards and punishments will be enough for employees to follow the request. What are the sources of one's power over others? Researchers identified six sources of power, which include legitimate, reward, coercive, expert, information, and referent (French & Raven, 1960). You might earn power from one source or all six depending on the situation. Let us take a look at each of these in turn and continue with Steve Jobs from the opening case as our example.

Figure 13.3 People who have legitimate power should be aware of how their choices and behaviours affect others. Segagman – Steve Jobs 1955-2011 – CC BY 2.0.

Legitimate Power

Legitimate power is power that comes from one's organizational role or position. For example, a boss can assign projects, a policeman can arrest a citizen, and a teacher assigns grades. Others comply with the requests these individuals make because they accept the legitimacy of the position, whether they like or agree with the request or not. Steve Jobs has enjoyed legitimate power as the CEO of Apple. He could set deadlines and employees comply even if they think the deadlines were overly ambitious. Start-up organizations often have founders who use their legitimate power to influence individuals to work long hours week after week in order to help the company survive.

Reward Power

Reward power is the ability to grant a reward, such as an increase in pay, a perk, or an attractive job assignment. Reward power tends to accompany legitimate power and is highest when the reward is scarce. Anyone can wield reward power, however, in the form of public praise or giving someone something in exchange for their compliance. When Steve Jobs ran Apple, he had reward power in the form of raises and promotions. Another example of reward power comes from Bill Gross, founder of Idealab, who has the power to launch new companies or not. He created his company with the idea of launching other new companies as soon as they could develop viable

ideas. If members could convince him that their ideas were viable, he gave the company a maximum of \$250,000 in seed money, and gave the management team and employees a 30% stake in the company and the CEO 10% of the company. That way, everyone had a stake in the company. The CEO's salary was capped at \$75,000 to maintain the sense of equity. When one of the companies, Citysearch, went public, all employees benefited from the \$270 million valuation.

Coercive Power

In contrast, **coercive power** is the ability to take something away or punish someone for noncompliance. Coercive power often works through fear and it forces people to do something that ordinarily they would not choose to do. The most extreme example of coercion is government dictators who threaten physical harm for noncompliance. Parents may also use coercion such as grounding their child as punishment for noncompliance. Steve Jobs has been known to use coercion—yelling at employees and threatening to fire them. When John Wiley & Sons Inc. published an unauthorized biography of Jobs, Jobs's response was to prohibit sales of all books from that publisher in any Apple retail store (Hafner, 2005). In other examples, John D. Rockefeller was ruthless when running Standard Oil Company. He not only undercut his competitors through pricing, but he used his coercive power to get railroads to refuse to transport his competitor's products. American presidents have been known to use coercion power. President Lyndon Baines Johnson once told a White House staffer, "Just you remember this. There's only two kinds at the White house. There's elephants and there's ants. And I'm the only elephant" (Hughes, Ginnet, & Curphy, 1995).

Expert Power

Expert power comes from knowledge and skill. Steve Jobs has expert power from his ability to know what customers want—even before they can articulate it. Others who have expert power in an organization include long-time employees, such as a steelworker who knows the temperature combinations and length of time to get the best yields. Technology companies are often characterized by expert, rather than legitimate power. Many of these firms utilize a flat or matrix structure in which clear lines of legitimate power become blurred as everyone communicates with everyone else regardless of position.

Information Power

Information power is similar to expert power but differs in its source. Experts tend to have a vast amount of knowledge or skill, whereas information power is distinguished by *access* to specific information. For example, knowing price information gives a person information power during negotiations. Within organizations, a person's social network can either isolate them from information power or serve to create it. As we will see later in this chapter, those who are able to span boundaries and serve to connect different parts of the organizations often have a great deal of information power. In the TV show *Mad Men*, which is set in the 1960s, it is clear that the switchboard operators have a great deal of information power as they place all calls and are able to listen in on all the phone conversations within the advertising firm.



Referent Power

Referent power stems from the personal characteristics of the person such as the degree to which we like, respect, and want to be like them. Referent power is often called **charisma**—the ability to attract others, win their admiration, and hold them spellbound. Steve Jobs’s influence as described in the opening case is an example of this charisma.

Figure 13.4 As the 44th elected president of the United States, Barack Obama has legitimate power. As commander-in-chief of the U.S. Armed Forces, he also has coercive power. His ability to appoint individuals to cabinet positions affords him reward power. Individuals differ on the degree to which they feel he has expert and referent power, as he received 52% of the popular vote in the 2008 election. Shortly after the election, he began to be briefed on national security issues, providing him with substantial information power as well. Wikimedia Commons – CC BY 2.0.

Influence

Starting from when we are babies, we all try to get others to do what we want. We learn early what works in getting us to our goals. Instead of crying and throwing a tantrum, we may figure out that smiling and using language causes everyone less stress and brings us the rewards we seek.

By the time you hit the workplace, you have had vast experience with influence techniques. You have probably picked out a few that you use most often. To be effective in a wide number of situations, however, it’s best to expand your repertoire of skills and become competent in several techniques, knowing how and when to use them as well as understanding when they are being used on you. If you watch someone who is good at influencing others, you will most probably observe that person switching tactics depending on the context. The more tactics you have at your disposal, the more likely it is that you will achieve your influence goals.

Al Gore and many others have spent years trying to influence us to think about the changes in the environment and the implications of global warming. They speak, write, network, and lobby to get others to pay attention. But Gore, for example, does not stop there. He also works to persuade us with direct, action-based suggestions such as asking everyone to switch the kind of light bulbs they use, turn off appliances when not in use, drive vehicles with better fuel economy, and even take shorter showers. Ironically, Gore has more influence now as a private citizen regarding these issues than he was able to exert as a congressman, senator, and vice president of the United States.



OB Toolbox

Do You Have the Characteristics of Powerful Influencers?

People who are considered to be skilled influencers share the following attributes. How often do you engage in them? 0 = never, 1 = sometimes, 2 = always.

- present information that can be checked for accuracy
- provide a consistent message that does not change from situation to situation
- display authority and enthusiasm (often described as charisma)
- offer something in return for compliance
- act likable
- show empathy through listening
- show you are aware of circumstances, others, and yourself
- plan ahead

If you scored 0–6: You do not engage in much effective influencing behaviour. Think of ways to enhance this skill. A great place to start is to recognize the items on the list above and think about ways to enhance them for yourself.

If you scored 7–12: You engage in some influencing behaviour. Consider the context of each of these influence attempts to see if you should be using more or less of it depending on your overall goals.

If you scored 13–16: You have a great deal of influence potential. Be careful that you are not manipulating others and that you are using your influence when it is important rather than just to get your own way.

Commonly Used Influence Tactics

Researchers have identified distinct influence tactics and discovered that there are few differences between the way bosses, subordinates, and peers use them, which we will discuss at greater depth later on in this chapter. We will focus on nine influence tactics. Responses to influence attempts include resistance, compliance, or commitment. **Resistance** occurs when the influence target does not wish to comply with the request and either passively or actively repels the influence attempt. **Compliance** occurs when the target does not necessarily want to obey, but they do. **Commitment** occurs when the target not only agrees to the request but also actively supports it as well. Within organizations, commitment helps to get things done because others can help to keep initiatives alive long after compliant changes have been made or resistance has been overcome.

1. **Rational persuasion** includes using facts, data, and logical arguments to try to convince others that your point of view is the best alternative. This is the most commonly applied influence tactic. One experiment illustrates the power of reason. People were lined up at a copy machine and another person, after joining the line asked, “May I go to the head of the line?” Amazingly, 63% of the people in the line agreed to let the requester jump ahead. When the line jumper makes a slight change in the request by asking, “May I go to

the head of the line because I have copies to make?” the number of people who agreed jumped to over 90%. The word *because* was the only difference. Effective rational persuasion includes the presentation of factual information that is clear and specific, relevant, and timely. Across studies summarized in a meta-analysis, rationality was related to positive work outcomes (Higgins, Judge, & Ferris, 2003).

2. **Inspirational appeals** seek to tap into our values, emotions, and beliefs to gain support for a request or course of action. When President John F. Kennedy said, “ask not what your country can do for you, ask what you can do for your country,” he appealed to the higher selves of an entire nation. Effective inspirational appeals are authentic, personal, big-thinking, and enthusiastic.
3. **Consultation** refers to the influence agent’s asking others for help in directly influencing or planning to influence another person or group. Consultation is most effective in organizations and cultures that value democratic decision making.
4. **Ingratiation** refers to different forms of making others feel good about themselves. Ingratiation includes any form of flattery done either before or during the influence attempt. Research shows that ingratiation can affect individuals. For example, in a study of résumés, those résumés that were accompanied with a cover letter containing ingratiating information were rated higher than résumés without this information. Other than the cover letter accompanying them, the résumés were identical (Varma, Toh, & Pichler, 2006). Effective ingratiation is honest, infrequent, and well-intended.
5. **Personal appeal** refers to helping another person because you like them and they asked for your help. We enjoy saying yes to people we know and like. A famous psychological experiment showed that in dorms, the most well-liked people were those who lived by the stairwell—they were the most often seen by others who entered and left the hallway. The repeated contact brought a level of familiarity and comfort. Therefore, personal appeals are most effective with people who know and like you.
6. **Exchange** refers to give-and-take in which someone does something for you, and you do something for them in return. The rule of reciprocity says that “we should try to repay, in kind, what another person has provided us” (Cialdini, 2000). The application of the rule obliges us and makes us indebted to the giver. One experiment illustrates how a small initial gift can open people to a substantially larger request at a later time. One group of subjects was given a bottle of Coke. Later, all subjects were asked to buy raffle tickets. On the average, people who had been given the drink bought twice as many raffle tickets as those who had not been given the unsolicited drinks.
7. **Coalition tactics** refer to a group of individuals working together toward a common goal to influence others. Common examples of coalitions within organizations are unions that may threaten to strike if their demands are not met. Coalitions also take advantage of peer pressure. The influencer tries to build a case by bringing in the unseen as allies to convince someone to think, feel, or do something. A well-known psychology experiment draws upon this tactic. The experimenters stare at the top of a building in the middle of a busy street. Within moments, people who were walking by in a hurry stop and also look at the top of the building, trying to figure out what the others are looking at. When the experimenters leave, the pattern continues, often for hours. This tactic is also extremely popular among advertisers and businesses that use client lists to promote their goods and services. The fact that a client bought from the company is a silent testimonial.
8. **Pressure** refers to exerting undue influence on someone to do what you want or else

something undesirable will occur. This often includes threats and frequent interactions until the target agrees. Research shows that managers with low referent power tend to use pressure tactics more frequently than those with higher referent power (Yukl, Kim, & Falbe, 1996). Pressure tactics are most effective when used in a crisis situation and when they come from someone who has the other's best interests in mind, such as getting an employee to an employee assistance program to deal with a substance abuse problem.

9. **Legitimizing tactics** occur when the appeal is based on legitimate or position power. "By the power vested in me...": This tactic relies upon compliance with rules, laws, and regulations. It is not intended to motivate people but to align them behind a direction. Obedience to authority is filled with both positive and negative images. Position, title, knowledge, experience, and demeanor grant authority, and it is easy to see how it can be abused. If someone hides behind people's rightful authority to assert themselves, it can seem heavy-handed and without choice. You must come across as an authority figure by the way you act, speak, and look. Think about the number of commercials with doctors, lawyers, and other professionals who look and sound the part, even if they are actors. People want to be convinced that the person is an authority worth heeding. Authority is often used as a last resort. If it does not work, you will not have much else to draw from in your goal to persuade someone.

From the Best-Seller's List: Making OB Connections



You can make more friends in two months by becoming interested in other people than you can in two years by trying to get other people interested in you.

- Dale Carnegie

How to Make Friends and Influence People was written by Dale Carnegie in 1936 and has sold millions of copies worldwide. While this book first appeared over 70 years ago, the recommendations still make a great deal of sense regarding power and influence in modern-day organizations. For example, he recommends that in order to get others to like you, you should remember six things:

1. Become genuinely interested in other people.
2. Smile.
3. Remember that a person's name is to that person the sweetest and most important sound in any language.
4. Be a good listener. Encourage others to talk about themselves.
5. Talk in terms of the other person's interests.
6. Make the other person feel important—and do it sincerely.

This book relates to power and politics in a number of important ways. Carnegie specifically deals with enhancing referent power. Referent power grows if others like, respect, and admire you. Referent power is more effective than formal power bases and is positively related to employees' satisfaction with supervision, organizational commitment, and performance. One of the keys to these recommendations is to engage in them in a genuine manner. This can be the difference between being seen as political versus understanding politics.

Impression Management

Impression management means actively shaping the way you are perceived by others. You can do this through your choice of clothing, the avatars or photos you use to represent yourself online, the descriptions of yourself on a résumé or in an online profile, and so forth. By using impression management strategies, you control information that make others see you in the way you want to be seen. Consider when you are “being yourself” with your friends or with your family—you probably act differently around your best friend than around your mother (Dunn & Forrin, 2005).

On the job, the most effective approach to impression management is to do two things at once—build credibility and maintain authenticity. As Harvard Business School Professor Laura Morgan Roberts puts it, “when you present yourself in a manner that is both true to self and valued and believed by others, impression management can yield a host of favorable outcomes for you, your team, and your organization” (Stark, 2005).

There may be aspects of your “true self” that you choose not to disclose at work, although you would disclose them to your close friends. That kind of impression management may help to achieve group cohesiveness and meet professional expectations. But if you try to win social approval at work by being too different from your true self—contradicting your personal values—you might feel psychological distress.

It’s important to keep in mind that whether you’re actively managing your professional image or not, your coworkers are forming impressions of you. They watch your behaviour and draw conclusions about the kind of person you are, whether you’ll keep your word, whether you’ll stay to finish a task, and how you’ll react in a difficult situation.

Since people are forming these theories about you no matter what, you should take charge of managing their impressions of you. To do this, ask yourself how you want to be seen. What qualities or character traits do you want to convey? Perhaps it’s a can-do attitude, an ability to mediate, an ability to make a decision, or an ability to dig into details to thoroughly understand and solve a problem.

Then, ask yourself what the professional expectations are of you and what aspects of your social identity you want to emphasize or minimize in your interactions with others. If you want to be seen as a leader, you might disclose how you organized an event. If you want to be seen as a caring person in whom people can confide, you might disclose that you’re a volunteer on a crisis helpline. You can use a variety of impression management strategies to accomplish the outcomes you want.

Upward Influence

Upward influence, as its name implies, is the ability to influence your boss and others in positions higher than yours. Upward influence may include appealing to a higher authority or

citing the firm's goals as an overarching reason for others to follow your cause. Upward influence can also take the form of an alliance with a higher status person (or with the perception that there is such an alliance) (Farmer & Maslyn, 1999; Farmer et al., 1997). As complexity grows, the need for this upward influence grows as well—the ability of one person at the top to know enough to make all the decisions becomes less likely. Moreover, even if someone did know enough, the sheer ability to make all the needed decisions fast enough is no longer possible. This limitation means that individuals at all levels of the organisation need to be able to make and influence decisions. By helping higher-ups be more effective, employees can gain more power for themselves and their unit as well. On the flip side, allowing yourself to be influenced by those reporting to you may build your credibility and power as a leader who listens. Then, during a time when you do need to take unilateral, decisive action, others will be more likely to give you the benefit of the doubt and follow. Both Asian American and Caucasian American managers report using different tactics with superiors than those used with their subordinates (Xin & Tsui, 1996). Managers reported using coalitions and rationality with managers and assertiveness with subordinates. Other research establishes that subordinates' use of rationality, assertiveness, and reciprocal exchange was related to more favorable outcomes such as promotions and raises, while self-promotion led to more negative outcomes (Orpen, 1996; Wayne et al., 1997).

Downward Influence

Downward influence is the ability to influence employees lower than you. This is best achieved through an inspiring vision. By articulating a clear vision, you help people see the end goal and move toward it. You often don't need to specify exactly what needs to be done to get there—people will be able to figure it out on their own. An inspiring vision builds buy-in and gets people moving in the same direction. Research conducted within large savings banks shows that managers can learn to be more effective at influence attempts. The experimental group of managers received a feedback report and went through a workshop to help them become more effective in their influence attempts. The control group of managers received no feedback on their prior influence attempts. When subordinates were asked 3 months later to evaluate potential changes in their managers' behaviour, the experimental group had much higher ratings of the appropriate use of influence (Seifer, Yukl, & McDonald, 2003). Research also shows that the better the quality of the relationship between the subordinate and their supervisor, the more positively resistance to influence attempts are seen (Tepper et al., 2006). In other words, bosses who like their employees are less likely to interpret resistance as a problem.

Peer Influence

Peer influence occurs all the time. But, to be effective within organizations, peers need to be willing to influence each other without being destructively competitive (Cohen & Bradford, 2002). There are times to support each other and times to challenge—the end goal is to create better decisions and results for the organization and to hold each other accountable. Executives spend a great deal of their time working to influence other executives to support their initiatives. Research shows that across all functional groups of executives, finance, or human resources as

an example, rational persuasion is the most frequently used influence tactic (Enns & McFarlin, 2003).

Key Takeaway

Individuals have six potential sources of power, including legitimate, reward, coercive, expert, information, and referent power. Influence tactics are the ways that individuals attempt to influence one another in organisations. Rational persuasion is the most frequently used influence tactic, although it is frequently met with resistance. Inspirational appeals result in commitment 90% of the time, but the tactic is utilized only 2% of the time. The other tactics include legitimizing, personal appeals, exchanges, ingratiation, pressure, forming coalitions, and consultation. Impression management behaviours include conforming, making excuses, apologizing, promoting your skills, doing favours, and making associations with desirable others known. Influence attempts may be upward, downward, or lateral in nature.

Exercises

1. Which of the six sources of power do you usually draw upon? Which do you use the least of at this time?
2. Distinguish between coercive and reward power.
3. Which tactics seem to be the most effective? Explain your answer.
4. Why do you think rational persuasion is the most frequently utilized influence tactic?
5. Give an example of someone you've tried to influence lately. Was it an upward, downward, or lateral influence attempt?

13.3 Organizational Politics

Organizational Politics

Organizational politics are informal, unofficial, and sometimes behind-the-scenes efforts to sell ideas, influence an organization, increase power, or achieve other targeted objectives (Brandon & Seldman, 2004; Hochwarter, Witt, & Kacmar, 2000). Politics has been around for millennia. Aristotle wrote that politics stems from a diversity of interests, and those competing interests must be resolved in some way. "Rational" decision making alone may not work when interests are fundamentally incongruent, so political behaviours and influence tactics arise.

Today, work in organizations requires skill in handling conflicting agendas and shifting power bases. Effective politics isn't about winning at all costs but about maintaining relationships while achieving results. Although often portrayed negatively, organizational politics are not inherently bad. Instead, it's important to be aware of the potentially destructive aspects of organizational politics in order to minimize their negative effect. Of course, individuals within organizations can waste time overly engaging in political behaviour. Research reported in *HR Magazine* found that managers waste 20% of their time managing politics. However, as John Kotter wrote in *Power and Influence*, "without political awareness and skill, we face the inevitable prospect of becoming immersed in bureaucratic infighting, parochial politics, and destructive power struggles, which greatly retard organizational initiative, innovation, morale, and performance" (Kotter, 1985).

In our discussion about power, we saw that power issues often arise around scarce resources. organizations typically have limited resources that must be allocated in some way. Individuals and groups within the organization may disagree about how those resources should be allocated, so they may naturally seek to gain those resources for themselves or for their interest groups, which gives rise to organizational politics. Simply put, with organizational politics, individuals ally themselves with like-minded others in an attempt to win the scarce resources. They'll engage in behaviour typically seen in government organizations, such as bargaining, negotiating, alliance building, and resolving conflicting interests.

Politics are a part of organizational life, because organizations are made up of different interests that need to be aligned. In fact, 93% of managers surveyed reported that workplace politics exist in their organization, and 70% felt that in order to be successful, a person has to engage in politics (Gandz & Murray, 1980). In the negative light, saying that someone is "political" generally stirs up images of backroom dealing, manipulation, or hidden agendas for personal gain. A person engaging in these types of political behaviours is said to be engaging in self-serving behaviour that is not sanctioned by the organization (Ferris et al., 1996; Valle & Perrewe, 2000; Harris, James, & Boonthanom, 2005; Randall et al., 1999).

Examples of these self-serving behaviours include bypassing the chain of command to get approval for a special project, going through improper channels to obtain special favours, or lobbying high-level managers just before they make a promotion decision. These types of actions undermine fairness in the organization because not everyone engages in politicking to meet their own objectives. Those who follow proper procedures often feel jealous and resentful because they perceive unfair distributions of the organization's resources, including rewards and recognition (Parker, Dipboye, & Jackson, 1995).

13.4 Understanding Social Networks

Social Networks

We've seen that power comes from many sources. One major source relates to who you know and how much access you have to information within your organization. **Social networks** are visual maps of relationships between individuals. They are vital parts of organizational life as well as important when you are first looking for a job. For example, if you are interested in being hired by Proctor & Gamble, you might call upon your social network—the network of people you know—to find the people who can help you accomplish this task. You might ask your network if they know anyone at Proctor & Gamble. If you did so, the people you'd call on aren't just your friends and family—they're part of your informal network. In fact, research finds that 75% to 95% of all jobs are never formally advertised but are filled through such social networks (Hansen, 2008).



Much of the work that gets done in organizations is done through informal networks as well. Networks serve three important functions. First, they deliver private information. Second, they allow individuals to gain access to diverse skills sets. Third, they can help create power.

Figure 13.5 Mark Zuckerberg, cofounder of Facebook, helped to bring social networking to thousands of individuals. Wikimedia Commons – CC BY SA 2.0.

Social networks connect people with others. Consider networking websites such as Facebook or LinkedIn, where being connected with many people makes you more visible. In business, the more central you are, the more power you will have. The closer you are to more people, the more powerful you are (Cross, Parker, & Cross, 2004). If you are the person who many people link to and you serve as a node between people, you have brokering power—you can introduce people to each other.

People high on this “betweenness” are also in a position to withhold information from one person to the next, which can happen during power plays. You also have a greater number of people to call on when you need something, which makes you less dependent on any one person. The more ties you have that are incoming (toward you), the more trusted you are.

Social network analysis shows who communicates with whom, who knows whom, and where gaps in communication or collaboration may exist. After conducting a network analysis, organizations can take actions to modify people's roles or responsibilities in ways that improve communication or diffuse innovation throughout the organization more effectively by putting people or departments in touch with each other.

Building Your Own Network



There are several simple steps you can take to help build your own social network. For example, you can go to lunch with someone new. You can also try to do more to encourage, help, and share with others. You can seek information outside your own class or work group. You can spend time with people from work outside work. All these suggestions are effective ways to naturally build your social network.

Figure 13.6 Doing social things such as playing golf or tennis outside work is one way to help build your social network. NPDOC – General Lyon plays tennis – CC BY 2.0.

13.5 The Role of Ethics and National Culture

Ethics and Power

Power brings a special need for ethics, because the circumstances of power make it easy for misuse to occur. As we have seen, a company president wields at least three sources of power: legitimate from the position they hold, coercive from the ability to fire employees, and reward such as the ability to give raises and perks. Expert power and referent power often enter the mix as well. Now take the example of setting the CEO's pay. In a public company, the CEO presumably has to answer to the board of directors and the shareholders. But what if the CEO appoints many of the people on the board? What if the board and the CEO are friends? Consider the case of Richard Grasso, former chairman of the New York Stock Exchange (NYSE), whose compensation was \$140 million plus another \$48 million in retirement benefits. At that time, the average starting salary of a trader on the NYSE was \$90,000, so Grasso was being paid 1,555 times more than a starting employee. The NYSE Board of Directors approved Grasso's payment package, but many of the board members had been appointed to their positions by Grasso himself. What's more, the NYSE's function is to regulate publicly traded companies. As Hartman and Desjardins noted, "the companies being regulated by the NYSE were the very same companies that were paying Grasso" (Hartman & Desjardins, 2008). Grasso ultimately resigned amid

public criticism but kept the \$140 million. Other CEOs have not faced the same outcry, even though average CEO pay increased 200% to 400% during the same time period that average worker pay increased only 4.3% (CEO paycharts, 2005). Some CEOs have earned a great deal of respect by limiting what they are paid. For example, Japan Airlines CEO Haruka Nishimatsu earns the equivalent to \$90,000 per year while running the 10th largest airline in the world. In addition, he rides the bus to work and eats in the company cafeteria with everyone else (Petersen, 2009).



Video Connection: Haruka Nishimatsu

If you are interested in learning more about CEO Haruka Nishimatsu, view this CBS News video segment, available at the following Web site:
<http://www.cbsnews.com/video/watch/?id=4761187n>

13.5 Getting Connected: The Case of Social Networking

Networking has the potential to open doors and create possibilities for jobs and partnerships. Networking establishes connections between individuals and access to information that one might not normally have access to. Reaching out to strangers can be an intimidating and nerve-racking experience. In business, the more central you are, the more power you have. Creating connections and ties to other people affords you the opportunity for power and the ability to more closely control your future, so while at times networking might feel awkward and uncomfortable, it is a necessary and important part of establishing and maintaining a career.



Figure 13.7 Icmaonline – Networking – CC BY-NC-ND 2.0.

Online social networking sites play an important role in this networking process for individuals both professionally and personally. With 1,200 employees in 2010, Facebook has 350 million users around the world, and LinkedIn has over 60 million members in over

200 countries. A new member joins LinkedIn every second, and about half of the members are outside the United States. These online sites have created new opportunities for networking and allow individuals to branch out beyond their normal world of industry, school, and business. The key is to avoid costly missteps as employers have begun to search online for information about prospective and current employees. In 2009, 8% of companies reported that they had fired an employee for misuse of social media.

Many of these online sites have become a tool for business. For example, LinkedIn targets working professionals and provides them a way to maintain lists of business connections and to use those connections to gain used by professionals. The power of social networking flows in both directions. Employers can screen applicants through their online accounts and recruiters more than ever are using these sites to view background information, individual skill sets, and employment history, which can be cross-referenced with submitted applications. Job seekers can review the profiles of those at top management firms and search for mutual contacts. LinkedIn also provides statistics about firms, which can be useful information for individuals looking at potential employers.

Networking is about building your brand and managing relationships. Using social networks as a vehicle to market one's self and make professional connections is becoming increasingly common, as well as using loose ties or connections through others to open doors and land jobs. In an increasingly high-tech and digital world, it is important to be aware and conscious of the digital footprint that we create. But with careful cultivation, these online networks can present many opportunities (Hof, 2008; Horswill, 2009; How to use social networking, 2008; Lavenda, 2010; Ostrow, 2009;).



Discussion Questions

1. How is online networking different from or similar to in-person networking? Please describe your experience with both.
2. What are the downfalls and benefits of social networking?
3. In what ways are indirect ties as powerful and important as direct ties?
4. To what extent have you built your own brand? Is this something that you have ever considered before?

13.6 Conclusion

Power and politics in organizations are common. In most cases, each concept is necessary and executed with skill and precision. Unfortunately, power can lead to conformity from those around us, and this occurring conformity can breed corruption. The amount of power you have has strong

ties to how much others depend on you. If you are deemed a valuable resource within an organization, then you are able to wield that dependability to make demands and get others to do what you want. Besides having an innate or acquired control over particular resources, there are several social aspects of power to draw on.

Methods for obtaining more power in an organization can often lead to political behaviours. As one person seeks to influence another to support an idea, politics begins to play out. Though necessary in some instances, many people that follow the rules see the politics of an organization as resulting in an unfair distribution of resources. Still others, despite understanding the politics of a given organization, see it as an unnecessary time consumer.

Politics, influence, and power can often reside within your social network. When an individual is core to a social structure, they will often have some degree of control over others. Social networks can also help you acquire jobs, make beneficial connections, and generally make life easier. It is often a good idea to analyze your social network and determine if it needs to be strengthened or tailored.

13.7 Exercises

Ethical Dilemma

It is two days before your performance appraisal. Your performance this quarter has been less than desirable. You came close to reaching your sales targets, but you did not meet them, and you are hoping to still get the merit pay raise to be determined as a result of your performance appraisal. You do not really like your manager, but you are hoping to advance in this company, and being on your manager's good side may be a good idea both for your current performance appraisal and for your future in this company.

Discussion Questions

- You are now at a meeting with your manager and a group of employees. Your manager is giving financial information to all employees about different markets. Yet, some of this information is inaccurate, which could lead to wrong pricing decisions and loss of money by the company. If you correct him, though, he would most likely get upset with you because he does not like being corrected. Would you correct him? How and when?
- Today is also the day on which your manager's boss is collecting information about your manager's leadership style, so that they can give him a 360-degree appraisal. They assure you that your comments about your manager will remain confidential, but the nature of your thoughts is such that he probably would guess you are the person who made those comments. Specifically, you think that your manager takes offense easily, has a bad temper, and could be more effective in time management. Would you share your thoughts with your manager's manager?
- You are now at the coffee shop and grabbing a cup of coffee and some pastries. You notice that they have almond coffee cake, which is your manager's favourite. Would you pick some up for your manager?

Group Exercise

In a group, analyze the following individuals in terms of their potential power bases. The first step is to discuss which types of power a person with the job listed on the left-hand column could have. If you can think of an example of them having a type of power, write the example in that column.

	Legitimate power	Reward power	Coercive power	Information power	Referent power
Flight attendant					
Computer programmer					
Executive assistant					
Manager					
Mailroom person					
Customer service representative					
CEO					

Figure 13.8



Chapter

14

Organisational Culture

Learning Objectives

After reading this chapter, you should be able to do the following:

1. Describe organisational culture and why it is important for an organisation.
2. Understand the dimensions that make up a company's culture.
3. Distinguish between weak and strong cultures.
4. Understand factors that create culture.
5. Understand how to change culture.
6. Understand how organisational culture and ethics relate.
7. Understand cross-cultural differences in organisational culture.

Just like individuals, you can think of organizations as having their own personalities, more typically known as organizational cultures. The opening case illustrates that Nordstrom is a retailer with the foremost value of making customers happy. At Nordstrom, when a customer is unhappy, employees are expected to identify what would make the person satisfied, and then act on it, without necessarily checking with a superior or consulting a lengthy policy book. If they do not, they receive peer pressure and may be made to feel that they let the company down. In other words, this organization seems to have successfully created a service culture. Understanding how culture is created, communicated, and changed will help you be more effective in your organizational life. But first, let's define organizational culture.

14.1 Building a Customer Service Culture: The Case of Nordstrom



Figure 14.1 Wikimedia Commons – CC BY 2.0.

Nordstrom Inc. (NYSE: JWN) is a Seattle-based department store rivaling the likes of Saks Fifth Avenue, Neiman Marcus, and Bloomingdale's. Nordstrom is a Hall of Fame member of Fortune magazine's "100 Best Companies to Work For" list, including being ranked 34th in 2008. Nordstrom is known for its quality apparel, upscale environment, and generous

employee rewards. However, what Nordstrom is most famous for is its delivery of customer service above and beyond the norms of the retail industry. Stories about Nordstrom service abound. For example, according to one story the company confirms, in 1975 Nordstrom moved into a new location that had formerly been a tire store. A customer brought a set of tires into the store to return them. Without a word about the mix-up, the tires were accepted, and the customer was fully refunded the purchase price. In a different story, a customer tried on several pairs of shoes but failed to find the right combination of size and color. As she was about to leave, the clerk called other Nordstrom stores but could only locate the right pair at Macy's, a nearby competitor. The clerk had Macy's ship the shoes to the customer's home at Nordstrom's expense. In a third story, a customer describes wandering into a Portland, Oregon, Nordstrom looking for an Armani tuxedo for his daughter's wedding. The sales associate took his measurements just in case one was found. The next day, the customer got a phone call, informing him that the tux was available. When pressed, she revealed that using her connections she found

one in New York, had it put on a truck destined to Chicago, and dispatched someone to meet the truck in Chicago at a rest stop. The next day she shipped the tux to the customer's address, and the customer found that the tux had already been altered for his measurements and was ready to wear. What is even more impressive about this story is that Nordstrom does not sell Armani tuxedos.

How does Nordstrom persist in creating these stories? If you guessed that they have a large number of rules and regulations designed to emphasize quality in customer service, you'd be wrong. In fact, the company gives employees a 5½-inch by 7½-inch card as the employee handbook. On one side of the card, the company welcomes employees to Nordstrom and states that their number one goal is to provide outstanding customer service, and for this they have only one rule. On the other side of the card, the single rule is stated: "Use good judgment in all situations." By leaving it in the hands of Nordstrom associates, the company seems to have empowered employees who deliver customer service heroics every day (Chatman & Eunyoung, 2003; McCarthy & Spector, 2005; Pfeffer, 2005).



Discussion Questions

1. Describe Nordstrom's organisational culture.
2. Despite the low wages and long hours that are typical of retail employment, Nordstrom still has the ability to motivate its staff to exhibit exemplary customer service. How might this be explained?
3. What suggestions would you give Nordstrom for maintaining and evolving the organisational culture that has contributed to its success?
4. What type of organisational culture do you view as most important?
5. What attributes of Nordstrom's culture do you find most appealing?

14.2 Understanding Organizational Culture

What Is Organizational Culture?

Organizational culture refers to a system of shared assumptions, values, and beliefs that show employees what is appropriate and inappropriate behaviour (Chatman & Eunyoung, 2003; Kerr & Slocum Jr., 2005). These values have a strong influence on employee behaviour as well as organizational performance. In fact, the term *organizational culture* was made popular in the

1980s when Peters and Waterman's best-selling book *In Search of Excellence* made the argument that company success could be attributed to an organizational culture that was decisive, customer oriented, empowering, and people oriented. Since then, organizational culture has become the subject of numerous research studies, books, and articles. However, organizational culture is still a relatively new concept. In contrast to a topic such as leadership, which has a history spanning several centuries, organizational culture is a young but fast-growing area within organizational behaviour.

Culture is by and large invisible to individuals. Even though it affects all employee behaviours, thinking, and behavioural patterns, individuals tend to become more aware of their organisation's culture when they have the opportunity to compare it to other organizations. If you have worked in multiple organizations, you can attest to this. Maybe the first organization you worked at was a place where employees dressed formally. It was completely inappropriate to question your boss in a meeting; such behaviours would only be acceptable in private. It was important to check your e-mail at night as well as during weekends or else you would face questions on Monday about where you were and whether you were sick. Contrast this company to a second organization where employees dress more casually. You are encouraged to raise issues and question to your boss or peers, even in front of clients. What is more important is not to maintain impressions but to arrive at the best solution to any problem. It is widely known that family life is very important, so it is acceptable to leave work a bit early to go to a family event. Additionally, you are not expected to do work at night or over the weekends unless there is a deadline. These two hypothetical organizations illustrate that organizations have different cultures, and culture dictates what is right and what is acceptable behaviour as well as what is wrong and unacceptable.

Why Does Organizational Culture Matter?

An organisation's culture may be one of its strongest assets, as well as its biggest liability. In fact, it has been argued that organizations that have a rare and hard-to-imitate organizational culture benefit from it as a competitive advantage (Barney, 1986). In a survey conducted by the management consulting firm Bain & Company in 2007, worldwide business leaders identified corporate culture as important as corporate strategy for business success (Why culture can mean life or death, 2007). This comes as no surprise to many leaders of successful businesses, who are quick to attribute their company's success to their organisation's culture.

Culture, or shared values within the organization, may be related to increased performance. Researchers found a relationship between organizational cultures and company performance, with respect to success indicators such as revenues, sales volume, market share, and stock prices (Kotter & Heskett, 1992; Marcoulides & Heck, 1993). At the same time, it is important to have a culture that fits with the demands of the company's environment. To the extent shared values are proper for the company in question, company performance may benefit from culture (Arogyaswamy & Byles, 1987). For example, if a company is in the high-tech industry, having a culture that encourages innovativeness and adaptability will support its performance. However, if a company in the same industry has a culture characterized by stability, a high respect for tradition, and a strong preference for upholding rules and procedures, the company may suffer as a result of its culture. In other words, just as having the "right" culture may be a competitive

advantage for an organization, having the “wrong” culture may lead to performance difficulties, may be responsible for organizational failure, and may act as a barrier preventing the company from changing and taking risks.

In addition to having implications for organizational performance, *organizational culture can dictate employee behaviour*. Culture is in fact a more powerful way of controlling and managing employee behaviours than organizational rules and regulations. When problems are unique, rules tend to be less helpful. Instead, creating a culture of customer service achieves the same result by encouraging employees to think like customers, knowing that the company priorities in this case are clear: keeping the customer happy is preferable to other concerns such as saving the cost of a refund.

Levels of Organizational Culture

Organizational culture consists of some aspects that are relatively more visible, as well as aspects that may lie below one’s conscious awareness. organizational culture can be thought of as consisting of three interrelated levels (Schein, 1992).

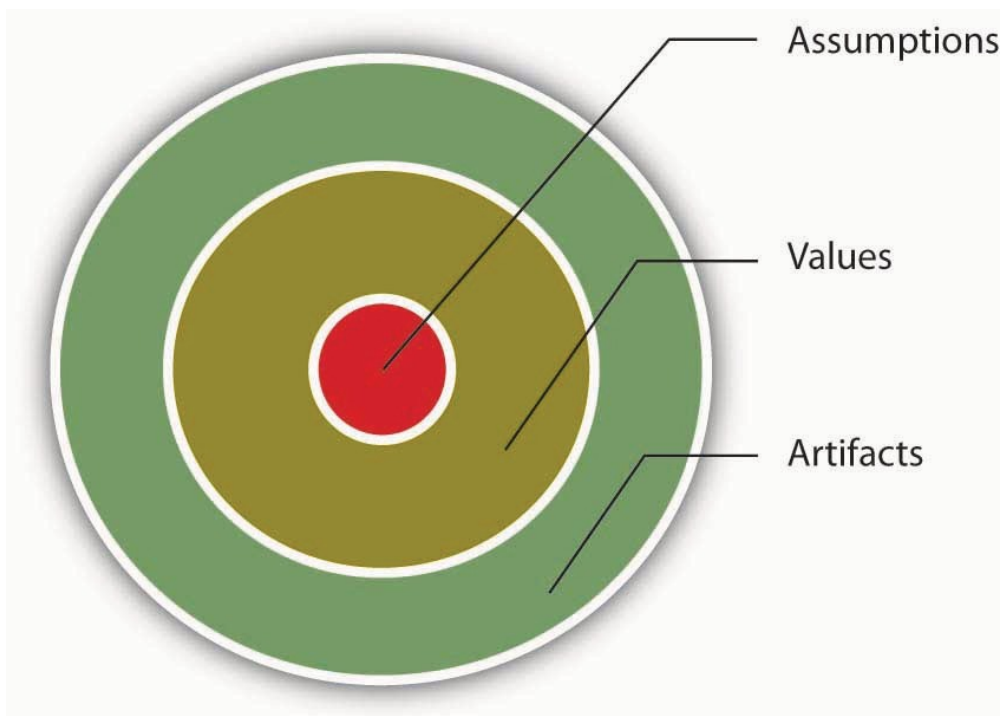


Figure 14.2 organizational culture consists of three levels. Source: Adapted from Schein, E. H. (1992). *organizational culture and leadership*. San Francisco: Jossey-Bass.

At the deepest level, below our awareness lie basic **assumptions**. Assumptions are taken for granted, and they reflect beliefs about human nature and reality. At the second level, **values** exist. Values are shared principles, standards, and goals. Finally, at the surface we have **artifacts**, or visible, tangible aspects of organizational culture. For example, in an organization, one of the basic assumptions employees and managers share might be that happy employees benefit their

organizations. This assumption could translate into values such as social equality, high quality relationships, and having fun. The artifacts reflecting such values might be an executive “open door” policy, an office layout that includes open spaces and gathering areas equipped with pool tables, and frequent company picnics in the workplace. For example, Alcoa Inc. designed their headquarters to reflect the values of making people more visible and accessible, and to promote collaboration (Stegmeier, 2008). In other words, understanding the organisation’s culture may start from observing its artifacts: the physical environment, employee interactions, company policies, reward systems, and other observable characteristics.

When you are interviewing for a position, observing the physical environment, how people dress, where they relax, and how they talk to others is definitely a good start to understanding the company’s culture. However, simply looking at these tangible aspects is unlikely to give a full picture of the organization. An important chunk of what makes up culture exists below one’s degree of awareness. The values and, at a deeper level, the assumptions that shape the organisation’s culture can be uncovered by observing how employees interact and the choices they make, as well as by inquiring about their beliefs and perceptions regarding what is right and appropriate behaviour.

Key Takeaway

Organisational culture is a system of shared assumptions, values, and beliefs that help individuals within an organisation understand which behaviours are and are not appropriate within an organisation. Cultures can be a source of competitive advantage for organisations. Strong organisational cultures can be an organizing as well as a controlling mechanism for organisations. And finally, organisational culture consists of three levels: assumptions, which are below the surface, values, and artifacts.

Exercises

1. Why do companies need culture?
2. Give an example of an aspect of company culture that is a strength and one that is a weakness.
3. In what ways does culture serve as a controlling mechanism?
4. If assumptions are below the surface, why do they matter?
5. Share examples of artifacts you have noticed at different organisations.

14.3 Characteristics of Organizational Culture

Dimensions of Culture

Which values characterize an organisation's culture? Even though culture may not be immediately observable, identifying a set of values that might be used to describe an organisation's culture helps us identify, measure, and manage culture more effectively. For this



purpose, several researchers have proposed various culture typologies. One typology that has received a lot of research attention is the *organizational culture profile* (OCP), in which culture is represented by seven distinct values (Chatman & Jehn, 1991; O'Reilly, Chatman, & Caldwell, 1991). We will describe the OCP as well as two additional dimensions of organizational culture that are not represented in that framework but are important dimensions to consider: service culture and safety culture.

Figure 14.3 Dimensions of organizational Culture Profile (OCP) Source: Adapted from information in O'Reilly, C. A., III, Chatman, J. A., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organisation fit. *Academy of Management Journal*, 34, 487–516.

Innovative Cultures

According to the OCP framework, companies that have **innovative cultures** are flexible and adaptable, and experiment with new ideas. These companies are characterized by a flat hierarchy in which titles and other status distinctions tend to be downplayed. For example, W. L. Gore & Associates Inc. is a company with innovative products such as GORE-TEX® (the breathable fabric that is windproof and waterproof), Glide dental floss, and Elixir guitar strings, earning the company the distinction of being elected as the most innovative company in the United States by *Fast Company* magazine in 2004. W. L. Gore consistently manages to innovate and capture the majority of market share in a wide variety of industries, in large part due to its unique culture. In this company, employees do not have bosses in the traditional sense, and risk taking is encouraged

by celebrating failures as well as successes (Deutschman, 2004). Companies such as W. L. Gore, Genentech Inc., and Google also encourage their employees to take risks by allowing engineers to devote 20% of their time to projects of their own choosing (Deutschman, 2004; Morris, Burke, & Neering, 2006).

Aggressive Cultures

Companies with **aggressive cultures** value competitiveness and outperforming competitors: by emphasizing this, they may fall short in the area of corporate social responsibility. For example, Microsoft Corporation is often identified as a company with an aggressive culture. The company has faced a number of antitrust lawsuits and disputes with competitors over the years. In aggressive companies, people may use language such as “we will kill our competition.” In the past, Microsoft executives often made statements such as “We are going to cut off Netscape’s air supply.... Everything they are selling, we are going to give away.” Its aggressive culture is cited as a reason for getting into new legal troubles before old ones are resolved (Greene, Reinhardt, & Lowry, 2004; Schlender, 1998). Recently, Microsoft founder Bill Gates established the Bill & Melinda Gates foundation and is planning to devote his time to reducing poverty around the world (Schlender, 2007). It will be interesting to see whether he will bring the same competitive approach to the world of philanthropy.



Figure 14.4 Microsoft, the company that Bill Gates cofounded, has been described as having an aggressive culture. Wikimedia Commons – public domain.

Outcome-Oriented Cultures

The OCP framework describes **outcome-oriented cultures** as those that emphasize achievement, results, and action as important values. A good example of an outcome-oriented culture may be Best Buy Co. Inc. Having a culture emphasizing sales performance, Best Buy tallies revenues and other relevant figures daily by department. Employees are trained and mentored to sell company products effectively, and they learn how much money their department made every day (Copeland, 2004). In 2005, the company implemented a results-oriented work environment (ROWE) program that allows employees to work anywhere and anytime; they are evaluated based on results and fulfillment of clearly outlined objectives (Thompson, 2005). Outcome-oriented cultures hold employees as well as managers accountable for success and utilize systems that reward employee and group output. In these companies, it is more common to see rewards tied to performance indicators as opposed to seniority or loyalty. Research

indicates that organizations that have a performance-oriented culture tend to outperform companies that are lacking such a culture (Nohria, Joyce, & Roberson, 2003). At the same time, some outcome-oriented companies may have such a high drive for outcomes and measurable performance objectives that they may suffer negative consequences. Companies over-rewarding employee performance such as Enron Corporation and WorldCom experienced well-publicized business and ethical failures. When performance pressures lead to a culture where unethical behaviours become the norm, individuals see their peers as rivals and short-term results are rewarded; the resulting unhealthy work environment serves as a liability (Probst & Raisch, 2005).

Stable Cultures

Stable cultures are predictable, rule-oriented, and bureaucratic. These organizations aim to coordinate and align individual effort for greatest levels of efficiency. When the environment is stable and certain, these cultures may help the organization be effective by providing stable and constant levels of output (Westrum, 2004). These cultures prevent quick action, and as a result may be a misfit to a changing and dynamic environment. Public sector institutions may be viewed as stable cultures. In the private sector, Kraft Foods Inc. is an example of a company with centralized decision making and rule orientation that suffered as a result of the culture-environment mismatch (Thompson, 2006). Its bureaucratic culture is blamed for killing good ideas in early stages and preventing the company from innovating. When the company started a change program to increase the agility of its culture, one of their first actions was to fight bureaucracy with more bureaucracy: they created the new position of VP of business process simplification, which was later eliminated (Boyle, 2004; Thompson, 2005; Thompson, 2006).

People-Oriented Cultures

People-oriented cultures value fairness, supportiveness, and respect for individual rights. These organizations truly live the mantra that “people are their greatest asset.” In addition to having fair procedures and management styles, these companies create an atmosphere where work is fun and employees do not feel required to choose between work and other aspects of their lives. In these organizations, there is a greater emphasis on and expectation of treating people with respect and dignity (Erdogan, Liden, & Kraimer, 2006). One study of new employees in accounting companies found that employees, on average, stayed 14 months longer in companies with people-oriented cultures (Sheridan, 1992). Starbucks Corporation is an example of a people-oriented culture. The company pays employees above minimum wage, offers health care and tuition reimbursement benefits to its part-time as well as full-time employees, and has creative perks such as weekly free coffee for all associates. As a result of these policies, the company benefits from a turnover rate lower than the industry average (Weber, 2005; Motivation secrets, 2003). The company is routinely ranked as one of the best places to work by *Fortune* magazine.

Team-Oriented Cultures

Companies with **team-oriented cultures** are collaborative and emphasize cooperation among employees. For example, Southwest Airlines Company facilitates a team-oriented culture by cross-training its employees so that they are capable of helping each other when needed. The company also places emphasis on training intact work teams (Bolino & Turnley, 2003). Employees participate in twice daily meetings named “morning overview meetings” (MOM) and daily afternoon discussions (DAD) where they collaborate to understand sources of problems and determine future courses of action. In Southwest’s selection system, applicants who are not viewed as team players are not hired as employees (Miles & Mangold, 2005). In team-oriented organizations, members tend to have more positive relationships with their coworkers and particularly with their managers (Erdogan, Liden, & Kraimer, 2006).

Detail-Oriented Cultures

organizations with **detail-oriented cultures** are characterized in the OCP framework as emphasizing precision and paying attention to details. Such a culture gives a competitive advantage to companies in the hospitality industry by helping them differentiate themselves from others. For example, Four Seasons Hotels Ltd. and the Ritz-Carlton Company LLC are among hotels who keep records of all customer requests, such as which newspaper the guest prefers or what type of pillow the customer uses. This information is put into a computer system and used to provide better service to returning customers. Any requests hotel employees receive, as well as overhear, might be entered into the database to serve customers better. Recent guests to Four Seasons Paris who were celebrating their 21st anniversary were greeted with a bouquet of 21 roses on their bed. Such clear attention to detail is an effective way of impressing customers and ensuring repeat visits. McDonald’s Corporation is another company that specifies in detail how employees should perform their jobs by including photos of exactly how French fries and hamburgers should look when prepared properly (Fitch, 2004; Ford & Heaton, 2001; Kolesnikov-Jessop, 2005; Markels, 2007).

Service Culture

Service culture is not one of the dimensions of OCP, but given the importance of the retail industry in the overall economy, having a service culture can make or break an organization. Some of the organizations we have illustrated in this section, such as Nordstrom, Southwest Airlines, Ritz-Carlton, and Four Seasons are also famous for their service culture. In these organizations, employees are trained to serve the customer well, and cross-training is the norm. Employees are empowered to resolve customer problems in ways they see fit. Because employees with direct customer contact are in the best position to resolve any issues, employee empowerment is truly valued in these companies. For example, Umpqua Bank, operating in the northwestern United States, is known for its service culture. All employees are trained in all tasks to enable any employee to help customers when needed. Branch employees may come up with unique ways in which they

serve customers better, such as opening their lobby for community events or keeping bowls full of water for customers' pets. The branches feature coffee for customers, Internet kiosks, and withdrawn funds are given on a tray along with a piece of chocolate. They also reward employee service performance through bonuses and incentives (Conley, 2005; Kuehner-Herbert, 2003).

Safety Culture

Some jobs are safety sensitive. For example, logger, aircraft pilot, fishing worker, steel worker, and roofer are among the top 10 most dangerous jobs in the United States (Christie, 2005). In organizations where safety-sensitive jobs are performed, creating and maintaining a **safety culture** provides a competitive advantage because the organisation can reduce accidents, maintain high levels of morale and employee retention, and increase profitability by cutting workers' compensation insurance costs. Some companies suffer severe consequences when they are unable to develop such a culture.

Strength of Culture

A **strong culture** is one that is shared by organizational members (Arogyaswamy & Byles, 1987; Chatman & Eunyoung, 2003). In other words, if most employees in the organization show consensus regarding the values of the company, it is possible to talk about the existence of a strong culture. A culture's content is more likely to affect the way employees think and behave when the culture in question is strong. For example, cultural values emphasizing customer service will lead to higher quality customer service if there is widespread agreement among employees on the importance of customer service related values (Schneider, Salvaggio, & Subirats, 2002).



Figure 14.5 Walt Disney created a strong culture at his company, which has evolved since the company's founding in 1923. Wikimedia Commons – public domain.

It is important to realize that a strong culture may act as an asset or liability for the organization, depending on the types of values that are shared. For example, imagine a company with a culture that is strongly outcome oriented. If this value system matches the organizational environment, the company outperforms its competitors. On the other hand, a strong outcome-oriented culture coupled with unethical behaviours and an obsession with quantitative performance indicators may be detrimental to an organisation's effectiveness. An extreme example of this

dysfunctional type of strong culture is Enron.

A strong culture may sometimes outperform a weak culture because of the consistency of expectations. In a strong culture, members know what is expected of them, and the culture serves as an effective control mechanism on member behaviours. Research shows that strong cultures lead to more stable corporate performance in stable environments. However, in volatile

environments, the advantages of culture strength disappear (Sorensen, 2002).

One limitation of a strong culture is the difficulty of changing a strong culture. If an organization with widely shared beliefs decides to adopt a different set of values, unlearning the old values and learning the new ones will be a challenge, because employees will need to adopt new ways of thinking, behaving, and responding to critical events. For example, the Home Depot Inc. had a decentralized, autonomous culture where many business decisions were made using “gut feeling” while ignoring the available data. When Robert Nardelli became CEO of the company in 2000, he decided to change its culture, starting with centralizing many of the decisions that were previously left to individual stores. This initiative met with substantial resistance, and many high-level employees left during his first year. Despite getting financial results such as doubling the sales of the company, many of the changes he made were criticized. He left the company in January 2007 (Charan, 2006; Herman & Wernle, 2007).

A strong culture may also be a liability during a merger. During mergers and acquisitions, companies inevitably experience a clash of cultures, as well as a clash of structures and operating systems. Culture clash becomes more problematic if both parties have unique and strong cultures.

Do Organizations Have a Single Culture?

So far, we have assumed that a company has a single culture that is shared throughout the organization. However, you may have realized that this is an oversimplification. In reality there might be multiple cultures within any given organization. For example, people working on the sales floor may experience a different culture from that experienced by people working in the warehouse. A culture that emerges within different departments, branches, or geographic locations is called a **subculture**. Subcultures may arise from the personal characteristics of employees and managers, as well as the different conditions under which work is performed.

Exercises

1. Think about an organisation you are familiar with. Based on the dimensions of OCP, how would you characterize its culture?
2. Out of the culture dimensions described, which dimension do you think would lead to higher levels of employee satisfaction and retention? Which one would be related to company performance?
3. What are the pros and cons of an outcome-oriented culture?
4. When bureaucracies were first invented they were considered quite innovative. Do you think that different cultures are more or less effective at different points in time and in different industries? Why or why not?
5. Can you imagine an effective use of subcultures within an organisation?

14.4 Creating and Maintaining organizational Culture

How Are Cultures Created?

Where do cultures come from? Understanding this question is important so that you know how they can be changed. An organisation's culture is shaped as the organization faces external and internal challenges and learns how to deal with them. When the organisation's way of doing business provides a successful adaptation to environmental challenges and ensures success, those values are retained. These values and ways of doing business are taught to new members as *the* way to do business (Schein, 1992). The factors that are most important in the creation of an organisation's culture include founders' values, preferences, and industry demands.

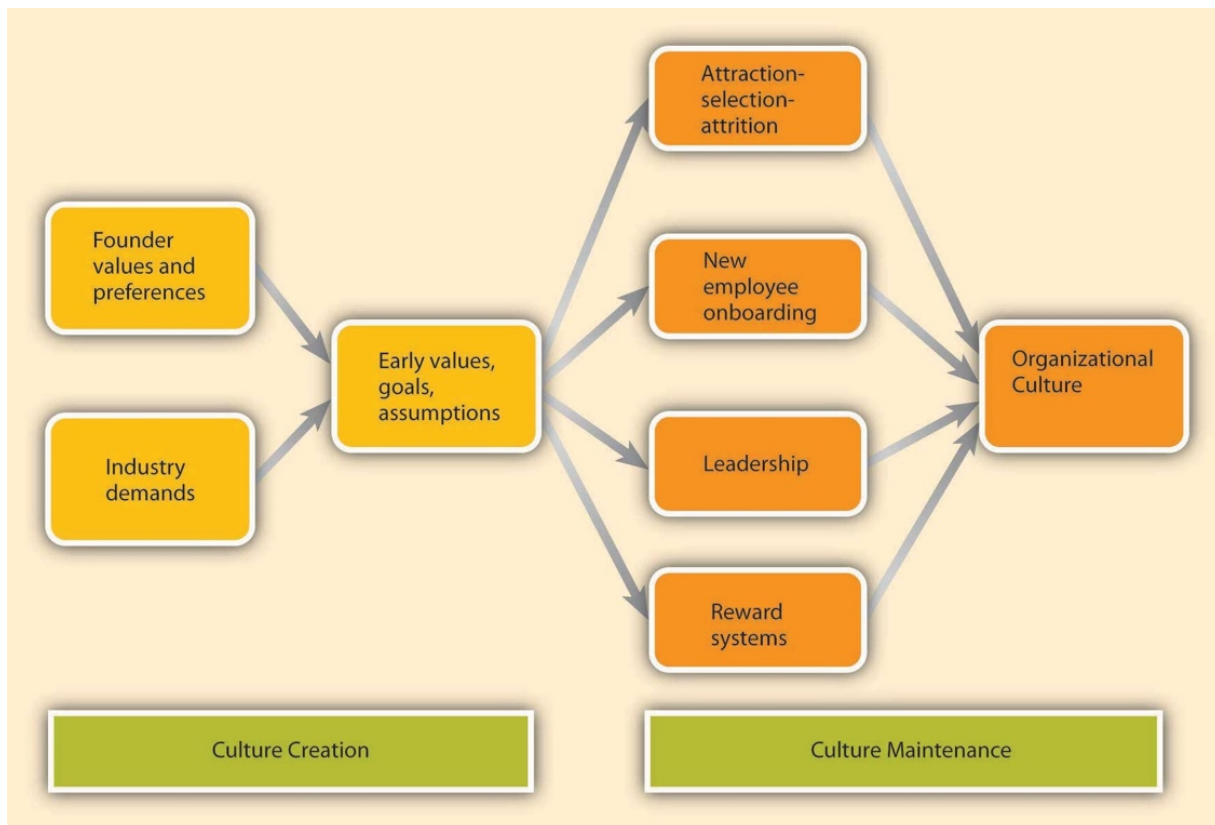


Figure 14.6 Culture Creation and Maintenance

Founder's Values

A company's culture, particularly during its early years, is inevitably tied to the personality, background, and values of its founder or founders, as well as their vision for the future of the

organization. This explains one reason why culture is so hard to change: It is shaped in the early days of a company's history. When entrepreneurs establish their own businesses, the way they want to do business determines the organisation's rules, the structure set-up in the company, and the people they hire to work with them. As a case in point, some of the existing corporate values of the ice cream company Ben & Jerry's Homemade Holdings Inc. can easily be traced to the personalities of its founders Ben Cohen and Jerry Greenfield. In 1978, the two ex-hippie high school friends opened up their first ice-cream shop in a renovated gas station in Burlington, Vermont. Their strong social convictions led them to buy only from the local farmers and devote a certain percentage of their profits to charities. The core values they instilled in their business can still be observed in the current company's devotion to social activism and sustainability: continuous contributions to charities, use of environmentally friendly materials, and dedication to creating jobs in low-income areas.

Industry Demands

While founders undoubtedly exert a powerful influence over corporate cultures, the industry characteristics also play a role. Industry characteristics and demands act as a force to create similarities among organizational cultures. For example, despite some differences, many companies in the insurance and banking industries are stable and rule oriented, many companies in the high-tech industry have innovative cultures, and companies in the nonprofit industry tend to be people oriented. If the industry is one with a large number of regulatory requirements—for example, banking, health care, and nuclear power plant industries—then we might expect the presence of a large number of rules and regulations, a bureaucratic company structure, and a stable culture. Similarly, the high-tech industry requires agility, taking quick action, and low concern for rules and authority, which may create a relatively more innovative culture (Chatman & Jehn, 1994; Gordon, 1991). The industry influence over culture is also important to know, because this shows that it may not be possible to imitate the culture of a company in a different industry, even though it may seem admirable to outsiders.

How Are Cultures Maintained?

As a company matures, its cultural values are refined and strengthened. The early values of a company's culture exert influence over its future values. It is possible to think of organizational culture as an organism that protects itself from external forces. organizational culture determines what types of people are hired by an organization and what types are left out. Moreover, once new employees are hired, the company assimilates new employees and teaches them the way things are done in the organization. We call these processes *attraction-selection-attrition* and *onboarding* processes. We will also examine the role of *leaders* and *reward systems* in shaping and maintaining an organisation's culture. It is important to remember two points: the process of culture creation is in fact more complex and less clean than the name implies. Additionally, the influence of each factor on culture creation is reciprocal. For example, just as leaders may influence what type of values the company has, the culture may also determine what types of behaviours leaders demonstrate.

Attraction-Selection-Attrition (ASA)

organizational culture is maintained through a process known as attraction-selection-attrition. First, employees are *attracted* to organizations where they will fit in. In other words, different job applicants will find different cultures to be attractive. Someone who has a competitive nature may feel comfortable and prefer to work in a company where interpersonal competition is the norm. Others may prefer to work in a team-oriented workplace. Research shows that employees with different personality traits find different cultures attractive. For example, out of the Big Five personality traits, employees who demonstrate neurotic personalities were less likely to be attracted to innovative cultures, whereas those who had openness to experience were more likely to be attracted to innovative cultures (Judge & Cable, 1997). As a result, individuals will self-select the companies they work for and may stay away from companies that have core values that are radically different from their own.

Of course, this process is imperfect and value similarity is only one reason a candidate might be attracted to a company. There may be other, more powerful attractions such as good benefits. For example, candidates who are potential misfits may still be attracted to Google because of the cool perks associated with being a Google employee. At this point in the process, the second component of the ASA framework prevents them from getting in: *Selection*. Just as candidates are looking for places where they will fit in, companies are also looking for people who will fit into their current corporate culture. Many companies are hiring people for fit with their culture, as opposed to fit with a certain job. For example, Southwest Airlines prides itself for hiring employees based on personality and attitude rather than specific job-related skills, which are learned after being hired. This is important for job applicants to know, because in addition to highlighting your job-relevant skills, you will need to discuss why your personality and values match those of the company. Companies use different techniques to weed out candidates who do not fit with corporate values. For example, Google relies on multiple interviews with future peers. By introducing the candidate to several future coworkers and learning what these coworkers think of the candidate, it becomes easier to assess the level of fit. The Container Store Inc. ensures culture fit by hiring among their customers (Arnold, 2007). This way, they can make sure that job candidates are already interested in organizing their lives and understand the company's commitment to helping customers organize theirs. Companies may also use employee referrals in their recruitment process. By using their current employees as a source of future employees, companies may make sure that the newly hired employees go through a screening process to avoid potential person-culture mismatch.

Even after a company selects people for person-organization fit, there may be new employees who do not fit in. Some candidates may be skillful in impressing recruiters and signal high levels of culture fit even though they do not necessarily share the company's values. Moreover, recruiters may suffer from perceptual biases and hire some candidates thinking that they fit with the culture even though the actual fit is low. In any event, the organization is going to eventually eliminate candidates who do not fit in through *attrition*. Attrition refers to the natural process in which the candidates who do not fit in will leave the company. Research indicates that person-organization misfit is one of the important reasons for employee turnover (Kristof-Brown, Zimmerman, & Johnson, 2005; O'Reilly III, Chatman, & Caldwell, 1991).

New Employee Onboarding



Another way in which an organisation's values, norms, and behavioural patterns are transmitted to employees is through **onboarding** (also referred to as the **organizational socialization** process). Onboarding refers to the process through which new employees learn the attitudes, knowledge, skills, and behaviours required to function effectively within an organization. If an organization can successfully socialize new employees into becoming organizational insiders, new employees feel confident regarding their ability to perform, sense that they will feel accepted by their peers, and understand and share the assumptions, norms, and values that are part of the organisation's culture. This understanding and confidence in turn translate into more effective new employees who perform better and have higher job satisfaction, stronger organizational commitment, and longer tenure within the company (Bauer et al., 2007).

Visual Elements of Organizational Culture

How do you find out about a company's culture? We emphasized earlier that culture influences the way members of the organization think, behave, and interact with one another. Thus, one way of finding out about a company's culture is by observing employees or interviewing them. At the same time, culture manifests itself in some visible aspects of the organisation's environment. In this section, we discuss five ways in which culture shows itself to observers and employees.

Mission Statement

A **mission statement** is a statement of purpose, describing who the company is and what it does. Many companies have mission statements, but they do not always reflect the company's values and its purpose. An effective mission statement is well known by employees, is transmitted to all employees starting from their first day at work, and influences employee behaviour.

Not all mission statements are effective, because some are written by public relations specialists and can be found in a company's website, but it does not affect how employees act or behave. In fact, some mission statements reflect who the company wants to be as opposed to who they actually are. If the mission statement does not affect employee behaviour on a day-to-day basis, it has little usefulness as a tool for understanding the company's culture. An oft-cited example of a mission statement that had little impact on how a company operates belongs to Enron. Their missions and values statement began, "As a partner in the communities in which we operate, Enron believes it has a responsibility to conduct itself according to certain basic principles." Their values statement included such ironic declarations as "We do not tolerate abusive or disrespectful treatment. Ruthlessness, callousness and arrogance don't belong here" (Kunen, 2002).

A mission statement that is taken seriously and widely communicated may provide insights into the corporate culture. For example, the Mayo Clinic's mission statement is "The needs of the patient come first." This mission statement evolved from the founders who are quoted as saying, "The best interest of the patient is the only interest to be considered." Mayo Clinics have a

corporate culture that puts patients first. For example, no incentives are given to physicians based on the number of patients they see. Because doctors are salaried, they have no interest in retaining a patient for themselves and they refer the patient to other doctors when needed (Jarnagin & Slocum, 2007). Wal-Mart Stores Inc. may be another example of a company who lives its mission statement, and therefore its mission statement may give hints about its culture: “Saving people money so they can live better” (Wal-Mart, 2008). In fact, their culture emphasizes thrift and cost control in everything they do. For example, even though most CEOs of large companies in the United States have lavish salaries and showy offices, Wal-Mart’s CEO Michael Duke and other high-level corporate officers work out of modest offices in the company’s headquarters.

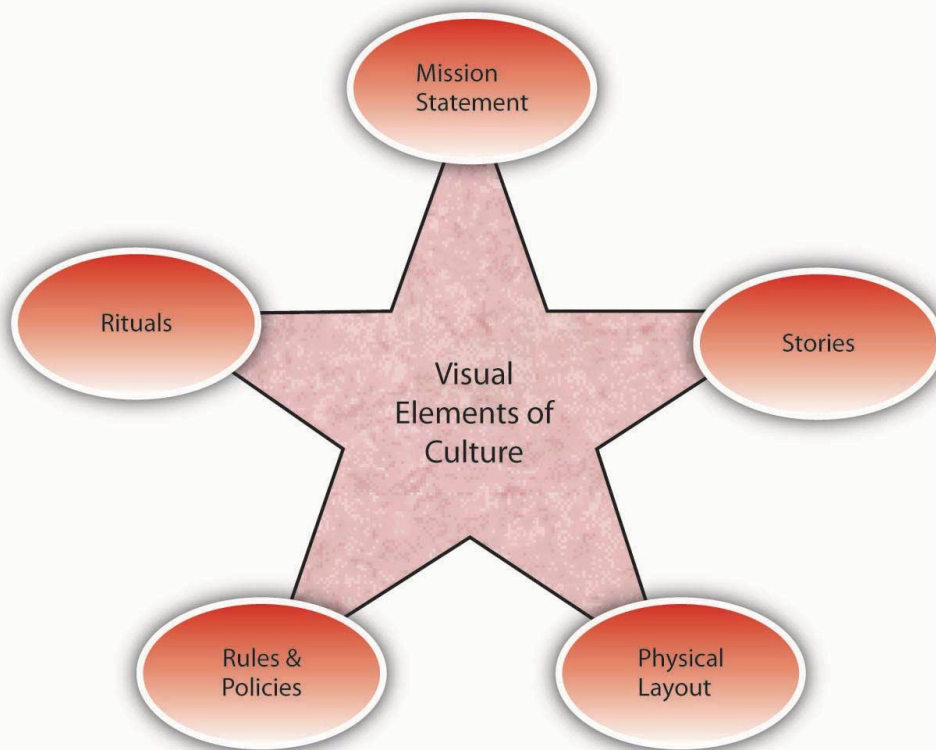


Figure 14.7 Visual Elements of Culture

Rituals

Rituals refer to repetitive activities within an organization that have symbolic meaning (Anand, 2005). Usually rituals have their roots in the history of a company’s culture. They create camaraderie and a sense of belonging among employees. They also serve to teach employees corporate values and create identification with the organization. For example, at the cosmetics firm Mary Kay Inc., employees attend award ceremonies recognizing their top salespeople with an award of a new car—traditionally a pink Cadillac. These ceremonies are conducted in large auditoriums where participants wear elaborate evening gowns and sing company songs that create emotional excitement. During this ritual, employees feel a connection to the company culture and its values, such as self-determination, will power, and enthusiasm (Jarnagin & Slocum, 2007). Another example of rituals is the Saturday morning meetings of Wal-Mart. This ritual was first created by the company founder Sam Walton, who used these meetings to discuss which products and practices were doing well and which required adjustment. He was able to

use this information to make changes in Wal-Mart's stores before the start of the week, which gave him a competitive advantage over rival stores who would make their adjustments based on weekly sales figures during the middle of the following week. Today, hundreds of Wal-Mart associates attend the Saturday morning meetings in the Bentonville, Arkansas, headquarters. The meetings, which run from 7:00 to 9:30 a.m., start and end with the Wal-Mart cheer; the agenda includes a discussion of weekly sales figures and merchandising tactics. As a ritual, the meetings help maintain a small-company atmosphere, ensure employee involvement and accountability, communicate a performance orientation, and demonstrate taking quick action (Schlender, 2005; Wal around the world, 2001).

Rules and Policies

Another way in which an observer may find out about a company's culture is to examine its rules and policies. Companies create rules to determine acceptable and unacceptable behaviour, and thus the rules that exist in a company will signal the type of values it has. Policies about issues such as decision making, human resources, and employee privacy reveal what the company values and emphasizes. For example, a company that has a policy such as "all pricing decisions of merchandise will be made at corporate headquarters" is likely to have a centralized culture that is hierarchical, as opposed to decentralized and empowering. Similarly, a company that extends benefits to both part-time and full-time employees, as well as to spouses and domestic partners, signals to employees and observers that it cares about its employees and shows concern for their well-being. By offering employees flexible work hours, sabbaticals, and telecommuting opportunities, a company may communicate its emphasis on work-life balance. The presence or absence of policies on sensitive issues such as English-only rules, bullying or unfair treatment of others, workplace surveillance, open-door policies, sexual harassment, workplace romances, and corporate social responsibility all provide pieces of the puzzle that make up a company's culture.

Physical Layout

A company's building, including the layout of employee offices and other work spaces, communicates important messages about a company's culture. The building architecture may indicate the core values of an organisation's culture. For example, visitors walking into the Nike Inc. campus in Beaverton, Oregon, can witness firsthand some of the distinguishing characteristics of the company's culture. The campus is set on 74 acres and boasts an artificial lake, walking trails, soccer fields, and cutting-edge fitness centers. The campus functions as a symbol of Nike's values such as energy, physical fitness, an emphasis on quality, and a competitive orientation. In addition, at fitness centers on the Nike headquarters, only those wearing Nike shoes and apparel are allowed in. This sends a strong signal that loyalty is expected. The company's devotion to athletes and their winning spirits is manifested in campus buildings named after famous athletes, photos of athletes hanging on the walls, and honorary statues dotting the campus (Capowski, 1993; Collins & Porras, 1996; Labich & Carvell, 1995; Mitchell, 2002). A very different tone awaits visitors to Wal-Mart headquarters, where managers have gray and windowless offices (Berner, 2007). By putting its managers in small offices and avoiding outward signs of flashiness, Wal-Mart does a good job of highlighting its values of economy.

Stories

Perhaps the most colorful and effective way in which organizations communicate their culture to

new employees and organizational members is through the skillful use of stories. A story can highlight a critical event an organization faced and the collective response to it, or can emphasize a heroic effort of a single employee illustrating the company's values. The stories usually engage employee emotions and generate employee identification with the company or the heroes of the tale. A compelling story may be a key mechanism through which managers motivate employees by giving their behaviour direction and energizing them toward a certain goal (Beslin, 2007).



OB Toolbox

As a Job Candidate, How Would You Find Out If You Are a Good Fit?

- Do your research. Talking to friends and family members who are familiar with the company, doing an online search for news articles about the company, browsing the company's website, and reading their mission statement would be a good start.
- Observe the physical environment. Do people work in cubicles or in offices? What is the dress code? What is the building structure? Do employees look happy, tired, or stressed? The answers to these questions are all pieces of the puzzle.
- Read between the lines. For example, the absence of a lengthy employee handbook or detailed procedures might mean that the company is more flexible and less bureaucratic.
- How are you treated? The recruitment process is your first connection to the company. Were you treated with respect? Do they maintain contact with you, or are you being ignored for long stretches at a time?
- Ask questions. What happened to the previous incumbent of this job? What does it take to be successful in this firm? What would their ideal candidate for the job look like? The answers to these questions will reveal a lot about the way they do business.
- Listen to your gut. Your feelings about the place in general, and your future manager and coworkers in particular, are important signs that you should not ignore (Daniel & Brandon, 2006; Sacks, 2005).

Key Takeaway

Organisation cultures are created by a variety of factors, including founders' values and preferences, industry demands, and early values, goals, and assumptions. Culture is maintained through attraction-selection-attrition, new employee onboarding, leadership, and organisational reward systems. Signs of a company's culture include the organisation's mission statement, stories, physical layout, rules and policies, and rituals.

Exercises

1. Do you think it is a good idea for companies to emphasize person-organisation fit when hiring new employees? What advantages and disadvantages do you see when hiring people who fit with company values?
2. What is the influence of company founders on company culture? Give examples based on your personal knowledge.
3. What are the methods companies use to aid with employee onboarding? What is the importance of onboarding for organisations?
4. What type of a company do you feel would be a good fit for you? What type of a culture would be a misfit for you? In your past work experience, were there any moments when you felt that you did not fit with the organisation? Why?
5. What is the role of physical layout as an indicator of company culture? What type of a physical layout would you expect from a company that is people oriented? Team oriented? Stable?

14.5 Changing An Organizational Culture

How Do Cultures Change?

Culture is part of a company's DNA and is resistant to change efforts. Unfortunately, many organizations may not even realize that their current culture constitutes a barrier against organizational productivity and performance. Changing company culture may be the key to the company turnaround when there is a mismatch between an organisation's values and the demands of its environment.

Certain conditions may help with culture change. For example, if an organization is *experiencing failure* in the short run or is under threat of bankruptcy or an imminent loss of market share, it would be easier to convince managers and employees that culture change is necessary. A company can use such downturns to generate employee commitment to the change effort. However, if the organization has been successful in the past, and if employees do not perceive an urgency necessitating culture change, the change effort will be more challenging. Sometimes the external environment may force an organization to undergo culture change. *Mergers and acquisitions* are another example of an event that changes a company's culture. In fact, the ability of the two merging companies to harmonize their corporate cultures is often what makes or breaks a merger effort. When Ben & Jerry's was acquired by Unilever, Ben & Jerry's had to change parts of its

culture while attempting to retain some of its unique aspects. Corporate social responsibility, creativity, and fun remained as parts of the culture. In fact, when Unilever appointed a veteran French executive as the CEO of Ben & Jerry's in 2000, he was greeted by an Eiffel tower made out of ice cream pints, Edith Piaf songs, and employees wearing berets and dark glasses. At the same time, the company had to become more performance oriented in response to the acquisition. All employees had to keep an eye on the bottom line. For this purpose, they took an accounting and finance course for which they had to operate a lemonade stand (Kiger, 2005). Achieving culture change is challenging, and many companies ultimately fail in this mission. Research and case studies of companies that successfully changed their culture indicate that the following six steps increase the chances of success (Schein, 1990).

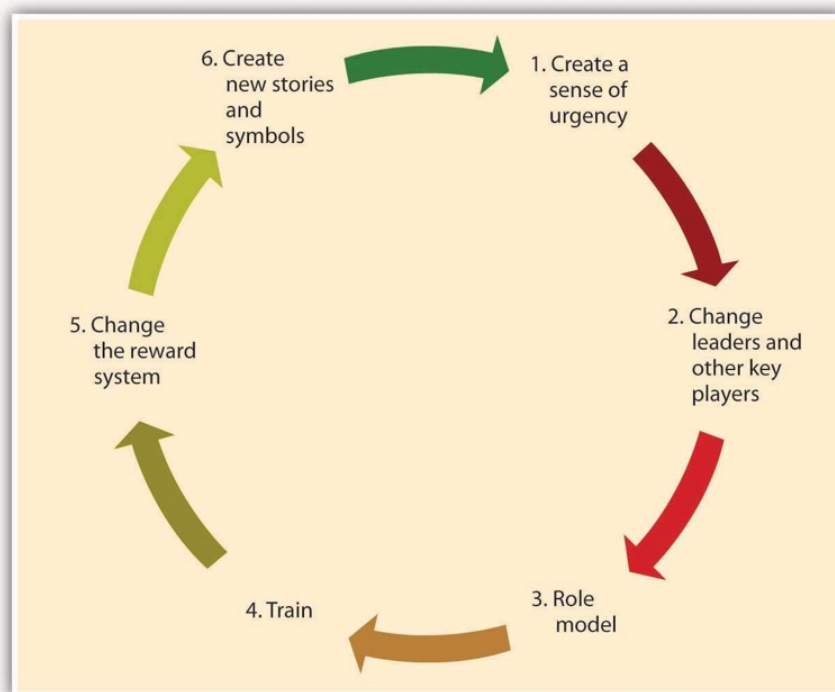


Figure 14.8 Six Steps to Culture Change

1. Creating a Sense of Urgency

In order for the change effort to be successful, it is important to communicate the need for change to employees. One way of doing this is to create a sense of urgency on the part of employees and explain to them why changing the fundamental way in which business is done is so important. In successful culture change efforts, leaders communicate with

employees and present a case for culture change as the essential element that will lead the company to eventual success. As an example, consider the situation at IBM Corporation in 1993 when Lou Gerstner was brought in as CEO and chairman. After decades of dominating the market for mainframe computers, IBM was rapidly losing market share to competitors, and its efforts to sell personal computers—the original “PC”—were seriously undercut by cheaper “clones.” In the public’s estimation, the name IBM had become associated with obsolescence. Gerstner recalls that the crisis IBM was facing became his ally in changing the organisation’s culture. Instead of spreading optimism about the company’s future, he used the crisis at every opportunity to get buy-in from employees (Gerstner, 2002).

2. Changing Leaders and Other Key Players

A leader’s vision is an important factor that influences how things are done in an organization. Thus, culture change often follows changes at the highest levels of the organization. Moreover, in order to implement the change effort quickly and efficiently, a company may find it helpful to remove managers and other powerful employees who are acting as a barrier to change. Because

of political reasons, self-interest, or habits, managers may create powerful resistance to change efforts. In such cases, replacing these positions with employees and managers giving visible support to the change effort may increase the likelihood that the change effort succeeds. For example, when Robert Iger replaced Michael Eisner as CEO of the Walt Disney Company, one of the first things he did was to abolish the central planning unit, which was staffed by people close to ex-CEO Eisner. This department was viewed as a barrier to creativity at Disney, and its removal from the company was helpful in ensuring the innovativeness of the company culture (McGregor et al., 2007).

3. Role Modeling

Role modeling is the process by which employees modify their own beliefs and behaviours to reflect those of the leader (Kark & Dijk, 2007). CEOs can model the behaviours that are expected of employees to change the culture. The ultimate goal is that these behaviours will trickle down to lower level employees. For example, when Robert Iger took over Disney, in order to show his commitment to innovation, he personally became involved in the process of game creation, attended summits of developers, and gave feedback to programmers about the games. Thus, he modeled his engagement in the idea creation process. In contrast, modeling of inappropriate behaviour from the top will lead to the same behaviour trickling down to lower levels. A recent example of this type of role modeling is the scandal involving Hewlett-Packard Development Company LP board members. In 2006, when board members were suspected of leaking confidential company information to the press, the company's top-level executives hired a team of security experts to find the source of the leak. The investigators sought the phone records of board members, linking them to journalists. For this purpose, they posed as board members and called phone companies to obtain the itemized home phone records of board members and journalists. When the investigators' methods came to light, HP's chairman and four other top executives faced criminal and civil charges. When such behaviour is modeled at top levels, it is likely to have an adverse impact on the company culture (Barron, 2007).

4. Training

Well-crafted training programs may be instrumental in bringing about culture change by teaching employees the new norms and behavioural styles. For example, after the space shuttle Columbia disintegrated upon reentry from a February 2003 mission, NASA decided to change its culture to become more safety sensitive and minimize decision-making errors leading to unsafe behaviours. The change effort included training programs in team processes and cognitive bias awareness. Similarly, when auto repairer Midas International Corporation felt the need to change its culture to be more committed to customers, they developed a training program making employees familiar with customer emotions and helping form better connections with them. Customer reports have been overwhelmingly positive in stores that underwent this training (BST to guide culture change effort at NASA, 2004).

5. Changing the Reward System

The criteria with which employees are rewarded and punished have a powerful role in determining the cultural values in existence. Switching from a commission-based incentive structure to a straight salary system may be instrumental in bringing about customer focus among sales employees. Moreover, by rewarding employees who embrace the company's new values

and even promoting these employees, organizations can make sure that changes in culture have a lasting impact. If a company wants to develop a team-oriented culture where employees collaborate with each other, methods such as using individual-based incentives may backfire. Instead, distributing bonuses to intact teams might be more successful in bringing about culture change.

6. Creating New Symbols and Stories

Finally, the success of the culture change effort may be increased by developing new rituals, symbols, and stories. Continental Airlines Inc. is a company that successfully changed its culture to be less bureaucratic and more team oriented in the 1990s. One of the first things management did to show employees that they really meant to abolish many of the detailed procedures the company had and create a culture of empowerment was to burn the heavy 800-page company policy manual in their parking lot. The new manual was only 80 pages. This action symbolized the upcoming changes in the culture and served as a powerful story that circulated among employees. Another early action was the redecorating of waiting areas and repainting of all their planes, again symbolizing the new order of things (Higgins & McAllester, 2004). By replacing the old symbols and stories, the new symbols and stories will help enable the culture change and ensure that the new values are communicated.

Key Takeaway

Organisations need to change their culture to respond to changing conditions in the environment, to remain competitive, and to avoid complacency or stagnation. Culture change often begins by the creation of a sense of urgency. Next, a change of leaders and other key players may enact change and serve as effective role models of new behaviour. Training can also be targeted toward fostering these new behaviours. Reward systems are changed within the organisation. Finally, the organisation creates new stories and symbols.

Exercises

1. Can new employees change a company's culture? If so, how?
2. Are there conditions under which change is not possible? If so, what would such conditions be?
3. Have you ever observed a change process at an organisation you were involved with? If so, what worked well and what didn't?
4. What recommendations would you have for someone considering a major change of culture within their own organisation?

14.6 The Role of Ethics and National Culture

Organizational Culture and Ethics

A recent study of 3,000 employees and managers in the United States confirms that the degree to which employees in an organization behave ethically depends on the culture of the organization (Gebler, 2006). Without a culture emphasizing the importance of integrity, honesty, and trust, mandatory ethics training programs are often doomed to fail. Thus, creating such a culture is essential to avoiding the failures of organizations such as WorldCom and Enron. How is such a culture created?

The factors we highlighted in this chapter will play a role in creating an ethical culture. Among all factors affecting ethical culture creation, leadership may be the most influential. Leaders, by demonstrating high levels of honesty and integrity in their actions, can model the behaviours that are demanded in an organization. If their actions contradict their words, establishing a culture of ethics will be extremely difficult. As an example, former chairman and CEO of Enron Kenneth Lay forced all his employees to use his sister's travel agency, even though the agency did not provide high-quality service or better prices (Watkins, 2003). Such behaviour at the top is sure to trickle down. Leaders also have a role in creating a culture of ethics because they establish the reward systems being used in a company. There is a relationship between setting very difficult goals for employees and unethical behaviour (Schweitzer, Ordóñez, & Douma, 2004). When leaders create an extremely performance-oriented culture where only results matter and there is no tolerance for missing one's targets, the culture may start rewarding unethical behaviours. Instead, in organizations such as General Electric Company where managers are evaluated partly based on metrics assessing ethics, behaving in an ethical manner becomes part of the core company values (Heineman, 2007).

Organizational Culture Around the Globe

The values, norms, and beliefs of a company may also be at least partially imposed by the national culture. When an entrepreneur establishes an organization, the values transmitted to the organization may be because of the cultural values of the founder and the overall society. If the national culture in general emphasizes competitiveness, a large number of the companies operating in this context may also be competitive. In countries emphasizing harmony and conflict resolution, a team-oriented culture may more easily take root. For example, one study comparing universities in Arab countries and Japan found that the Japanese universities were characterized by modesty and frugality, potentially reflecting elements of the Japanese culture. The study also found that the Arab universities had buildings that were designed to impress and had restricted access, which may be a reflection of the relatively high-power distance of the Arab cultures. Similarly, another study found that elements of Brazilian culture such as relationships being more important than jobs, tendency toward hierarchy, and flexibility were reflected in organizational culture values such as being hierarchical and emphasizing relational networks (Dedoussis, 2004; Garibaldi de Hilal, 2006). It is important for managers to know the relationship between national culture and company culture because the relationship explains why it would sometimes be challenging to create the same company culture globally.

Key Takeaway

Without a culture emphasizing the importance of integrity, honesty, and trust, the mandatory ethics training programs are often doomed to fail. The values, norms, and beliefs of a company may also be at least partially imposed by the national culture.

Exercises

1. Have you seen examples of ethical or unethical organisational cultures? Describe what you observed.
2. Have you seen examples of national culture affecting an organisation's culture?
3. What advice would you give to someone who was interested in starting a new division of a company in another culture?

14.7 Clash of the Cultures: The Case of Newell Rubbermaid

Over time, Newell Company grew to be a diversified manufacturer and marketer of simple household items. In the early 1950s, Newell Company's business consisted solely of manufactured curtain rods. Since the 1960s, however, the company diversified through

acquisitions of businesses for paintbrushes, writing pens, pots and pans, hairbrushes, and the like. Over 90% of its growth was attributed to many small acquisitions and the subsequent restructuring and cost cutting Newell instituted. Usually within a year of the acquisition, Newell would bring in new leadership and install its own financial controller in the acquired unit. Then,



three standard sets of controls were introduced: an integrated financial accounting system, a sales and order processing and tracking system, and a flexible manufacturing system. Once these systems were in place, managers were able to control costs by limiting expenses to those previously budgeted. Administration, accounting, and customer-related financial accounting aspects of the acquired business were also consolidated into Newell's corporate headquarters to further reduce and control costs. However, Newell compensated business managers well for performance. They were paid a bonus based on the profitability of their particular unit—in fact, the firm's strategy was to achieve profits, not simply growth at the expense of profits. Newell managers could expect a base salary equal to the industry average but could earn bonuses ranging from 35% to 100% based on their rank and unit profitability.

Figure 14.9 Steven Taschuk – tupperware – CC BY 2. 0.

In 1999, Newell acquired Rubbermaid, a U.S.-based manufacturer of flexible plastic products like trash cans, reheatable and freezable food containers, and a broad range of other plastic storage containers designed for home and office use. While Rubbermaid was highly innovative (over 80% of its growth came from internal new product development), it had experienced difficulty controlling costs and was losing ground against powerful customers like Wal-Mart. Newell believed that the market power it wielded with retailers like Wal-Mart would help it turn Rubbermaid's prospects around. The acquisition deal between these two companies resulted in a single company that was twice as big and became known as Newell Rubbermaid Inc. (NYSE: NWL).

However, early on it became clear that the two businesses were incompatible in terms of differing strategies and corresponding organizational cultures. Newell was a low-cost, high-volume supplier while Rubbermaid was a consumer-oriented innovator that offered premium products. After careful consideration, Newell decided to redefine the newly merged company culture. After two unsuccessful CEO attempts to turn things around, in 2001 Newell Rubbermaid hired Joseph Galli to run the company. He rethought the strategies of both companies and embraced the idea of changing the culture by hiring new kinds of people for a new kind of company. He cut 3,000 jobs throughout the company and made 141 changes at the executive

level (vice presidents and above).

He introduced new incentive plans and 6-week leadership boot camps to align employees around the new company culture and goals. Did his drastic changes pay off? Since the new leadership of CEO Mark Ketchum, both revenues and profits are up, and in 2010, Fortune named Newell Rubbermaid the number 7 “Most Admired Company” in the home equipment and furnishings category. This indicates that while the changes he implemented were painful for employees at the time, they did seem to put them on the right track.



Discussion Questions

1. What was Newell’s organisational culture like before acquiring Rubbermaid?
2. Is it fair to fire employees to create a new culture? Why or why not?
3. How did Newell Rubbermaid change its organisational culture?
4. If you were in Joseph Galli’s position in 2001, what would you have done differently or similarly to enact a change in organisational culture? Explain your answer.
5. How important is an organisation’s strategy in terms of developing an organisational culture? Explain your answer.

14.8 Conclusion

To summarize, in this chapter we have reviewed what defines organizational culture, how it is created, and how it can be changed. Corporate culture may be the greatest strength or a serious limitation for a company, depending on whether the values held are in line with corporate strategy and environmental demands. Even though changing an organisation’s culture is difficult, success of the organization may require the change. Leaders, through their actions, role modeling, rulemaking, and story creation, serve as instrumental change agents.

14.9 Exercises

Ethical Dilemma

Your company is in the process of hiring a benefits specialist. As a future peer of the person to be hired, you will be one of the interviewers and will talk to all candidates. The company you are working for is a small organisation that was acquired. The job advertisement for the position talks about the high level of autonomy that will be available to the job incumbent. Moreover, your manager wants you to sell the position by highlighting the opportunities that come from being a part of a Fortune 500, such as career growth and the opportunity to gain global expertise. The problem is that you do not believe being part of a larger company is such a benefit. In fact, since the company has been acquired by the Fortune 500, the way business is being conducted has changed dramatically. Now there are many rules and regulations that prevent employees from making important decisions autonomously. Moreover, no one from this branch was ever considered for a position in the headquarters or for any global openings. In other words, the picture being painted by the hiring managers and the company's HR department in the job advertisements is inflated and not realistic. Your manager feels you should sell the job and the company because your competitors are doing the same thing, and being honest might mean losing great candidates. You know that you and your manager will interview several candidates together. Is this unethical? Why or why not? What would you do before and during the interview to address this dilemma?

Individual Exercise

Impact of HR Practices on Organisational Culture

Below are scenarios of critical decisions you may need to make as a manager. Read each question and select one from each pair of statements. Then, think about the impact your choice would have on the company's culture.

1. You need to lay off 10 people. Would you
 - lay off the newest 10 people?
 - lay off the 10 people who have the lowest performance evaluations?
2. You need to establish a dress code. Would you
 - ask employees to use their best judgment?
 - create a detailed dress code highlighting what is proper and improper?
3. You need to monitor employees during work hours. Would you
 - not monitor them because they are professionals and you trust them?
 - install a program monitoring their web usage to ensure that they are spending work hours actually doing work?
4. You need to conduct performance appraisals. Would you
 - evaluate people on the basis of their behaviours?
 - evaluate people on the basis of their results (numerical sales figures and so on)?
5. You need to promote individuals. Would you promote individuals based on
 - seniority?
 - objective performance?

Group Exercise

Recruiting Employees Who Fit the Culture

You are an employee of a local bookstore. The store currently employs 50 employees and is growing. This is a family-owned business, and employees feel a sense of belonging to this company. Business is conducted in an informal manner, there are not many rules, and people feel like they are part of a family. There are many friendships at work, and employees feel that they have a lot of autonomy regarding how they perform their jobs. Customer service is also very important in this company. Employees on the sales floor often chat with their customers about books and recommend readings they might like. Because the company is growing, they will need to hire several employees over the next months. They want to establish recruitment and selection practices so that they can hire people who have a high degree of fit with the current culture.

Working within groups, discuss the effectiveness of the following recruitment tools. Evaluate each recruitment source. Which ones would yield candidates with a high degree of fit with the company's current culture?

1. Newspaper advertisements
2. Magazine advertisements
3. Radio advertisements
4. Hiring customers
5. Hiring walk-ins
6. Employee referrals
7. Using the state unemployment agency

Next, create interview questions for a person who will work on the sales floor. What types of questions would you ask during the interview to assess person-organisation fit? How would you conduct the interview (who would be involved in the interviewing process, where would you conduct the interview, and so on) to maximize the chances of someone with a high person-organisation fit?

Chapter 1

Aguirre, D. M., Howell, L. W., Kletter, D. B., & Neilson, G. L. (2005). A global check-up: Diagnosing the health of today's organizations (online report). Retrieved July 25, 2008, from the Booz & Company Web site: <http://www.orgdna.com/downloads/GlobalCheckUp-OrgHealthNov2005.pdf>.

BlessingWhite. (2008, April). 2008 Employee engagement report. Retrieved May 15, 2008, from the BlessingWhite Inc. Web site: http://www.blessingwhite.com/eee_report.asp.

Callahan, D. (2004). *The cheating culture: Why more Americans are doing wrong to get ahead*. New York: Harcourt Books

Campbell, J. L. (2007). Why would corporations behave in socially responsible ways? An institutional theory of corporate social responsibility. *Academy of Management Review*, 32, 946–967.

CNET UK. (2006, April 26). 60 billion emails sent daily worldwide. Retrieved July 26, 2008, from the CNET UK Web site: <http://www.cnet.co.uk/misc/print/0,39030763,49265163,00.htm>.

Diana, A. (2003, November 12). Outsourcing by the numbers. *TechNewsWorld*. Retrieved May 22, 2008, from <http://www.technewsworld.com/story/32114.html?omewelcome=1211412779&welcome=121147come=1211478843>.

Driscoll, K., & McKee, M. (2007). Restorying a culture of ethical and spiritual values: A role for leader storytelling. *Journal of Business Ethics*, 73, 205–217.

Employee engagement. Retrieved September 12, 2008, from Gallup Web site: <http://www.gallup.com/consulting/52/Employee-Engagement.as>

Etzion, D. (2007). Research on organizations and the natural environment, 1992–present: A review. *Journal of Management*, 33, 637–664.

Ewart, H. (2008, April 29). Female truckies needed amid driver shortage. Retrieved June 1, 2008, from the ABC News Web site: <http://www.abc.net.au/news/stories/2008/04/29/2229837.htm>.

Fetterman, W. (2006). Wal-Mart grows “green” strategies. *USA Today*. Retrieved June 1, 2008, from http://www.usatoday.com/money/industries/retail/2006-09-24-wal-mart-cover-usat_x.htm.

Friedman, T. L. (2005, April 3). It's a flat world, after all. *New York Times*. Retrieved June 1, 2008, from <http://www.nytimes.com/2005/04/03/magazine/03DOMINANCE.html>.

Gallup Press. (2006, October 12). Gallup study: Engaged employees inspire company innovation. *Gallup Management Journal*. Retrieved October 29, 2008, from

<http://gmj.gallup.com/content/24880/> Gallup-Study-Engaged- Employees-Inspire-Company.aspx.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38, 635-672.

Kirkpatrick, D. (1998). The second coming of Apple. *Fortune*, 138, 90.

McGee, M. K. (2007, October 2). Canada wants to become the next India for U.S. software companies. *Information Week*. Retrieved May 22, 2008, from <http://www.informationweek.com/news/management/showArticle.jhtml?articleID=202200301>.

Michaels, E., Handfield-Jones, H., & Axelrod, B. (2001). *The war for talent*. Boston: Harvard Business School Publishing.

Oblinger, D. (2003). Boomers, Genexers and Millennials: Understanding the new students. *Educause Review*. Retrieved June 2, 2008, from <http://net.educause.edu/ir/library/pdf/ERM0342.pdf>.

Peters, T. (1997). The brand called you. *Fast Company*. Retrieved July 1, 2008, from <http://www.fast-company.com/magazine/10/brandyou.html>.

Peters, T. (2004). Brand you survival kit. *Fast Company*. Retrieved July 1, 2008, from <http://www.fast-company.com/magazine/83/playbook.html>.

Pfeffer, J. (1998). *The human equation: Building profits by putting people first*. Boston: Harvard Business School Press.

Pfeffer, J., & Veiga, J. F. (1999). Putting people first for organizational success. *Academy of Management Executive*, 13, 37-48.

Richard et al. (2009): Measuring Organizational Performance: Towards Methodological Best Practice. *Journal of Management*.

Sacks, D. (2007, December 19). Working with the enemy. *Fast Company*. Retrieved June 1, 2008, from <http://www.fastcompany.com/magazine/118/working-with-the-enemy.html>.

Taylor, C. (2002, June 10). 12 Steps for email addicts. *Time.com*. Retrieved October 14, 2008, from <http://www.time.com/time/magazine/article/0,9171,1002621,00.html>.

Toffler, B. L. (2003). Five ways to jump-start your company's ethics. *Fast Company*. Retrieved May 4, 2008, from <http://www.fastcompany.com/magazine/75/5ways.html>

Trevino, L. K., Weaver, G. R., & Reynolds, S. J. (2006). Behavioral ethics in organisations: A review. *Journal of Management*, 32, 951–990.

U.S. Bureau of Labor Statistics. (2005). Retrieved December 8, 2005, from the U.S. Bureau of Labor Statistics Web site: <http://www.bls.gov/nls/nlsfaqs.htm#anch5>.

Wagner, S., & Dittmar, L. (2006, April). The unexpected benefits of Sarbanes-Oxley. *Harvard Business Review*, 84, 133–140.

Watson, B. (2008, January 30). Aviation. Retrieved June 1, 2008, from the MSNBC Web site: <http://www.msnbc.msn.com/id/22917202/>.

Welbourne, T., & Andrews, A. (1996). Predicting performance of Initial Public Offering firms: Should HRM be in the equation? *Academy of Management Journal*, 39, 910–911.

Workopolis. (2014, April 12). *How many jobs do Canadians hold in a lifetime?* Retrieved from <https://careers.workopolis.com/advice/how-many-jobs-do-canadians-hold-in-a-lifetime/>

Zinkewicz, P. (2005, April 11). Satisfaction (not) guaranteed. Retrieved October 29, 2008, from the Age Wave Web site: http://www.agewave.com/media_files/rough.html.

Chapter 2

Avery, D. R. (2003). Reactions to diversity in recruitment advertising: Are differences black and white?

Castillo, L. (2009, February 24). Goodwill Industries offers employment programs. *Clovis News Journal*. Retrieved April 22, 2010, from <http://www.cnjonline.com/news/industries-32474-goodwill-duttweiler.html>; Information retrieved April 22, 2010, from the Oregon E-Cycles Web site: <http://www.deq.state.or.us/lq/ecycle>.

Chatman, J. A., Polzer, J. T., Barsade, S. G., & Neale, M. A. (1998). Being different yet feeling similar: The influence of demographic composition and organizational culture on work processes and outcomes. *Administrative Science Quarterly*, 43, 749–780.

Charity Village. (2019). Professional Associations. *Charity village*. Retrieved from <https://charityvillage.com/cms/organizations/professional-associations>

Chorus Aviation Inc. (2019, March 01). Jazz Aviation Named One of Canada's Best Diversity Employers for Eighth Consecutive Year. *NewsWire.ca*. Retrieved from <https://www.newswire.ca/news-releases/jazz-aviation-named-one-of-canada-s-best-diversity-employers-for-eighth-consecutive-year-832920940.html>

Denison, D. R., Haaland, S., & Goelzer, P. (2004). Corporate culture and organizational effectiveness: Is Asia different from the rest of the world? *Organisational Dynamics*, 33, 98–109.

Dreher, G. F., & Cox, T. H. (1996). Race, gender and opportunity: A study of compensation attainment and the establishment of mentoring relationships. *Journal of Applied Psychology*, 81, 297–308.

Employment and Social Development Canada. (2018, February 16). *Employment equity in federally regulated workplaces*. Retrieved from <https://seneca.libguides.com/c.php?g=20762&p=160695>.

Ergeneli, A., Gohar, R., & Temirbekova, Z. (2007). Transformational leadership: Its relationship to culture value dimensions. *International Journal of Intercultural Relations*, 31, 703–724.

Fisher, A. (2004). How you can do better on diversity. *Fortune*, 150(10), 60.

Frauenheim, E. (2005). Crossing cultures. *Workforce Management*, 84(13), 1–32.

Goodwill Industries of North Central Wisconsin. (2009). A brief history of Goodwill Industries International. Retrieved March 3, 2010, from <http://www.goodwillncw.org/goodwillhistory1.htm>

Gomez, C., Shapiro, D. L., & Kirkman, B. L. (2000). The impact of collectivism and in-group/out-group membership on the evaluation generosity of team members. *Academy of Management Journal*, 43, 1097–1106.

Hofstede, G. (1980). Culture and organisations. *International Studies of Management & organization*, 10(4), 15–41.

Hui, H. C., & Triandis, H. C. (1986). Individualism-collectivism: A study of cross-cultural researchers.

Javidan, M., & Dastmalchian, A. (2003). Culture and leadership in Iran: The land of individual achievers, strong family ties and powerful elite. *Academy of Management Executive*, 17, 127–142.

Jehn, K. A., Northcraft, G. B., & Neale, M. A. (1999). Why differences make a difference: A field study of diversity, conflict, and performance in workgroups. *Administrative Science Quarterly*, 44, 741–763.

Jermyn, D. (2018, May 16). *The Globe and Mail*. Canada's best companies find strength in diversity. Retrieved from <https://www.theglobeandmail.com/report-on-business/careers/top-employers/canadas-best-companies-find-strength-in-diversity/article29038539/>.

Joiner, A. (2001). The influence of national culture and organisational culture alignment on job stress and performance: Evidence from Greece. *Journal of Managerial Psychology*, 16, 229–243.

Kirkman, B. L., Gibson, B. C., & Shapiro, D. L. (2001). Exporting teams: Enhancing the implementation and effectiveness of work teams in global affiliates. *Organisational Dynamics*, 30, 12–29.

Lamers, Matt. (2019, April 3). Lack of boardroom diversity will cost Canadian cannabis companies. *Marijuana Business Daily*. Retrieved from <https://mjbizdaily.com/lack-boardroom-diversity-cost-canadian-cannabis-companies/>

McLeod, P., Lobel, S., & Cox, T. H. (1996). Ethnic diversity and creativity in small groups. *Small Group Research*, 27, 248–264.

Mendhi, E & Dart, B. (2018, February 18). More work must be done to boost gender diversity in Canada's boardrooms. *The Globe and Mail*. Retrieved from <https://seneca.libguides.com/c.php?g=20762&p=121151>.

Nussenbaum, E. (2003). The lonely recruiter. *Business 2.0*, 4(9), 132.

Pearsall, M. J., Ellis, A. P. J., & Evans, J. M. (2008). Unlocking the effects of gender faultlines on team creativity: Is activation the key? *Journal of Applied Psychology*, 93, 225–234.

Pelled, L. H., Eisenhardt, K. M., & Xin, K. R. (1999). Exploring the black box: An analysis of work group diversity, conflict, and performance. *Administrative Science Quarterly*, 44, 1–28.

Pornpitakpan, C. (2000). Trade in Thailand: A three-way cultural comparison. *Business Horizons*, 43, 61–70.

Price, K. H., Harrison, D. A., & Gavin, J. H. (2006). Withholding inputs in team contexts: Member composition, interaction processes, evaluation structure, and social loafing. *Journal of Applied Psychology*, 91, 1375–1384.

Raghuram, S., London, M., & Larsen, H. H. (2001). Flexible employment practices in Europe: Country versus culture. *International Journal of Human Resource Management*, 12, 738–753.

Riordan, C. M., & Shore, L. M. (1997). Demographic diversity and employee attitudes: An empirical examination of relational demography within work units. *Journal of Applied Psychology*, 82, 342–358.

Rothaermel, F. T., Kotha, S., & Steensma, H. K. (2006). International market entry by U.S. Internet firms: An empirical analysis of country risk, national culture, and market size. *Journal of Management*, 32, 56–82.

Ryan, A. M., Farland, L. M., Baron, H., & Page R. (1999). An international look at selection practices: Nation and culture as explanations for variability in practice. *Personnel Psychology*, 52, 359–391.

Rynes, S., & Rosen, B. (1995). A field survey of factors affecting the adoption and perceived success of diversity training. *Personnel Psychology*, 48, 247–270.

Sanchez, J. I., & Brock, P. (1996). Outcomes of perceived discrimination among Hispanic employees: Is diversity management a luxury or necessity? *Academy of Management Journal*, 39, 704–719.

Sawyer, J. E., Houlette, M. A., & Yeagley, E. L. (2006). Decision performance and diversity structure: Comparing faultlines in convergent, crosscut, and racially homogeneous groups. *Organisational Behavior and Human Decision Processes*, 99, 1–15.

Slack, E. (2009). Selling hope. *Retail Merchandiser*, 49(1), 89–91

Slater, S. F., Weigand, R. A., & Zwirlein, T. J. (2008). The business case for commitment to diversity.

Tabafunda, J. (2008, July 26). After 85 years, Seattle Goodwill continues to improve lives. *Northwest Asian Weekly*. Retrieved March 1, 2010, from <http://www.nwasianweekly.com/old/2008270031/good-will20082731.htm>

Tosi, H. L., & Greckhamer, T. (2004). Culture and CEO compensation. *organization Science*, 15, 657–670.

Triandis, H. C., McCusker, C., & Hui, H. C. (1990). Multimethod probes on individualism and collectivism. *Journal of Personality and Social Psychology*, 59, 1006–1020.

Tsui, A. S., Nifadkar, S. S., & Ou, A. Y. (2007). Cross-national, cross-cultural organisational behavior research: Advances, gaps, and recommendations. *Journal of Management*, 33, 426–478.

Walker, R. (2008, November 2). Consumed: Goodwill hunting. *New York Times Magazine*, p. 18.

Yang, J. L. (2006). Pepsi's diversity push pays off. *Fortune*, 154(5), 15.

Chapter 3

Ahearne, M., Mathieu, J., & Rapp, A. (2005). To empower or not to empower your sales force? An empirical examination of the influence of leadership empowerment behavior on customer satisfaction and performance. *Journal of Applied Psychology*, 90, 945–955.

Anderson, C., & Thompson, L. L. (2004). Affect from the top down: How powerful individuals' positive affect shapes negotiations. *Organizational Behavior and Human Decision Processes*, 95, 125–139.

Baer, M., & Oldham, G. R. (2006). The curvilinear relation between experienced creative time

pressure and creativity: Moderating effects of openness to experience and support for creativity. *Journal of Applied Psychology*, 91, 963–970.

Barrick, M. R., & Mount, M. K. (1993). Autonomy as a moderator of the relationships between the Big Five personality dimensions and job performance. *Journal of Applied Psychology*, 78, 111–118.

Barrick, M. R., & Mount, M. K. (1991). The Big Five personality dimensions and job performance: A meta-analysis. *Personnel Psychology*, 44, 1–26.

Barrick, M. R., & Mount, M. K. (1996). Effects of impression management and self-deception on the predictive validity of personality constructs. *Journal of Applied Psychology*, 81, 261–272.

Barrick, M. R., Patton, G. K., & Haugland, S. N. (2000). Accuracy of interviewer judgments of job applicant personality traits. *Personnel Psychology*, 53, 925–951.

Bauer, T. N., Erdogan, B., Liden, R. C., & Wayne, S. J. (2006). A longitudinal study of the moderating role of extraversion: Leader-member exchange, performance, and turnover during new executive development. *Journal of Applied Psychology*, 91, 298–310.

Beagrie, S. (2006, September 26). How to...build up self confidence. *Personnel Today*, p. 31.

Benassi, V. A., Sweeney, P. D., & Dufour, C. L. (1988). Is there a relation between locus of control orientation and depression? *Journal of Abnormal Psychology*, 97, 357–367.

Berta, D. (2002, February 25). Industry increases applicant screening amid labor surplus, security concerns. *Nation's Restaurant News*, 36(8), 4.

Beste, F. J., III. (2007, November–December). Are you an entrepreneur? *In Business*, 29(6), 22.

Bono, J. E., & Judge, T. A. (2004). Personality and transformational and transactional leadership: A meta-analysis. *Journal of Applied Psychology*, 89, 901–910.

Brown, D. J., Cober, R. T., Kane, K., Levy, P. E., & Shalhoop, J. (2006). Proactive personality and the successful job search: A field investigation with college graduates. *Journal of Applied Psychology*, 91, 717–726.

Bruce, C. (2007, October). Business Etiquette 101: Making a good first impression. *Black Collegian*, 38(1), 78–80

Bryant, A. (2010, March 19). Just give him 5 sentences, not “War and Peace.” *New York Times*. Retrieved March 26, 2010, from <http://www.nytimes.com/2010/03/21/business/21corner.html?emc=etal>

- Caldwell, D. F., & Burger, J. M. (1998). Personality characteristics of job applicants and success in screening interviews. *Personnel Psychology*, 51, 119–136.
- Carlyn, M. (1977). An assessment of the Myers-Briggs Type Indicator. *Journal of Personality Assessment*, 41, 461–473.
- Certo, S. T., & Certo, S. C. (2005). Spotlight on entrepreneurship. *Business Horizons*, 48, 271–274.
- Chan, D. (2006). Interactive effects of situational judgment effectiveness and proactive personality on work perceptions and work outcomes. *Journal of Applied Psychology*, 91, 475–481.
- Crant, M. J. (1995). The proactive personality scale and objective job performance among real estate agents. *Journal of Applied Psychology*, 80, 532–537.
- Day, D. V., & Schleicher, D. J. (2006). Self-monitoring at work: A motive-based perspective. *Journal of Personality*, 74, 685–714.
- Day, D. V., Schleicher, D. J., Unckless, A. L., & Hiller, N. J. (2002). Self-monitoring personality at work: A meta-analytic investigation of construct validity. *Journal of Applied Psychology*, 87, 390–401.
- DeNeve, K. M., & Cooper, H. (1998). The happy personality: A meta-analysis of 137 personality traits and subjective well-being. *Psychological Bulletin*, 124, 197–229.
- Dunn, W. S., Mount, M. K., Barrick, M. R., & Ones, D. S. (1995). Relative importance of personality and general mental ability in managers' judgments of applicant qualifications. *Journal of Applied Psychology*, 80, 500–509.
- Emmett, A. (2004). Snake oil or science? That's the raging debate on personality testing. *Workforce Management*, 83, 90–92.
- Erdogan, B., & Bauer, T. N. (2005). Enhancing career benefits of employee proactive personality: The role of fit with jobs and organizations. *Personnel Psychology*, 58, 859–891.
- Evenson, R. (2007, May). Making a great first impression. *Techniques*, 14–17.
- Fields, J. M., & Schuman, H. (1976). Public beliefs about the beliefs of the public. *Public Opinion Quarterly*, 40(4), 427–448.
- Frauenheim, E. (2006, March 13). Unicru beefs up data in latest screening tool. *Workforce Management*, 85(5), 9–10.
- Frazier, M. (2005, April). Help wanted. *Chain Store Age*, 81(4), 37–39.

Gale, C. R., Batty, G. D., & Deary, I. J. (2008). Locus of control at age 10 years and health outcomes and behaviors at age 30 years: The 1970 British Cohort Study. *Psychosomatic Medicine*, 70, 397–403.

Gale, S. F. (2002). Three companies cut turnover with tests. *Workforce*, 81(4), 66–69.

George, J. M. (1989). Mood and absence. *Journal of Applied Psychology*, 74, 317–324.

George, J. M., & Jones, G. R. (1996). The experience of work and turnover intentions: Interactive effects of value attainment, job satisfaction, and positive mood. *Journal of Applied Psychology*, 81, 318–325.

Goldberg, L. R. (1990). An alternative “description of personality”: The big-five factor structure. *Journal of Personality & Social Psychology*, 59, 1216–1229.

Goldsmith, B. (2006, October). Building self confidence. *PA Times, Education Supplement*, p. 30

Haaland, D. E. (2006, April 17). Safety first: Hire conscientious employees to cut down on costly workplace accidents. *Nation's Restaurant News*, 40(16), 22–24

Higgins, E. T., & Bargh, J. A. (1987). Social cognition and social perception. *Annual Review of Psychology*, 38, 369–425.

Ilies, R., & Judge, T. A. (2003). On the heritability of job satisfaction: The mediating role of personality. *Journal of Applied Psychology*, 88, 750–759

Ilies, R., Scott, B. A., & Judge, T. A. (2006). The interactive effects of personal traits and experienced states on intraindividual patterns of citizenship behavior. *Academy of Management Journal*, 49, 561–575.

Iwata, E. (2008, November 10). Kawasaki doesn't accept failure; promotes learning through mistakes. *USA Today*, p. 3B. Retrieved April 2, 2010, from <http://academic.lexisnexis.com/>.

Jawahar, I. M. (2001). Attitudes, self-monitoring, and appraisal behaviors. *Journal of Applied Psychology*, 86, 875–883.

John, O. P., & Robins, R. W. (1994). Accuracy and bias in self-perception: Individual differences in self-enhancement and the role of narcissism. *Journal of Personality and Social Psychology*, 66, 206–219.

Judge, T. A., & Bretz, R. D. (1992). Effects of work values on job choice decisions. *Journal of Applied Psychology*, 77, 261–271.

Judge, T. A., & Bono, J. E. (2001). Relationship of core self-evaluations traits—self esteem, generalized self efficacy, locus of control, and emotional stability—with job satisfaction and job performance: A meta-analysis. *Journal of Applied Psychology*, 86, 80–92.

Judge, T. A., Heller, D., & Mount, M. K. (2002). Five-factor model of personality and job satisfaction: A meta-analysis. *Journal of Applied Psychology*, 87, 530–541.

Judge, T. A., & Higgins, C. A. (1999). The Big Five personality traits, general mental ability, and career success across the life span. *Personnel Psychology*, 52, 621–652.

Judge, T. A., & Ilies, R. (2002). Relationship of personality to performance motivation: A meta-analytic review. *Journal of Applied Psychology*, 87, 797–807.

Judge, T. A., Jackson, C. L., Shaw, J. C., Scott, B. A., & Rich, B. L. (2007). Self-efficacy and work-related performance: The integral role of individual differences. *Journal of Applied Psychology*, 92, 107–127.

Judge, T. A., Martocchio, J. J., & Thoresen, C. J. (1997). Five-factor model of personality and employee absence. *Journal of Applied Psychology*, 82, 745–755.

Kammeyer-Mueller, J. D., & Wanberg, C. R. (2003). Unwrapping the organizational entry process: Disentangling multiple antecedents and their pathways to adjustment. *Journal of Applied Psychology*, 88, 779–794.

Kawasaki, G. (2004). *The art of the start: The time-tested, battle-hardened guide for anyone starting anything*. New York: Penguin Group

Keltner, D., Ellsworth, P. C., & Edwards, K. (1993). Beyond simple pessimism: Effects of sadness and anger on social perception. *Journal of Personality and Social Psychology*, 64, 740–752.

Kennett, M. (2006, October). The scale of confidence. *Management Today*, p. 40–45;

Parachin, V. M. (March 2003, October). Developing dynamic self-confidence.

Supervision, 64(3), 13–15.

Kilduff, M., & Day, D. V. (1994). Do chameleons get ahead? The effects of self-monitoring on managerial careers. *Academy of Management Journal*, 37, 1047–1060.

Klein, K. J., Beng-Chong, L., Saltz, J. L., & Mayer, D. M. (2004). How do they get there? An examination of the antecedents of centrality in team networks. *Academy of Management Journal*, 47, 952–963.

Leonard, D., & Straus, S. (1997). Identifying how we think: The Myers-Briggs Type Indicator and the Hermann Brain Dominance Instrument. *Harvard Business Review*, 75(4), 114–115.

- LePine, J. A. (2003). Team adaptation and postchange performance: Effects of team composition in terms of members' cognitive ability and personality. *Journal of Applied Psychology, 88*, 27–39.
- LePine, J. A., & Van Dyne, L. (2001). Peer responses to low performers: An attributional model of helping in the context of groups. *Academy of Management Review, 26*, 67–84.
- Lievens, F., Harris, M. M., Van Keer, E., & Bisqueret, C. (2003). Predicting cross-cultural training performance: The validity of personality, cognitive ability, and dimensions measured by an assessment center and a behavior description interview. *Journal of Applied Psychology, 88*, 476–489.
- Lord, C. G., Ross, L., & Lepper, M. R. (1979). Biased assimilation and attitude polarization: The effects of prior theories on subsequently considered evidence. *Journal of Personality and Social Psychology, 37*, 2098–2109.
- Lusk, E. J., & Oliver, B. L. (1974). Research Notes. American manager's personal value systems-revisited. *Academy of Management Journal, 17*(3), 549–554.
- Major, D. A., Turner, J. E., & Fletcher, T. D. (2006). Linking proactive personality and the Big Five to motivation to learn and development activity. *Journal of Applied Psychology, 91*, 927–935.
- Mather, J., & Watson, M. (2008, May 23). Perfect candidate. *The Times Educational Supplement, 4789*, 24–26.
- Mayer, D., Nishii, L., Schneider, B., & Goldstein, H. (2007). The precursors and products of justice climates: Group leader antecedents and employee attitudinal consequences. *Personnel Psychology, 60*, 929–963.
- Mehra, A., Kilduff, M., & Brass, D. J. (2001). The social networks of high and low self-monitors: Implications for workplace performance. *Administrative Science Quarterly, 46*, 121–146.
- Messmer, M. (2007, July). 10 minutes to impress. *Journal of Accountancy, 204*(1), 13.
- Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007). Are we getting fooled again? Coming to terms with limitations in the use of personality tests for personnel selection. *Personnel Psychology, 60*, 1029–1049.
- Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007). Reconsidering the use of personality tests in personnel selection contexts. *Personnel Psychology, 60*, 683–729.
- Mount, M. K., Barrick, M. R., & Strauss, J. P. (1994). Validity of observer ratings of the Big Five personality factors. *Journal of Applied Psychology, 79*, 272–280.

Myers, I. B. (1962). *The Myers-Briggs Type Indicator*. Princeton, NJ: Princeton University Press.

Ng, T. W. H., Soresen, K. L., & Eby, L. T. (2006). Locus of control at work: A meta-analysis. *Journal of Organizational Behavior*, 27, 1057–1087.

Ones, D. S., Dilchert, S., Viswesvaran, C., & Judge, T. A. (2007). In support of personality assessment in organizational settings. *Personnel Psychology*, 60, 995–1027.

Ones, D. S., Viswesvaran, C., & Reiss, A. D. (1996). Role of social desirability in personality testing for personnel selection. *Journal of Applied Psychology*, 81, 660–679.

Overholt, A. (2002, February). True or false? You're hiring the right people. *Fast Company*, 55, 108–109.

Phillips, J. M., & Gully, S. M. (1997). Role of goal orientation, ability, need for achievement, and locus of control in the self-efficacy and goal setting process. *Journal of Applied Psychology*, 82, 792–802.

Rafter, M. V. (2005, May). Unicru breaks through in the science of “smart hiring.” *Workforce Management*, 84(5), 76–78.

Ravlin, E. C., & Meglino, B. M. (1987). Effect of values on perception and decision making: A study of alternative work values measures. *Journal of Applied Psychology*, 72, 666–673.

Reece, T. (2006, November–December). How to wow! *Career World*, 35, 16–18.

Reitz, H. J., & Jewell, L. N. (1979). Sex, locus of control, and job involvement: A six-country investigation. *Academy of Management Journal*, 22, 72–80.

Riskind, J. H., Moore, R., & Bowley, L. (1995). The looming of spiders: The fearful perceptual distortion of movement and menace. *Behaviour Research and Therapy*, 33, 171.

Robbins, S. B., Lauver, K., Le, H., Davis, D., Langley, R., & Carlstrom, A. (2004). Do psychosocial and study skill factors predict college outcomes? A meta-analysis. *Psychological Bulletin*, 130, 261–288.

Roberts, B. W., Walton, K. E., & Viechtbauer, W. (2006). Patterns of mean-level change in personality traits across the life course: A meta-analysis of longitudinal studies. *Psychological Bulletin*, 132, 1–25.

Rokeach, M. (1973). *The nature of human values*. New York: Free Press.

Ross, L., Greene, D., & House, P. (1977). The “false consensus effect”: An egocentric bias in social perception and attribution processes. *Journal of Experimental Social Psychology*, 13, 279–301.

Ross, L., Lepper, M. R., & Hubbard, M. (1975). Perseverance in self-perception and social perception: Biased attributional processes in the debriefing paradigm. *Journal of Personality and Social Psychology*, 32, 880–892.

Seibert, S. E. (1999). Proactive personality and career success. *Journal of Applied Psychology*, 84, 416–427.

Seibert, S. E., Kraimer, M. L., & Crant, M. J. (2001). What do proactive people do? A longitudinal model linking proactive personality and career success. *Personnel Psychology*, 54, 845–874.

Shuit, D. P. (2003). At 60, Myers-Briggs is still sorting out and identifying people’s types. *Workforce Management*, 82(13), 72–74.

Skarlicki, D. P., Folger, R., & Tesluk, P. (1999). Personality as a moderator in the relationship between fairness and retaliation. *Academy of Management Journal*, 42, 100–108.

Snyder, M. (1974). Self-monitoring of expressive behavior. *Journal of Personality and Social Psychology*, 30, 526–537.

Snyder, M. (1987). *Public appearances/public realities: The psychology of self-monitoring*. New York: Freeman.

Snyder, M., Tanke, E. D., & Berscheid, E. (1977). Social perception and interpersonal behavior: On the self-fulfilling nature of social stereotypes. *Journal of Personality and Social Psychology*, 35, 656–666.

Stajkovic, A. D., & Luthans, F. (1998). Self-efficacy and work-related performance: A meta-analysis. *Psychological Bulletin*, 124, 240–261.

Staw, B. M., Bell, N. E., & Clausen, J. A. (1986). The dispositional approach to job attitudes: A lifetime longitudinal test. *Administrative Science Quarterly*, 31, 56–77.

Steel, P. (2007). The nature of procrastination: A meta-analytic and theoretical review of quintessential self-regulatory failure. *Psychological Bulletin*, 133, 65–94.

Tay, C., Ang, S., & Van Dyne, L. (2006). Personality, biographical characteristics, and job interview success: A longitudinal study of the mediating effects of interviewing self-efficacy and the moderating effects of internal locus of control. *Journal of Applied Psychology*, 91, 446–454.

Tett, R. P., & Christiansen, N. D. (2007). Personality tests at the crossroads: A response to

- Morgeson, Campion, Dipboye, Hollenbeck, Murphy, and Schmitt (2007). *Personnel Psychology*, 60, 967–993.
- Thompson, J. A. (2005). Proactive personality and job performance: A social capital perspective. *Journal of Applied Psychology*, 90, 1011–1017.
- Turban, D. B., & Dougherty, T. W. (1994). Role of protégé personality in receipt of mentoring and career success. *Academy of Management Journal*, 37, 688–702.
- Turban, D. B., & Keon, T. L. (1993). Organizational attractiveness: An interactionist perspective. *Journal of Applied Psychology*, 78, 184–193.
- Turnley, W. H., & Bolino, M. C. (2001). Achieving desired images while avoiding undesired images: Exploring the role of self-monitoring in impression management. *Journal of Applied Psychology*, 86, 351–360.
- Vinchur, A. J., Schippmann, J. S., Switzer, F. S., & Roth, P. L. (1998). A meta-analytic review of predictors of job performance for salespeople. *Journal of Applied Psychology*, 83, 586–597.
- Wallace, C., & Chen, G. (2006). A multilevel integration of personality, climate, self-regulation, and performance. *Personnel Psychology*, 59, 529–557.
- Waller, M. J., Huber, G. P., & Glick, W. H. (1995). Functional background as a determinant of executives' selective perception. *Academy of Management Journal*, 38, 943–974.
- Wanberg, C. R., & Kammeyer-Mueller, J. D. (2000). Predictors and outcomes of proactivity in the socialization process. *Journal of Applied Psychology*, 85, 373–385.
- Watson, D., & Clark, L. A. (1984). Negative affectivity: The disposition to experience aversive emotional states. *Psychological Bulletin*, 96, 465–490.
- Weingarten, G. (2007, April 8). Pearls before breakfast. *Washington Post*. Retrieved January 29, 2009, from <http://www.washingtonpost.com/wp-dyn/content/article/2007/04/04/AR2007040401721.html>.
- Wofford, J. C., Goodwin, V. L., & Premack, S. (1992). Meta-analysis of the antecedents of personal goal level and of the antecedents and consequences of goal commitment. *Journal of Management*, 18, 595–615.
- Zhao, H., & Seibert, S. E. (2006). The Big Five personality dimensions and entrepreneurial status: A meta-analytic review. *Journal of Applied Psychology*, 91, 259–271.
- Zimmerman, R. D. (2008). Understanding the impact of personality traits on individuals' turnover decisions: A meta-analytic path model. *Personnel Psychology*, 61, 309–348.

Chapter 4

Bauer, T. N., Bodner, T., Erdogan, B., Truxillo, D. M., & Tucker, J. S. (2007). Newcomer adjustment during organizational socialization: A meta-analytic review of antecedents, outcomes, and methods. *Journal of Applied Psychology*, 92, 707–721.

Bertua, C., Anderson, N., & Salgado, J. F. (2005). The predictive validity of cognitive ability tests: A UK meta-analysis. *Journal of Occupational and Organizational Psychology*, 78, 387–409.

C. (2005, July). SAS...not SOS. *Benefits Canada*, 29(7), 18

Cohen-Charash, Y., & Spector, P. E. (2001). The role of justice in organizations: A meta-analysis. *Organizational Behaviour and Human Decision Processes*, 86, 278–321.

Colquitt, J. A., Conlon, D. E., Wesson, M. J., Porter, C. O. L. H., & Ng, K. Y. (2001). Justice at the millennium: A meta-analytic review of 25 years of organizational justice research. *Journal of Applied Psychology*, 86, 425–445.

Colquitt, J. A., Scott, B. A., & LePine, J. A. (2007). Trust, trustworthiness, and trust propensity: A meta-analytic test of their unique relationships with risk taking and job performance. *Journal of Applied Psychology*, 92, 909–927.

Conlin, M. (2007, November 12). Shirking working: The war on hooky. *Business Week*, 4058, 72–75.

Connolly, J. J., & Viswesvaran, C. (2000). The role of affectivity in job satisfaction: A meta-analysis. *Personality and Individual Differences*, 29, 265–281.

Farrell, D., & Stamm, C. L. (1988). Meta-analysis of the correlates of employee absence. *Human Relations*, 41, 211–227.

Financial stress: The latest worker risk. (2008). *HR Focus*, 85(6), 12.

Florida, R., & Goodnight, J. (2005, July–August). Managing for creativity. *Harvard Business Review*, 83(7/8), 124–131; Karlgaard, R. (2006, October 16). Who wants to be public? *Forbes Asia*, 2(17), 22.

Gale, S. F. (2003). Sickened by the cost of absenteeism, companies look for solutions. *Workforce Management*, 82(9), 72–75.

Gerstner, C. R., & Day, D. V. (1997). Meta-analytic review of leader-member exchange theory: Correlates and construct issues. *Journal of Applied Psychology*, 82(6), 827–844.

Gilboa, S., Shirom, A., Fried, Y., & Cooper, C. (2008). A meta-analysis of work demand stressors and job performance: Examining main and moderating effects. *Personnel Psychology*,

61, 227–271.

Iaffaldano, M. T., & Muchinsky, P. M. (1985). Job satisfaction and job performance: A meta-analysis. *Psychological Bulletin*, 97, 251–273.

Judge, T. A., & Bono, J. E. (2001). Relationship of core self-evaluations traits—self esteem, generalized self efficacy, internal locus of control, and emotional stability—with job satisfaction and job performance: A meta-analysis. *Journal of Applied Psychology*, 86, 80–92.

Judge, T. A., Heller, D., & Mount, M. K. (2002). Five-factor model of personality and job satisfaction: A meta-analysis. *Journal of Applied Psychology*, 87, 530–541.

Judge, T. A., Piccolo, R. F., & Ilies, R. (2004). The forgotten ones? The validity of consideration and initiating structure in leadership research. *Journal of Applied Psychology*, 89, 36–51.

Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. T. (2001). The job satisfaction—job performance relationship: A qualitative and quantitative review. *Journal of Applied Psychology*, 127, 376–407.

Kinicki, A. J., McKee-Ryan, F. M., Schriesheim, C. A., & Carson, K. P. (2002). Assessing the construct validity of the job descriptive index: A review and meta-analysis. *Journal of Applied Psychology*, 87, 14–32.

Kristof-Brown, A. L., Zimmerman, R. D., & Johnson, E. C. (2005). Consequences of individuals' fit at work: A meta-analysis of person-job, person-organization, person-group, and person-supervisor fit. *Personnel Psychology*, 58, 281–342.

Kuncel, N. R., Hezlett, S. A., & Ones, D. S. (2004). Academic performance, career potential, creativity, and job performance: Can one construct predict them all? *Journal of Personality and Social Psychology*, 86, 148–161.

Loher, B. T., Noe, R. A., Moeller, N. L., & Fitzgerald, M. P. (1985). A meta-analysis of the relation of job characteristics to job satisfaction. *Journal of Applied Psychology*, 70, 280–289.

Martocchio, J. J., Harrison, D. A., & Berkson, H. (2000). Connections between lower back pain, interventions, and absence from work: A time-based meta-analysis. *Personnel Psychology*, 53, 595–624.

Mathieu, J. E., & Zajac, D. M. (1990). A review and meta-analysis of the antecedents, correlates, and consequences of organizational commitment. *Psychological Bulletin*, 108, 171–194.

Meyer, J. P., Stanley, D. J., Herscovitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. *Journal of Vocational Behaviour*, 61, 20–52.

Miller, B. K., Rutherford, M. A., & Kolodinsky, R. W. (2008). Perceptions of organizational politics: A meta-analysis of outcomes. *Journal of Business and Psychology*, 22, 209–222.

Parks, K. M., & Steelman, L. A. (2008). *Journal of Occupational and Organizational Psychology*, 13, 58–68.

Petty, M. M., McGee, G. W., & Cavender, J. W. (1984). A meta-analysis of the relationships between individual job satisfaction and individual performance. *Academy of Management Review*, 9, 712–721.

Podsakoff, N. P., LePine, J. A., & LePine, M. A. (2007). Differential challenge stressor-hindrance stressor relationships with job attitudes, turnover intentions, turnover, and withdrawal behavior: A meta-analysis. *Journal of Applied Psychology*, 92, 438–454.

Podsakoff, P. M., MacKenzie, S. B., & Bommer, W. H. (1996). Meta-analysis of the relationships between Kerr and Jermier's substitutes for leadership and employee job attitudes, role perceptions, and performance. *Journal of Applied Psychology*, 81, 380–399.

Premack, S. L., & Wanous, J. P. (1985). A meta-analysis of realistic job preview experiments. *Journal of Applied Psychology*, 70, 706–719.

Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology*, 87, 698–714.

Riketta, M. (2002). Attitudinal organizational commitment and job performance: A meta-analysis. *Journal of Organizational Behaviour*, 23, 257–266.

Riketta, M. (2008). The causal relation between job attitudes and performance: A meta-analysis of panel studies. *Journal of Applied Psychology*, 93, 472–481.

Salgado, J. F., Anderson, N., Moscoso, S., Bertua, C., de Fruyt, F., & Rolland, J. P. (2003). A meta-analytic study of general mental ability validity for different occupations in the European community. *Journal of Applied Psychology*, 88, 1068–1081.

Schmidt, F. L., & Hunter, J. (2004). General mental ability of the world of work: Occupational attainment and job performance. *Journal of Personality and Social Psychology*, 86(1), 162–173.

Thoresen, C. J., Kaplan, S. A., Barsky, A. P., de Chermont, K., & Warren, C. R. (2003). The affective underpinnings of job perceptions and attitudes: A meta-analytic review and integration. *Psychological Bulletin*, 129, 914–945.

Verquer, M. L., Beehr, T. A., & Wagner, S. H. (2003). A meta-analysis of relations between person-organization fit and work attitudes. *Journal of Vocational Behaviour*, 63, 473–489.

Vinchur, A. J., Schippmann, J. S., Switzer, F. S., & Roth, P. L. (1998). A meta-analytic review of predictors of job performance for salespeople. *Journal of Applied Psychology*, 83, 586–597.

Wanous, J. P., Poland, T. D., Premack, S. L., & Davis, K. S. (1992). The effects of met expectations on newcomer attitudes and behaviors: A review and meta-analysis. *Journal of Applied Psychology*, 77, 288–297.

What keeps employees satisfied? (2007, August). *HR Focus*, pp. 10–13; Sandberg, J. (2008, April 15). For many employees, a dream job is one that isn't a nightmare. *Wall Street Journal*, p. B1.

Williams, C. R., & Livingstone, L. P. (1994). Another look at the relationship between performance and voluntary turnover. *Academy of Management Journal*, 37, 269–298.

Wright, T. A., & Bonnett, D. G. (2002). The moderating effects of employee tenure on the relation between organizational commitment and job performance: A meta-analysis. *Journal of Applied Psychology*, 87, 1183–1190.

Zhao, H., Wayne, S. J., Glibkowski, B. C., & Bravo, J. (2007). The impact of psychological contract breach on work-related outcomes: A meta-analysis. *Personnel Psychology*, 60, 647–680.

Zimmerman, R. D. (2008). Understanding the impact of personality traits on individuals' turnover decisions: A meta-analytic path model. *Personnel Psychology*, 61, 309–348.

Chapter 5

50 most powerful women. (2006). *Fortune*. Retrieved April 5, 2010, from <http://money.cnn.com/popups/2006/fortune/mostpowerfulwomen/2.html>.

Adams, J. S. (1965). Inequity in social exchange. In L. Berkowitz (Ed.), *Advances in experimental social psychology* (Vol. 2, pp. 267–299). New York: Academic Press.

Alge, B. J. (2001). Effects of computer surveillance on perceptions of privacy and procedural justice. *Journal of Applied Psychology*, 86, 797–804.

Anne M. Mulcahy. (2010). *Forbes*. Retrieved April 5, 2010, from <http://people.forbes.com/profile/anne-m-mulcahy/19732>.

Bauer, T. N., Maertz, C. P., Jr., Dolen, M. R., & Campion, M. A. (1998). Longitudinal assessment of applicant reactions to employment testing and test outcome feedback. *Journal of Applied Psychology*, 83, 892–903.

Baumeister, R. F., & Leary, M. R. (1995). The need to belong: Desire for interpersonal attachments as a fundamental human motivation. *Psychological Bulletin*, 117, 497–529.

Beatty, R. W., & Schneier, C. E. (1975). A case for positive reinforcement. *Business Horizons*, 18, 57–66.

Brockner, J., Fishman, A. Y., Reb, J., Goldman, B., Spiegel, S., & Garden, C. (2007). Procedural fairness, outcome favorability, and judgments of an authority's responsibility. *Journal of Applied Psychology*, 92, 1657–1671.

Brockner, J., & Wiesenfeld, B. M. (1996). An integrative framework for explaining reactions to decisions: Interactive effects of outcomes and procedures. *Psychological Bulletin*, 120, 189–208.

Bryant, A. (2010, February 20). Xerox's new chief tries to redefine its culture. *New York Times*. Retrieved April 5, 2010, from <http://www.nytimes.com/2010/02/21/business/21xerox.html?pagewanted=1&8dpc>.

Campbell, D. J. (1982). Determinants of choice of goal difficulty level: A review of situational and personality influences. *Journal of Occupational Psychology*, 55, 79–95.

Carrell, M. R., & Dittrich, J. E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. *Academy of Management Review*, 3, 202–210.

Cook, C. W. (1980). Guidelines for managing motivation. *Business Horizons*, 23, 61–69.

Goodman, P. S., & Friedman, A. (1971). An examination of Adams' theory of inequity. *Administrative Science Quarterly*, 16, 271–288.

Greenberg, J. (1993). Stealing in the name of justice: Informational and interpersonal moderators of theft reactions to underpayment inequity. *Organisational Behaviour and Human Decision Processes*, 54, 81–103.

Greenberg, J. (2006). Losing sleep over organisational injustice: Attenuating insomniac reactions to underpayment inequity with supervisory training in interactional justice. *Journal of Applied Psychology*, 91, 58–69.

Harvey, H. W., & Sims, H. P. (1978). Some determinants of unethical decision behaviour: An experiment. *Journal of Applied Psychology*, 63, 451–457.

Heneman, H. G., & Schwab, D. P. (1972). Evaluation of research on expectancy theory predictions of employee performance. *Psychological Bulletin*, 78, 1–9.

Kidwell, R. E. (1995). Pink slips without tears. *Academy of Management Executive*, 9, 69–70.

Lewis, L. (2005). *Trader Joe's adventure*. Chicago: Dearborn Trade

Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, 50, 370–396.

- Maslow, A. H. (1954). *Motivation and personality*. New York: Harper.
- McClelland, D. C., & Boyatzis, R. E. (1982). Leadership motive pattern and long-term success in management. *Journal of Applied Psychology*, 67, 737–743.
- McGregor, J., Salter, C., Conley, L., Haley, F., Sacks, D., & Prospero, M. (2004). Customers first. *Fast Company*, 87, 79–88
- Mueller, C. M., & Dweck, C. S. (1998). Praise for intelligence can undermine children's motivation and performance. *Journal of Personality and Social Psychology*, 75, 33–52.
- Porter, L. W., & Lawler, E. E. (1968). *Managerial attitudes and performance*. Homewood, IL: Irwin.
- Schmidt, D. R., & Marwell, G. (1972). Withdrawal and reward reallocation as responses to inequity. *Journal of Experimental Social Psychology*, 8, 207–211.
- Spangler, W. D. (1992). Validity of questionnaire and TAT measures of need for achievement: Two meta-analyses. *Psychological Bulletin*, 112, 140–154.
- Speizer, I. (2004). Shopper's special. *Workforce Management*, 83, 51–55.
- Van Eerde, W., & Thierry, H. (1996). Vroom's expectancy models and work-related criteria: A meta-analysis. *Journal of Applied Psychology*, 81, 575–586.
- Vroom, V. H. (1964). *Work and motivation*. New York: Wiley.
- Wong, M. M., & Csikszentmihalyi, M. (1991). Affiliation motivation and daily experience: Some issues on gender differences. *Journal of Personality and Social Psychology*, 60, 154–164.

Chapter 6

- Ahearne, M., Mathieu, J., & Rapp, A. (2005). To empower or not to empower your sales force? An empirical examination of the influence of leadership empowerment behaviour on customer satisfaction and performance. *Journal of Applied Psychology*, 90, 945–955.
- Alge, B. J., Ballinger, G. A., Tangirala, S., & Oakley, J. L. (2006). Information privacy in organisations: Empowering creative and extrarole performance. *Journal of Applied Psychology*, 91, 221–232.
- Brass, D. J. (1985). Technology and the structuring of jobs: Employee satisfaction, performance, and influence. *Organisational Behaviour and Human Decision Processes*, 35, 216–240.
- Breen, B. (2004, December). The 6 myths of creativity. *Fast Company*, 75–78.

Cadsby, C. B., Song, F., & Tapon, F. (2007). Sorting and incentive effects of pay for performance: An experimental investigation. *Academy of Management Journal*, 50, 387–405.

Campion, M. A., & McClelland, C. L. (1991). Interdisciplinary examination of the costs and benefits of enlarged jobs: A job design quasi-experiment. *Journal of Applied Psychology*, 76, 186–198.

Chen, G., Kirkman, B. L., Kanfer, R., Allen, D., & Rosen, B. (2007). A multilevel study of leadership, empowerment, and performance in teams. *Journal of Applied Psychology*, 92, 331–346.

Conger, J. A., & Kanungo, R. N. (1988). The empowerment process: Integrating theory and practice. *Academy of Management Review*, 13, 471–482.

Deckop, J. R., Mengel, R., & Cirka, C. C. (1999). Getting more than you pay for: Organisational citizenship behaviour and pay for performance plans. *Academy of Management Journal*, 42, 420–428.

Denton, D. K. (1994). ...I hate this job. *Business Horizons*, 37, 46–52.

Forrester, R. (2000). Empowerment: Rejuvenating a potent idea. *Academy of Management Executive*, 14, 67–79.

Grant, A. M. (2008). The significance of task significance: Job performance effects, relational mechanisms, and boundary conditions. *Journal of Applied Psychology*, 93, 108–124.

Greenwood, R. G. (1981). Management by objectives: As developed by Peter Drucker, assisted by Harold Smiddy. *Academy of Management Review*, 6, 225–230.

Hackman, J. R., & Oldham, G. R. (1975). Development of the job diagnostic survey. *Journal of Applied Psychology*, 60, 159–170.

Heath, D., & Heath, C. (2008, February). Make goals not resolutions. *Fast Company*, 122, 58–59.

Heneman, R. L., Greenberger, D. B., & Strasser, S. (1988). The relationship between pay-for-performance perceptions and pay satisfaction. *Personnel Psychology*, 41, 745–759.

Humphrey, S. E., Nahrgang, J. D., & Morgeson, F. P. (2007). Integrating motivational, social, and contextual work design features: A meta-analytic summary and theoretical extension of the work design literature. *Journal of Applied Psychology*, 92, 1332–1356.

Ivancevich, J. M., & McMahon, J. T. (1982). The effects of goal setting, external feedback, and self-generated feedback on outcome variables: A field experiment. *Academy of Management Journal*, 25, 359–372.

- Johns, G., Xie, J. L., & Fang, Y. (1992). Mediating and moderating effects in job design. *Journal of Management*, 18, 657–676.
- Latham, G. P., & Locke, E. A. (2006). Enhancing the benefits and overcoming the pitfalls of goal setting. *Organisational Dynamics*, 35, 332–340.
- Liden, R. C., Wayne, S. J., & Sparrowe, R. T. (2000). An examination of the mediating role of psychological empowerment on the relations between the job, interpersonal relationships, and work outcomes. *Journal of Applied Psychology*, 85, 407–416.
- Locke, E. A., & Latham, G. P. (1990). *A theory of goal setting & task performance*. Englewood Cliffs, NJ: Prentice Hall.
- Locke, E. A., Sirota, D., & Wolfson, A. D. (1976). An experimental case study of the successes and failures of job enrichment in a government agency. *Journal of Applied Psychology*, 61, 701–711.
- Luthans, F., & Stajkovic, A. D. (1999). Reinforce for performance: The need to go beyond pay and even rewards. *Academy of Management Executive*, 13, 49–57.
- McEvoy, G. M., & Cascio, W. F. (1985). Strategies for reducing employee turnover. *Journal of Applied Psychology*, 70, 342–353.
- McLeod, James. "Shopify holds healthy chunk of pot sales' upside, says COO." The Financial Post. October 30, 2018, p. 2.
- Mento, A. J., Steel, R. P., & Karren, R. J. (1987). A meta-analytic study of the effects of goal-setting on task performance: 1966–1984. *Organisational Behaviour and Human Decision Processes*, 39, 52–83.
- Miner, J. B. (2003). The rated importance, scientific validity, and practical usefulness of organisational behaviour theories. *Academy of Management Learning and Education*, 2, 250–268.
- Muczyk, J. P., & Reimann, B. C. (1989). MBO as a complement to effective leadership. *Academy of Management Executive*, 3, 131–138.
- Parker, S. K. (1998). Enhancing role breadth self-efficacy: The roles of job enrichment and other organizational interventions. *Journal of Applied Psychology*, 83, 835–852.
- Peterson, S. J., & Luthans, F. (2006). The impact of financial and nonfinancial incentives on business- unit outcomes over time. *Journal of Applied Psychology*, 91, 156–165.
- Pritchard, R. D., Roth, P. L., Jones, S. D., Galgay, P. J., & Watson, M. D. (1988). Designing a goal- setting system to enhance performance: A practical guide. *Organisational Dynamics*, 17, 69–78.

Reif, W. E., & Bassford, G. (1975). What MBO really is: Results require a complete program. *Business Horizons*, 16, 23–30.

Renn, R. W., & Vandenberg, R. J. (1995). The critical psychological states: An underrepresented component in job characteristics model research. *Journal of Management*, 21, 279–303.

Rissen, D., Melin, B., Sandsjö, L., Dohns, I., & Lundberg, U. (2002). Psychophysiological stress reactions, trapezius muscle activity, and neck and shoulder pain among female cashiers before and after introduction of job rotation. *Work & Stress*, 16, 127–137.

Rodgers, R., & Hunter, J. E. (1991). Impact of management by objectives on organisational productivity. *Journal of Applied Psychology*, 76, 322–336.

Rodgers, R., Hunter, J. E., & Rogers, D. L. (1993). Influence of top management commitment on management program success. *Journal of Applied Psychology*, 78, 151–155.

Salamin, A., & Hom, P. W. (2005). In search of the elusive U-shaped performance-turnover relationship: Are high performing Swiss bankers more liable to quit? *Journal of Applied Psychology*, 90, 1204–1216.

Sales incentive plans: 10 essentials. (2006, November 17). *Business Week Online*, 18. Retrieved on November 23, 2008, from <http://businessweek.mobi/detail.jsp?key=3435&rc=as&p=1&pv=1>.

Shaw, K. N. (2004). Changing the goal-setting process at Microsoft. *Academy of Management Executive*, 18, 139–142.

Spreitzer, G. M. (1995). Psychological empowerment in the workplace: Dimensions, measurement, and validation. *Academy of Management Journal*, 38, 1442–1465.

Spreitzer, G. M. (1996). Social structural characteristics of psychological empowerment. *Academy of Management Journal*, 39, 483–504.

Stein, N. (2000). Measuring people power. *Fortune*, 142(7), 186.

Thomas, K. W., & Velthouse, B. A. (1990). Cognitive elements of empowerment: An “interpretive” model of intrinsic task motivation. *Academy of Management Review*, 15, 666–681.

Tompkins, N. C. (1992, November 1). Employee satisfaction leads to customer service. *AllBusiness*. Retrieved April 5, 2010, from <http://www.allbusiness.com/marketing/market-research/341288-1.html>

Tubbs, M. E. (1986). Goal setting: A meta-analytic examination of the empirical evidence. *Journal of Applied Psychology*, 71, 474–483.

Umstot, D. D., Bell, C. H., & Mitchell, T. R. (1976). Effects of job enrichment and task goals on satisfaction and productivity: Implications for job design. *Journal of Applied Psychology*, 61, 379–394.

Vision quest: Contests throughout history. (2008, May). *Fast Company*, 44–45.

Whitney, L. (2010, March 30). Anne Mulcahy to retire as Xerox chairman. *CNET News*. Retrieved April 5, 2010, from http://news.cnet.com/8301-1001_3-20001412-92.html.

Wright, P. M., George, J. M., Farnsworth, S. R., & McMahan, G. C. (1993). Productivity and extra-role behaviour: The effects of goals and incentives on spontaneous helping. *Journal of Applied Psychology*, 78, 374–381.

Yukl, G. A., & Latham, G. P. (1978). Interrelationships among employee participation, individual differences, goal difficulty, goal acceptance, goal instrumentality, and performance. *Personnel Psychology*, 31, 305–323.

Chapter 7

Allen, T. D., Herst, D. E. L., Bruck, C. S., & Sutton, M. (2000). Consequences associated with work-to-family conflict: A review and agenda for future research. *Journal of Occupational Health Psychology*, 5, 278–308.

American Psychological Association. (2007, October 24). Stress a major health problem in the U.S., warns APA. Retrieved May 21, 2008, from the American Psychological Association Web site: <http://www.apa.org/releases/stressproblem.html>.

AT&T. (2004). Remote working increasing across enterprises, according to global survey of senior executives. Retrieved June 1, 2008, from the AT&T Web site: http://www.business.att.com/enterprise/resource_item/Insights/Press_Release/20041201-1/download=yes&year=2004/; Wells, S. J. (1997, August 17). For stay-home workers, speed bumps on the telecommute. *New York Times*, p. 17.

Barnett, R. C., & Hall, D. T. (2001). How to use reduced hours to win the war for talent. *Organisational Dynamics*, 29, 192–210.

BBC News. (2007, January 26). Stress “harms brain in the womb.” Retrieved May 23, 2008, from <http://news.bbc.co.uk/2/hi/health/6298909.stm>.

Carmeli, A. (2003). The relationship between emotional intelligence and work attitudes, behaviour and outcomes: An examination among senior managers. *Journal of Managerial Psychology*, 18, 788–813.

Chadderdon, L. (2007). Merrill Lynch works—at home. *Fast Company*. Retrieved June 1, 2008, from <http://www.fastcompany.com/magazine/14/homework.html>.

Cole, M. S., Walter, F., & Bruch, H. (2008). Affective mechanisms linking dysfunctional behaviour to performance in work teams: A moderated mediation study. *Journal of Applied Psychology*, 93, 945–958.

Cropanzano, R., Rupp, D. E., & Byrne, Z. S. (2003). The relationship of emotional exhaustion to work attitudes, job performance, and organisational citizenship behaviours. *Journal of Applied Psychology*, 88, 160–169.

Csikszentmihalyi, C. (1997). *Finding flow: The psychology of engagement with everyday life*. New York: Basic Books.

Dawley, D. D., & Anthony, W. P. (2003). User perceptions of e-mail at work. *Journal of Business and Technical Communication*, 17, 170–200.

Dispatches from the war on stress: Business begins to reckon with the enormous costs of workplace angst. (2007, August 6). *Business Week*. Retrieved May 23, 2008, from http://www.businessweek.com/magazine/content/07_32/b4045061.htm?campaign_id=rss_null.

Dyer, K. A. (2006). Definition of stress. Retrieved May 21, 2008, from About.com: http://dying.about.com/od/glossary/g/stress_distress.htm.

Elfenbein, H. A., & Ambady, N. (2002). Is there an in-group advantage in emotion recognition? *Psychological Bulletin*, 128, 243–249.

Elfenbein, H. A., & Ambady, N. (2002). Predicting workplace outcomes from the ability to eavesdrop on feelings. *Journal of Applied Psychology*, 87, 963–971.

Fisher, C. D., & Gittelsohn, R. (1983). A meta-analysis of the correlates of role conflict and role ambiguity. *Journal of Applied Psychology*, 68, 320–333.

Fontana, D. (1989). *Managing stress*. Published by the British Psychology Society and Routledge.

Ford, M. T., Heinen, B. A., & Langkamer, K. L. (2007). Work and family satisfaction and conflict: A meta-analysis of cross-domain relations. *Journal of Applied Psychology*, 92, 57–80.

Frederickson, B. L., & Joiner, T. (2002). Emotions trigger upward spirals toward emotional well-being. *Psychological Science*, 13, 172–175.

Frone, M. R., Russell, R., & Cooper, M. L. (1992). Antecedents and outcomes of work–family conflict: Testing a model of the work–family interface. *Journal of Applied Psychology*, 77, 65–78.

Gajendran, R. S., & Harrison, D. A. (2007). The good, the bad, and the unknown about telecommuting: Meta-analysis of psychological mediators and individual consequences.

Journal of Applied Psychology, 92, 1524–1541.

Ganster, D. C. (1986). Type A behaviour and occupational stress. *Journal of Organisational Behaviour Management*, 8, 61–84.

Gilboa, S., Shirom, A., Fried, Y., & Cooper, C. (2008). A meta-analysis of work demand stressors and job performance: Examining main and moderating effects. *Personnel Psychology*, 61, 227–271.

Goleman, D. (1995). *Emotional intelligence*. New York: Bantam Books.

Goleman, D. (1998). *Working with emotional intelligence*. New York: Bantam Books.

Grandey, A. (2000). Emotional regulations in the workplace: A new way to conceptualize emotional labor. *Journal of Occupational Health Psychology*, 5, 95–110.

Grandey, A. A., Fisk, G. M., & Steiner, D. D. (2005). Must “service with a smile” be stressful? The moderating role of personal control for American and French employees. *Journal of Applied Psychology*, 90, 893–904.

Greenberg, J. (2004). Stress fairness to fare no stress: Managing workplace stress by promoting organizational justice. *Organisational Dynamics*, 33, 352–365.

Greenberg, J. (2006). Losing sleep over organisational justice: Attenuating insomniac reactions to under- payment inequity with supervisory training in interactional justice. *Journal of Applied Psychology*, 91, 58–69.

Greenhaus, J. H., & Powell, G. (2006). When work and family are allies: A theory of work–family enrichment. *Academy of Management Review*, 31, 72–92.

George, J. M., & Jones, G. R. (1996). The experience of work and turnover intentions: Interactive effects of value attainment, job satisfaction, and positive mood. *Journal of Applied Psychology*, 81, 318–325.

Gino, F., & Schweitzer, M. E. (2008). Blinded by anger or feeling the love: How emotions influence advice taking. *Journal of Applied Psychology*, 93, 1165–1173.

Gross, G. (2008, March 6). Survey: More U.S. government employees teleworking. *InfoWorld*. Retrieved June 1, 2008, from http://www.infoworld.com/article/06/03/06/76150_HNtele-work_1.html?BUSINESS%20ANALYTICS.

Grossbart, T. (1992). *Skin deep*. New Mexico: Health Press.

Halbesleben, J. R. B. (2006). Sources of social support and burnout: A meta-analytic test of the conservation of resources model. *Journal of Applied Psychology*, 91, 1134–1145.

Hammer, L. B., Bauer, T. N., & Grandey, A. A. (2003). Work–family conflict and work–related withdrawal behaviours. *Journal of Business & Psychology*, 17, 419–436.

Hobson, C., Kesic, D., Rosetti, D., Delunas, L., & Hobson, N. (2004, September). Motivating employee commitment with empathy and support during stressful life events. *International Journal of Management* Web site. Retrieved January 21, 2008 from http://findarticles.com/p/articles/mi_qa5440/is_200409/ai_n21362646?tag=content;coll.

Huselid, M. A. (1995). The impact of human resource management practices on turnover, productivity, and corporate financial performance. *Academy of Management Journal*, 38, 635–672.

Jackson, S. E., & Shuler, R. S. (1985). A meta-analysis and conceptual critique of research on role ambiguity and role conflict in work settings. *Organisational Behaviour and Human Decision Processes*, 36, 16–78.

Jenkins, C. D., Zyzanski, S., & Rosenman, R. (1979). *Jenkins activity survey manual*. New York: Psychological Corporation.

Judge, T. A., & Colquitt, J. A. (2004). Organisational justice and stress: The mediating role of work–family conflict. *Journal of Applied Psychology*, 89, 395–404.

Kersten, D. (2002, November 12). Get a grip on job stress. *USA Today*. Retrieved May 21, 2008, from http://www.usatoday.com/money/jobcenter/workplace/stress_management/2002-11-12-job-stress_x.htm.

Kirby, L. (2001). *Personality, physiology and performance: The effects of optimism on task engagement*. Retrieved June 1, 2008, from University of Pennsylvania, Positive Psychology Center Web site: <http://www.ppc.sas.upenn.edu/institute2001shortsummaries.htm#LK>.

Kirkwood, G., & Ward, C. (2002, May 5). *Ch...Ch...Ch...Changes: How can facility managers move people across the inevitable hurdles?* Paper presented at FMA Ideation. Abstract retrieved April 22, 2010, from <http://www.res.com.au/documents/changes.pdf>

Kossek, E. E., Lautschb, B. A., & Eaton, S. C. (2006). Telecommuting, control, and boundary management: Correlates of policy use and practice, job control, and work–family effectiveness. *Journal of Vocational Behaviour*, 68, 347–367.

Kossek, E. E., & Ozeki, C. (1998). Work–family conflict, policies, and the job–life satisfaction relationship: A review and directions for organisational behaviour–human resources research. *Journal of Applied Psychology*, 83, 139–149.

Law, K. S., Wong, C., & Song, L. J. (2004). The construct and criterion validity of emotional intelligence and its potential utility for management studies. *Journal of Applied Psychology*, 89, 483–496.

- Lee, R. T., & Ashforth, B. E. (1996). A meta-analytic examination of the correlates of three dimensions of job burnout. *Journal of Applied Psychology*, 81, 123–133.
- Lewandowski, C. A. (2003, December 1). Organisational factors contributing to worker frustration: The precursor to burnout. *Journal of Sociology & Social Welfare*, 30, 175–185.
- Maslach, C. (1982). *Burnout: The cost of caring*. Englewood Cliffs, NJ: Prentice Hall.
- Maslach, C., & Jackson, S. E. (1981). The measurement of experienced burnout. *Journal of Occupational Behaviour*, 2, 99–113.
- Mayo Clinic Staff. (2008, February 26). Chronic stress: Can it cause depression? Retrieved May 23, 2008, from the Mayo Clinic Web site:
<http://www.mayoclinic.com/health/stress/AN01286>.
- Mikolajczak, M., & Luminet, O. (2008). Trait emotional intelligence and the cognitive appraisal of stressful events: An exploratory study. *Personality and Individual Differences*, 44, 1445–1453.
- Miller, P. M. (1986). *Hilton head executive stamina program*. New York: Rawson Associates.
- Moriarty, M. (2007, June 7). Workplace coach: Don't underestimate emotional intelligence. *Seattle Post-Intelligencer*. Retrieved July 1, 2008, from
http://seattlepi.nwsourc.com/business/318345_workcoach04.html.
- Netemeyer, R. G., Boles, J. S., & McMurrian, R. (1996). Development and validation of work–family conflict and family–work conflict scales. *Journal of Applied Psychology*, 81, 400–410.
- Ornish, D. (1984). *Stress, diet and your heart*. New York: Signet.
- Örtqvist, D., & Wincent, J. (2006). Prominent consequences of role stress: A meta-analytic review. *International Journal of Stress Management*, 13, 399–422.
- Overholt, A. (2001, February). Intel's got (too much) mail. *Fast Company*. Retrieved May 22, 2008, from <http://www.fastcompany.com/online/44/intel.html> and
http://blogs.intel.com/it/2006/10/information_overload.php.
- Panzarino, P. (2008, February 15). Stress. Retrieved from Medicinenet.com. Retrieved May 21, 2008, from <http://www.medicinenet.com/stress/article.htm>.
- Personality types impact on response to stress. (n.d.). Retrieved June 5, 2008, from the Discovery Health Web site:
<http://health.discovery.com/centers/stress/articles/pnstress/pnstress.html>.
- Pfeffer, J. (1998). *The human equation: Building profits by putting people first*. Boston: Harvard Business School Press.

Pfeffer, J., & Veiga, J. F. (1999). Putting people first for organisational success. *Academy of Management Executive*, 13, 37–48.

Podsakoff, N. P., LePine, J. A., & LePine, M. A. (2007). Differential challenge stressor-hindrance stressor relationships with job attitudes, turnover intentions, turnover, and withdrawal behaviour: A meta-analysis. *Journal of Applied Psychology*, 92, 438–454.

Quick, J. C., Quick, J. D., Nelson, D. L., & Hurrell, J. J. (1997). *Preventative stress management in organisations*. Washington, DC: American Psychological Association.

Sahadi, J. (2006, June 13). The corporate sabbatical isn't just a pipe dream at a significant minority of companies. *CNNMoney.com*. Retrieved June 1, 2008, from <http://money.cnn.com/2006/06/13/commentary/everyday/sahadi/index.htm>.

Sauter S. L., Murphy L. R., & Hurrell J. J., Jr. (1990). Prevention of work-related psychological disorders. *American Psychologist*, 45, 1146–1158.

Schaubroeck, J., Lam, S. S. K., & Xie, J. L. (2000). Collective efficacy versus self-efficacy in coping responses to stressors and control: A cross-cultural study. *Journal of Applied Psychology*, 85, 512–525.

Schick, A. G., Gordon, L. A., & Haka, S. (1990). Information overload: A temporal approach. *Accounting, organisations, and society*, 15, 199–220.

Schwartz, S. K. (1999, November 15). The corporate sabbatical. *CNNMoney.com*. Retrieved June 1, 2008, from http://money.cnn.com/1999/11/15/life/q_sabbatical/.

Schwartz, T. (2008, September 11). How do you feel? *Fast Company*. Retrieved January 28, 2009, from <http://www.fastcompany.com/magazine/35/emotion.html?page=0%2C2>

Spector, P. E., & O'Connell, B. J. (1994). The contribution of personality traits, negative affectivity, locus of control and Type A to the subsequent reports of job stressors and job strains. *Journal of Occupational and Organisational Psychology*, 67, 1–11.

Taylor, A. (1987, August 3). The biggest bosses. *Fortune*. Retrieved May 23, 2008, from http://money.cnn.com/magazines/fortune/fortune_archive/1987/08/03/69388/index.htm.

Thomas, L. T., & Ganster, D. C. (1995). Impact of family-supportive work variables on work-family conflict and strain: A control perspective. *Journal of Applied Psychology*, 80, 6–15.

Tolison, B. (2008, April 7). Top ten most stressful jobs. *Health*. Retrieved January 28, 2009, from the *WCTV News* Web site: <http://www.wctv.tv/news/headlines/17373899.html>.

Tubre, T. C., & Collins, J. M. (2000). Jackson and Schuler (1985) Revisited: A meta-analysis of the relationships between role ambiguity, role conflict, and performance. *Journal of*

Management, 26, 155–169.

Tumminello, L. (2007, November 5). The National Sleep Foundation's *State of the States Report on Drowsy Driving* finds fatigued driving to be under-recognized and underreported. Retrieved May 23, 2008, from the National Sleep Foundation Web site: <http://www.drowsydriving.org/site/c.lqLPIROCKtF/b.3568679/>.

U.S. Census Bureau. (2004). Labor Day 2004. Retrieved May 22, 2008, from the U.S. Census Bureau Web site: http://www.census.gov/press-release/www/releases/archives/facts_for_features_special_editions/002264.html.

Van Yperfen, N. W., & Hagedoorn, M. (2003). Do high job demands increase intrinsic motivation or fatigue or both? The role of job control and job social support. *Academy of Management Journal*, 46, 339–348.

Weaver, J. (2004, January 21). Estrogen makes the brain more vulnerable to stress. *Yale University Medical News*. Retrieved May 23, 2008, from http://www.eurekalert.org/pub_releases/2004-01/yu- emt012104.php.

Webber, A. M. (1998). Danger: Toxic company. *Fast Company*. Retrieved June 1, 2008, from <http://www.fastcompany.com/magazine/19/toxic.html?page=0%2C1>.

Weisinger, H. (1998). *Emotional intelligence at work*. San Francisco: Jossey-Bass.

Weiss, H. M., & Cropanzano, R. (1996). Affective events theory: A theoretical discussion of the structure, causes and consequences of affective experiences at work. *Research in Organisational Behaviour*, 18, 1–74.

Welbourne, T., & Andrews, A. (1996). Predicting performance of Initial Public Offering firms: Should HRM be in the equation? *Academy of Management Journal*, 39, 910–911.

WorldatWork. (2006). *Telework trendlines for 2006* (Report). Retrieved June 1, 2008, from the WorldatWork Web site: http://www.workingfromanywhere.org/news/trendlines_2006.pdf.

Wurtman, J. (1988). *Managing your mind and mood through food*. New York: Harper Perennial.

Chapter 8

60 Billion emails sent daily worldwide. (2006, April 26). Retrieved July 2, 2008, from CNET.UK: <http://www.cnet.co.uk/misc/print/0,39030763,49265163,00.htm>.

100 best companies to work for. (2010, February 8). *Fortune*. Retrieved February 2, 2010, from http://money.cnn.com/magazines/fortune/bestcompanies/2010/full_list

Alessandra, T. (1993). *Communicating at work*. New York: Fireside.

Allen, D. G., & Griffeth, R. W. (1997). Vertical and lateral information processing; Fulk, J., & Boyd, B. (1991). Emerging theories of communication in organisations. *Journal of Management*, 17, 407–446.

Alsop, R. (2006, September 20). The top business schools: Recruiters' M.B.A. picks. *Wall Street Journal Online*. Retrieved September 20, 2006, from http://online.wsj.com/article/SB115860376846766495.html?mod=2_1245_1.

Armour, S. (1998, September 30). Failure to communicate costly for companies. *USA Today*, p. 1A.

Barrett, D. J. (2006). *Leadership communication*. New York: McGraw- Hill/Irwin; Improving verbal skills. (1997). Retrieved July 1, 2008, from the *Institute for Management* Web site: <http://www.itstime.com/aug97.htm>

Barry, B., & Fulmer, I. S. (2004). The medium and the message: The adaptive use of communication media in dyadic influence. *Academy of Management Review*, 29, 272–292.

CDR Dee Norton. (n.d.). *Gender and communication—finding common ground*. Retrieved July 2, 2008, from <http://www.uscg.mil/leadership/gender.htm>.

Chinese culture—differences and taboos. (n.d.). Retrieved January 27, 2009, from the Footprints Recruiting Inc. Web site: http://www.footprintsrecruiting.com/content_321.php?abarcar_Session=2284f8a72fa606078aed24b8218f08b9.

Communication stoppers. Retrieved July 1, 2008, from Mental Health Today Web site: <http://www.mental-health-today.com/Healing/communicationstop.htm>.

Crampton, S. M. (1998). The informal communication network: Factors influencing grapevine activity. *Public Personnel Management*. Retrieved July 2, 2008, from <http://www.allbusiness.com/management/735210-1.html>.

Cuddy, Amy (2012). *Your body language ay shape who you are*. Retrieved from https://www.ted.com/talks/amy_cuddy_your_body_language_shapes_who_you_are?language=en on May 10th, 2019.

Daud, N. (n.d.). Business etiquette. Retrieved July 2, 2008, from <http://ezinearticles.com/?Business-Etiquette—Shaking-Hands-around-the-World&id=746227>.

Effective communication. (2004, May 31). Retrieved July 2, 2008, from DynamicFlight.com: <http://www.dynamicflight.com/avcfibook/communication>.

Ekman, P., Friesen, W. V., & Hager, J. C. The facial action coding system (FACS). Retrieved July 2, 2008, from <http://face-and-emotion.com/dataface/facs/manual>.

Emily Post's etiquette advantage in business. New York: Collins Living

Fine, D. (2005). *The fine art of small talk*. New York: Hyperion.

Gabor, D. (1983). *How to start a conversation and make friends*. New York: Legacy; Post, E. (2005).

Garner, E. (2007, December 3). Seven barriers to great communication. Retrieved July 2, 2008, from Hodu.com: <http://www.hodu.com/barriers.shtml>.

Gifford, R., Ng, C. F., & Wilkinson, M. (1985). Nonverbal cues in the employment interview: Links between applicant qualities and interviewer judgments. *Journal of Applied Psychology*, 70, 729–736.

Hall, E. (1976). *Beyond culture*. Garden City, NY: Doubleday.

Hollon, J. (2006, September 11). You've been deleted: Firing by e-mail. *Workforce Management*, p. 42

Iacocca, L., & Novak, W. (1984). *Iacocca: An autobiography*. New York: Bantam Press.

Isom, D. K. (updated October 19, 2005). Electronic discovery: New power, new risks. Retrieved July 2, 2008, from the Utah State Bar Web site: http://utahbar.org/barjournal2000/html/november_2003_2.html.

Joyce, A. (2006, September 10). Fired via e-mail, and other tales of poor exits. *Washington Post*, p. F1. Retrieved July 1, 2008, from <http://www.washingtonpost.com/wp-dyn/content/article/2006/09/09/AR2006090900103.html>

Kawasaki, G. (2006, February 3). The effective emailer. Retrieved July 1, 2008, from *How to Change the World* Web site: http://blog.guykawasaki.com/2006/02/the_effective_e.html.

Keeping clients happy. (2009, August 1). *Registered Rep*. Retrieved February 2, 2010, from <http://registeredrep.com/planner-ria-practice/finance-keeping-clients-happy-0801>

Krotz, J. L. (n.d.). 6 tips for bridging the communication gap. Retrieved from the Microsoft Small Business Center Web site: <http://www.microsoft.com/smallbusiness/resources/management/leadership-training/women-vs-men-6-tips-for-bridging-the-communication-gap.aspx>.

Kurland, N. B., & Pelled, L. H. (2000). Passing the word: Toward a model of gossip and power in the workplace. *Academy of Management Review*, 25, 428–438.

Lawlor, A. (2008, March 13). Edward Jones is one to work for. Sunday Times, *Financial Adviser*. Retrieved February 2, 2010, from LexisNexis Academic database

Lee, D., & Hatesohl, D. *Listening: Our most used communication skill*. Retrieved July 2, 2008, from the University of Missouri Web site:
<http://extension.missouri.edu/explore/comm/cm0150.htm>.

Leland, K., & Bailey, K. (2000). *Customer service for dummies*. New York: Wiley; Information Technology Services. (1997). Top 10 email dos and top ten email don'ts. Retrieved July 1, 2008, from the University of Illinois at Chicago Medical Center Web site:
<http://www.uic.edu/hsc/uicmc/its/customers/email-tips.htm>

Lifland, S. (2006). Multicultural communication tips. *American Management Association*. Retrieved July 2, 2008, from
<http://www.amanet.org/movingahead/editorial.cfm?Ed=37&BNKNAVID=24&display=1>.

Martens, M. L., Jennings, J. E., & Devereaux, J. P. (2007). Do the stories they tell get them the money they need? The role of entrepreneurial narratives in resource acquisition. *Academy of Management Journal*, 50, 1107–1132.

McCarthy, J. F. (2008). Short stories at work: Storytelling as an indicator of organisational commitment. *Group & Organisation Management*, 33, 163–193.

Mehrabian, A. (1981). *Silent messages*. New York: Wadsworth.

Meisinger, S. (2003, February). Enhancing communications—Ours and yours. *HR Magazine*. Retrieved July 1, 2008, from <http://www.shrm.org/hrmagazine/archive/0203toc.asp>.

Munter, M. (1993). Cross-cultural communication for managers. *Business Horizons*, 36, 69–78.

O*NET Resource Center, the nation's primary source of occupational information accessed at <http://online.onetcenter.org/skills/>.

Patterson, K., Grenny, J., McMillan, R., & Switzler, A. (2002). *Crucial conversations: Tools for talking when stakes are high*. New York: McGraw-Hill.

Penley, L. E., Alexander, E. R., Jernigan, I. E., & Henwood, C. I. (1991). Communication abilities of managers: The relationship of performance. *Journal of Management*, 17, 57–76.

Pfeffer, J. (2010, February 5). The case against layoffs. *Newsweek*. Retrieved April 5, 2010, from <http://www.newsweek.com/id/233131>

Rodrigues, N., & Clayton, C. (2009). A positive difference in the office and the world. *Sunday Times*, pp. 10, 11. Retrieved from LexisNexis Academic database

Saltman, D., & O'Dea, N. Conflict management workshop PowerPoint presentation. Retrieved July 1, 2008, from http://www.nswrdn.com.au/client_images/6806.PDF

Schnake, M. E., Dumler, M. P., Cochran, D. S., & Barnett, T. R. (1990). Effects of differences in subordinate perceptions of superiors' communication practices. *Journal of Business Communication*, 27, 37–50.

Siegmán, A. W. (1985). *Multichannel integrations of nonverbal behaviour*. Hillsdale, NJ: L. Erlbaum Associates.

St. Louis firms make *Fortune's* best workplaces. (2009, January 22). *St. Louis Business Journal*. Retrieved February 3, 2010, from <http://www.bizjournals.com/stlouis/stories/2009/01/19/daily40.html>

Sypher, B. D., Bostrom, R. N., & Seibert, J. H. (1989). Listening, communication abilities, and success at work. *Journal of Business Communication*, 26, 293–303.

Ten tips: Active listening. (2007, June 4). Retrieved July 1, 2008, from the *Communication at Work* Web site: <http://communication.atwork-network.com/2007/06/04/ten-tips-active-listening>.

Tramel, M., & Reynolds, H. (1981). *Executive leadership*. Englewood Cliffs, NJ: Prentice Hall

Weinstein, B. (2008, September 12). Downsizing 101: Charged with giving the bad news? Here are your ethical responsibilities. *BusinessWeek*. Retrieved April 5, 2010, from http://www.businessweek.com/managing/content/sep2008/ca20080912_135498.htm?campaign_id=rss_null.

Yates, J., & Orlikowski, W. J. (1992). Genres of organisational communication: A structurational approach to studying communication and media. *Academy of Management Review*, 17, 299–326.

Chapter 9

Alper, S., Tjosvold, D., & Law, K. S. (2000). Conflict management, efficacy, and performance in organizational teams. *Personnel Psychology*, 53, 625–642.

Anaconda, D. G. (1990). Outward bound: Strategies for team survival in an organisation. *Academy of Management Journal*, 33, 334–365.

Anaconda, D. G. (1992). Bridging the boundary: External activity and performance in organisational teams. *Administrative Science Quarterly*, 37, 634–665.

Bales, R. F. (1950). *Interaction process analysis: A method for the study of small groups*. Cambridge, MA: Addison-Wesley.

Belbin, R. M. (1993). *Management teams: Why they succeed or fail*. Oxford, England: Butterworth Heinemann.

Benne, K. D., & Sheats, P. (1948). Functional roles of group members. *Journal of Social Issues*, 4, 41–49.

Campion, M. A., Medsker, G. J., & Higgs, A. C. (1993). Relations between work group characteristics and effectiveness: Implications for designing effective work groups. *Personnel Psychology*, 46, 823–850.

Caruso, D. B. (2009, January 18). 5 white-knuckled minutes aboard Flight 1549. *Yahoo! News*. Retrieved January 19, 2009, from http://news.yahoo.com/s/ap/20090118/ap_on_re_us/plane_splashdown_cock-pit_drama.

Colquitt, J. A. (2004). Does the justice of the one interact with the justice of the many? Reactions to procedural justice in teams. *Journal of Applied Psychology*, 89, 633–646.

Druskat, V. U., & Wheeler, J. V. (2003). Managing from the boundary: The effective leadership of self-managing work teams. *Academy of Management Journal*, 46, 435–457.

Eisenhardt, K. M., & Tabrizi, B. N. (1995). Accelerating adaptive processes: Product innovation in the global computer industry. *Science Quarterly*, 4, 84–110.

Ellis, A. P. J., Hollenbeck, J. R., Ilgen, D. R., Porter, C. O. L. H., West, B. J., & Moon, H. (2003). Team learning: Collectively connecting the dots. *Journal of Applied Psychology*, 88, 821–835.

Fishman, C. (1999, September). How teamwork took flight. *Fast Company*. Retrieved August 1, 2008, from <http://www.fastcompany.com/node/38322/print>

Gabrenya, W. L., Latane, B., & Wang, Y. (1983). Social loafing in cross-cultural perspective. *Journal of Cross-Cultural Perspective*, 14, 368–384.

Gratton, L., & Erickson, T. J. (2007, November). 8 ways to build collaborative teams. *Harvard Business Review*, 101–109.

Guttman, H. (2008, January–February). Leading high-performance teams: Horizontal, high-performance teams with real decision-making clout and accountability for results can transform a company. *Chief Executive*, pp. 231–233.

Harkins, S., & Petty, R. E. (1982). Effects of task difficulty and task uniqueness on social loafing. *Journal of Personality and Social Psychology*, 43, 1214–1229.

Haynes, M. E. (1997). *Effective meeting skills*. Menlo Park, CA: Crisp.

Hirschfeld, R. R., Jordan, M. H., Field, H. S., Giles, W. F., & Armenakis, A. A. (2006). Becoming team players: Team members' mastery of teamwork knowledge as a predictor of team task proficiency and observed teamwork effectiveness. *Journal of Applied Psychology*, 91, 467–474.

Homan, A. C., van Knippenberg, D., Van Kleef, G. A., & De Dreu, C. K. W. (2007). Bridging faultlines by valuing diversity: Diversity beliefs, information elaboration, and performance in diverse work groups. *Journal of Applied Psychology*, 92, 1189–1199.

Humphrey, S. E., Hollenbeck, J. R., Meyer, C. J., & Ilgen, D. R. (2007). Trait configurations in self-managed teams: A conceptual examination of the use of seeding for maximizing and minimizing trait variance in teams. *Journal of Applied Psychology*, 92, 885–892.

Jackson, C. L., & LePine, J. A. (2003). Peer responses to a team's weakest link: A test and extension of LePine and Van Dyne's model. *Journal of Applied Psychology*, 88, 459–475.

Jackson, S. E., Joshi, A., & Erhardt, N. L. (2003). Recent research on team and organisational diversity: SWOT analysis and implications. *Journal of Management*, 29, 801–830.

Karau, S. J., & Williams, K. D. (1993). Social loafing: A meta-analytic review and theoretical integration. *Journal of Personality and Social Psychology*, 65, 681–706.

Katzenbach, J. R., & Smith, D. K. (1993). *The wisdom of teams: Creating the high-performance organization*. Boston: Harvard Business School.

Katzenbach, J. R., & Smith, D. K. (1993). *The wisdom of teams*. Boston, MA: Harvard Business School.

Kozlowski, S. W. J., Gully, S. M., McHugh, P. P., Salas, E., & Cannon-Bowers, J. A. (1996). A dynamic theory of leadership and team effectiveness: Developmental and task contingent roles. In G. Ferris (Ed.), *Research in personnel and human resource management*, 14 (pp. 253–305). Greenwich, CT: JAI Press.

Kozlowski, S. W. J., Gully, S. M., Salas, E., & Cannon-Bowers, J. A. (1996). Team leadership and development: Theory, principles, and guidelines for training leaders and teams. In M. M. Beyerlein, D.

Langfred, C. W. (2007). The downside of self-management: A longitudinal study of the effects of conflict on trust, autonomy, and task interdependence in self-managing teams. *Academy of Management Journal*, 50, 885–900.

Lear, R. (1998, July–August). Jack Welch speaks: Wisdom from the world's greatest business leader. *Chief Executive*

Magjuka, R. J., & Baldwin, T. T. (1991). Team-based employee involvement programs: Effects of design and administration. *Personnel Psychology*, 44, 793–812.

Marrone, J. A., Tesluk, P. E., & Carson, J. B. (2007). A multi-level investigation of antecedents and consequences of team member boundary-spanning behaviour. *Academy of Management Journal*, 50, 1423–1439.

McGrath, J. E. (1984). *Groups: Interaction and performance*. Englewood Cliffs, NJ: Prentice Hall.

Morgeson, F. P. (2005). The external leadership of self-managing teams: Intervening in the context of novel and disruptive events. *Journal of Applied Psychology*, 90, 497–508.

Mumford, T. V., Campion, M. A., & Morgeson, F. P. (2006). Situational judgments in work teams: A team role typology. In J. A. Weekley and R. E. Ployhart (Eds.), *Situational judgment tests: Theory, measurement, and application* (pp. 319–344). Mahwah, NJ: Erlbaum.

Mumford, T. V., Van Iddekinge, C. H., Morgeson, F. P., & Campion, M. A. (2008). The Team Role Test: Development and validation of a team role knowledge situational judgment test. *Journal of Applied Psychology*, 93, 250–267.

Porter, T. W., & Lilly, B. S. (1996). The effects of conflict, trust, and task commitment on project team performance. *International Journal of Conflict Management*, 7, 361–376.

Private company information: New Seasons Market Inc. (2010). *BusinessWeek*. Retrieved April 3, 2010, from <http://investing.businessweek.com/research/stocks/private/snapshot.asp?privcapId=12004234>.

Schmidt, H. (2010, March 12). Personal communication; Information retrieved March 20, 2010, from New Seasons Market Web site: <http://www.newseasonsmarket.com>

Scholtes, P. (1988). *The team handbook*. Madison, WI: Joiner Associates.

Shin, S. J., & Zhou, J. (2007). When is educational specialization heterogeneity related to creativity in research and development teams? Transformational leadership as a moderator. *Journal of Applied Psychology*, 92, 1709–1721.

Solomon, H. (1960). *Mathematical thinking in the measurement of behaviour*. Glencoe, IL: Free Press.

Stevens, M. J., & Campion, M. A. (1999). Staffing work teams: Development and validation of a selection test for teamwork settings. *Journal of Management*, 25, 207–228.

Surowiecki, J. (2005). *The wisdom of crowds*. New York: Anchor Books.

Sutton, R. (2009, January 18). Miracle on the Hudson: The group dynamics angle. *Work matters*. Retrieved January 19, 2009, from http://bobsutton.typepad.com/my_weblog/2009/01/miracle-on-the-hudson-the-group-dynamics-angle.html.

Taylor, D. W., & Faust, W. L. (1952). Twenty questions: Efficiency of problem-solving as a function of the size of the group. *Journal of Experimental Psychology*, 44, 360–363.

Tuckman, B. (1965). Developmental sequence in small groups. *Psychological Bulletin*, 63, 384–399.

van Knippenberg, D., De Dreu, C. K. W., & Homan, A. C. (2004). Work group diversity and group performance: An integrative model and research agenda. *Journal of Applied Psychology*, 89, 1008–1022.

Vinokur-Kaplan, D. (1995). Treatment teams that work (and those that don't): An application of Hackman's group effectiveness model to interdisciplinary teams in psychiatric hospitals. *Journal of Applied Behavioural Science*, 31, 303–327.

Ziller, R. C. (1957). Four techniques of group decision-making under uncertainty. *Journal of Applied Psychology*, 41, 384–388.

Chapter 10

Amason, A. C. (1996). Distinguishing the effects of functional and dysfunctional conflict on strategic decision making: Resolving a paradox for top management teams. *Academy of Management Journal*, 39, 123–148.

American Arbitration Association. (2007). Arbitration and mediation. Retrieved November 11, 2008, from http://www.adr.org/arb_med.

Arnoldy, B. (2008, November 19). Why Yahoo's Jerry Yang stepped down. *Christian Science Monitor*. Retrieved January 20, 2009, from <http://www.csmonitor.com/2008/1119/p02s01-usec.html>

Auletta, K. (1998, November 19). The last sure thing. *New Yorker*

Baron, R. A. (1989). Personality and organisational conflict: Type A behaviour pattern and self-monitoring. *Organisational Behaviour and Human Decision Processes*, 44, 281–297.

Bergman, T. J., & Volkema, R. J. (1989). Understanding and managing interpersonal conflict at work: Its issues, interactive processes and consequences. In D. M. Kolb & J. M. Kolb (Eds.), *Hidden conflict in organisations* (pp. 7–19). Newbury Park, CA: Sage.

Canada and Canadian Airlines. Paper presented at the American Bar Association Midwinter Meeting, Laguna Beach, CA.

Dahle, C. (2001, June). Is the Internet second nature? *Fast Company*, 48, 144.

De Dreu, C. K. W., & Weingart, L. R. (2003). Task versus relationship conflict: Team performance, and team member satisfaction: A meta-analysis. *Journal of Applied Psychology*, 88, 741–749.

Deutsch, C. H. (2004, August 24). Race remains a difficult issue for many workers at Kodak. *New York Times*.

Devine, W. (2002, September 30). Anatomy of a deal-maker. *California Real Estate Journal*. Retrieved November 14, 2008 from <http://www.wdesquire.com/pages/dealmaker.html>.

Fisher, R., & Ury, W. (1981). *Getting to yes: Negotiating agreement without giving in*. New York: Penguin Books.

Gordon, J., Mondy, R. W., Sharplin, A., & Premeaux, S. R. (1990). *Management and organisational behaviour*. New York: Simon & Schuster, p. 540.

Haddad, C. (2001, April 18). Why Jobs and Dell are always sparring. *Business Week Online*. Retrieved May 1, 2008, from http://www.businessweek.com/bwdaily/dnflash/apr2001/nf20010418_461.htm.

Horowitz, A., Jacobson, D., Lasswell, M., & Thomas, O. (2006, January–February). 101 dumbest moments in business. *Business 2.0*, 7(1), 98–136.

Howat, G., & London, M. (1980). Attributions of conflict management strategies in supervisor-subordinate dyads. *Journal of Applied Psychology*, 65, 172–175.

Jaffe, D. (2000). *Organisational theory: Tension and change*. New York: McGraw Hill.

Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intergroup conflict and group performance. *Academy of Management Journal*, 44, 238–251.

Layne, A. (1999, November). Conflict resolution at Greenpeace? *Fast Company*. Retrieved November 14, 2008, from http://www.fastcompany.com/articles/1999/12/rick_hind.html.

Lipin, S. (1996, August 22). In many merger deals, ego and pride play big roles in which way talks go. *Wall Street Journal*, Eastern edition, p. C1; PointCast fire sale. (1999, May 11). *Wired*. Retrieved November 14, 2008, from <http://www.wired.com/techbiz/media/news/1999/05/19618>.

Malhotra, D., & Bazerman, M. H. (2007, September). Investigative negotiation. *Harvard Business Review*, 85, 72.

Markoff, J. (2006, January 16). Michael Dell should eat his words, Apple chief suggests. *New York Times*. Retrieved January 19, 2007, from <http://www.nytimes.com/2006/01/16/technology/16apple.html>.

Michaels, D., Power, S., & Gauthier-Villars, D. (2006, October 10). Airbus CEO's resignation reflects company's deep structural woes. *Wall Street Journal*, pp. A1–A10.

National Institute for Occupational Safety and Health. (1997). Violence in the workplace. Retrieved November 14, 2008, from <http://www.cdc.gov/niosh/violfs.html>.

New York State Unified Court System. (2008, October 28). Alternative dispute resolution. Retrieved November 14, 2008, from <http://www.courts.state.ny.us/ip/adr/index.shtml>.

Pinkley, R. L. (1995). Impact of knowledge regarding alternatives to settlement in dyadic negotiations: Whose knowledge counts? *Journal of Applied Psychology*, 80, 403–417.

Stoykewych, R. E. (2003, March 7). A note on the seniority resolutions arising out of the merger of Air

Taylor, W. (1991, March–April). The logic of global business: An interview with ABB's Percy Barnevik. *Harvard Business Review*, 69, 90–105.

Wall, J. A., & Callister, R. R. (1995). Conflict and its management. *Journal of Management*, 21, 515–558.

Webber, A. (1998, October). How to get them to show you the money. *Fast Company*, 198. Retrieved November 14, 2008, from <http://www.fastcompany.com/magazine/19/showmoney.html>.

Whitehouse, K. (2008, January 14). Why CEOs need to be honest with their boards. *Wall Street Journal*, Eastern edition, pp. R1–R3.

Chapter 11

Becker, W. S. (2007). Missed opportunities: The Great Bear Wilderness Disaster. *Organisational Dynamics*, 36, 363–376.

Breen, B. (2000, August). What's your intuition? *Fast Company*, 290.

Burke, L. A., & Miller, M. K. (1999). Taking the mystery out of intuitive decision making. *Academy of Management Executive*, 13, 91–98.

Campion, M. A. (1993). Article review checklist: A criterion checklist for reviewing research articles in applied psychology. *Personnel Psychology*, 46, 705–718.

Delbecq, A. L., Van de Ven, A. H., & Gustafson, D. H. (1975). *Group techniques for program planning: A guide to nominal group and Delphi processes*. Glenview, IL: Scott Foresman.

Elgin, B., Hof, R. D., & Greene, J. (2005, August 8). Revenge of the nerds—again. *BusinessWeek*. Retrieved April 30, 2010, from http://www.businessweek.com/technology/content/jul2005/tc20050728_5127_tc024.htm

Furness, V. (2005). Interview with Ingar Skaug. *European Business Forum*. Retrieved April 4, 2008, from <http://www.ebfonline.com/article.aspx?extraid=30>

Hardy, Q. (2005, November 14). Google thinks small. *Forbes*, 176(10)

Hastie, R., & Kameda, T. (2005). The robust beauty of majority rules in group decisions. *Psychological Review*, 112, 494–508.

Ireland, R. D., & Miller, C. C. (2004). Decision making and firm success. *Academy of Management Executive*, 18, 8–12.

Janis, I. L. (1972). *Victims of groupthink*. New York: Houghton Mifflin.

Jeanne Enders, Portland State University. Used by permission of the author.

Kenneth Blanchard and Norman Vincent Peale (1988). *The power of ethical management*. New York: William Morrow.

Klein, G. (2003). *Intuition at work*. New York: Doubleday.

Klein, G. (2003). *The power of intuition: How to use your gut feelings to make better decisions at work*. New York: Random House

Klein, G. (2007, September). Performing a project premortem. *Harvard Business Review*, 85, 18–19

Lashinky, A. (2006, October 2). Chaos by design. *Fortune*, 154(7)

Li, S., Sun, Y., & Wang, Y. (2007). 50% off or buy one get one free? Frame preference as a function of consumable nature in dairy products. *Journal of Social Psychology*, 147, 413–421.

Mangalindan, M. (2004, March 29). The grownup at Google: How Eric Schmidt imposed better management tactics but didn't stifle search giant. *Wall Street Journal*, p. B1; Lohr, S. (2005, December 5). At Google, cube culture has new rules. *New York Times*. Retrieved April 30, 2010, from <http://www.nytimes.com/2005/12/05/technology/05google.html>

Manning, J. (2008, March 27). Chase mortgage memo pushes "Cheats & Tricks." *The Oregonian*. Retrieved November 1, 2008, from http://www.oregonlive.com/business/index.ssf/2008/03/chase_memo_pushes_che.html.

McCarthy, J. F., O'Connell, D. J., & Hall, D. T. (2005). Leading beyond tragedy: The balance of personal identity and adaptability. *Leadership & Organisational Development Journal*, 26, 458–475

Miner, F. C. (1984). Group versus individual decision making: An investigation of performance measures, decision strategies, and process losses/gains. *Organisational Behaviour and Human Performance*, 33, 112–124.

Mitchell, D. J., Russo, J., & Pennington, N. (1989). Back to the future: Temporal perspective in the explanation of events. *Journal of Behaviourial Decision Making*, 2, 25–38.

Mohammed, S., & Ringseis, E. (2001). Cognitive diversity and consensus in group decision making: The role of inputs, processes, and outcomes. *Organisational Behaviour and Human Decision Processes*, 85, 310–335.

NASA educational materials. Retrieved March 2, 2008, from http://www.nasa.gov/audience/foreducators/topnav/materials/listbytype/Survival_Lesson.html.

Noorderhaven, N. G. (2007). Comprehensiveness versus pragmatism: Consensus at the Japanese-Dutch interface. *Journal of Management Studies*, 44, 1349–1370.

Norwegian executive Ingar Skaug named chairman of Center for Creative Leadership's Board of Governors. (2006, September). Center for Creative Leadership news release. Retrieved April 4, 2008, from <http://www.ccl.org/leadership/news/2006/skaug.aspx>.

Nutt, P. C. (1994). Types of organisational decision processes. *Administrative Science Quarterly*, 29, 414–550.

Nutt, P. C. (1998). Surprising but true: Half the decisions in organisations fail. *Academy of Management Executive*, 13, 75–90.

Nutt, P. C. (1999). Surprising but true: Half the decisions in organisations fail. *Academy of Management Executive*, 13, 75–90.

Nutt, P. C. (2002). *Why decisions fail*. San Francisco: Berrett-Koehler.

Orkin, M. (1991). *Can you win? The real odds for casino gambling, sports betting and lotteries*. New York: W. H. Freeman.

Peterson, R. (1999). Can you have too much of a good thing? The limits of voice for improving satisfaction with leaders. *Personality and Social Psychology*, 25, 313–324.

Pliske, R., McCloskey, M., & Klein, G. (2001). Decision skills training: Facilitating learning from experience. In E. Salas & G. Klein (Eds.), *Linking expertise and naturalistic decision making* (pp. 37–53). Mahwah, NJ: Lawrence Erlbaum Associates.

Roch, S. G. (2007). Why convene rater teams: An investigation of the benefits of anticipated discussion, consensus, and rater motivation. *Organisational Behaviour and Human Decision Processes*, 104, 14–29.

Salas, E., & Klein, G. (2001). *Linking expertise and naturalistic decision making*. Mahwah, NJ: Lawrence Erlbaum Associates.

Schoeneman, D. (2006, December 31). Can Google come out to play? *New York Times*. Retrieved April 30, 2010, from <http://www.nytimes.com/2006/12/31/fashion/31google.html>

Simons, T., Pelled, L. H., & Smith, K. A. (1999). Making use of difference: Diversity, debate, decision comprehensiveness in top management teams. *Academy of Management Journal*, 42, 662–673.

Skaug, I. (2007, July). Breaking free in turbulent times: The intersection of turbulence, innovation and leadership. *Business Leadership Review*, 4, 1–7

The rogue rebuttal. (2008, February 9). *Economist*, 386, 82.

Tilson, W. (1999, September 20). The perils of investor overconfidence. Retrieved March 1, 2008, from <http://www.fool.com/BoringPort/1999/BoringPort990920.htm>.

Warner, M. (2004, June). What your company can learn from Google. *Business 2.0*, 5(5).

Wong, K. F. E., & Kwong, J. Y. Y. (2007). The role of anticipated regret in escalation of commitment. *Journal of Applied Psychology*, 92, 545–554.

Wright, G., & Goodwin, P. (2002). Eliminating a framing bias by using simple instructions to “think harder” and respondents with managerial experience: Comment on “breaking the frame.” *Strategic Management Journal*, 23, 1059–1067.

Chapter 12

100 best companies to work for. (2010, February 8). *Fortune*. Retrieved February 14, 2010, from <http://money.cnn.com/magazines/fortune/bestcompanies/2010/snapshots/93.html>

Atwater, L. E., Dionne, S. D., Camobreco, J. F., Avolio, B. J., & Lau, A. (1998). Individual attributes and leadership style: Predicting the use of punishment and its effects. *Journal of Organisational Behaviour*, 19, 559–576.

Avolio, B. J., & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *Leadership Quarterly*, 16, 315–338.

Aycan, Z., Kanungo, R. N., Mendonca, M., Yu, K., Deller, J., Stahl, G., et al. (2000). Impact of culture on human resource management practices: A 10-country comparison. *Applied Psychology: An International Review*, 49, 192–221.

Bass, B. M. (1985). *Leadership and performance beyond expectations*. New York: Free Press.

Baumgartel, H. (1957). Leadership style as a variable in research administration. *Administrative Science Quarterly*, 2, 344–360.

Birger, J., Chandler, C., Frott, J., Gimbel, B., Gumbel, P., et al. (2008, May 12). The best advice I ever got. *Fortune*, 157(10), 70–80

Blank, W., Green, S.G., Weitzel, J.R. (1990). A test of the situational leadership theory. *Personnel Psychology*, 43, 579–597.

Brady, D. (2007, June 11). Keeping cool in hot water. *BusinessWeek*. Retrieved April 30, 2010, from http://www.businessweek.com/magazine/content/07_24/b4038067.htm

Brodbeck, F. C., Frese, M., Akerblom, S., & Audia, G. (2000). Cultural variation of leadership prototypes across 22 European countries. *Journal of Occupational and Organisational Psychology*, 31, 1–29.

Buchanan, L. (2007, May). In praise of selflessness: Why the best leaders are servants. *Inc.*, 29(5), 33–35.

Buckmaster, J. (2008, May). How does he manage? Classified website boss. *Management Today*, 15.

Burns, J. M. (1978). *Leadership*. New York: Harper & Row.

Bycio, P., Hackett, R. D., & Allen, J. S. (1995). Further assessment of Bass's (1985) conceptualization of transactional and transformational leadership. *Journal of Applied Psychology*, 80, 468–478.

Cohn, J., Khurana, R., & Reeves, L. (2005). Growing talent as if your business depended on it. *Harvard Business Review*, 83(10), 62–70

Compton, J. (2007, October 15). Performance with purpose. *Beverage World*, 126(10), 32

Den Hartog, D.N., House, R.J., Hanges, P.J., Ruiz-Quintanilla, S.A., & Dorfman, P.W. (1999). Culture specific and cross-culturally generalized implicit leadership theories: Are attributes of charismatic/transformational leadership universally endorsed? *Leadership Quarterly*, 10(2), 219–256.

Deutschman, A. (2004, September). Googling for courage. *Fast Company*, 86, 58–59.

Dirks, K. T., & Ferrin, D. L. (2002). Trust in leadership: Meta-analytic findings and implications for research and practice. *Journal of Applied Psychology*, 87, 611–628.

Dorfman, P.W., Howell, J.P., Hibino, J.P., Lee, J.K., Tate, U. & Bautista, A. (1997). Leadership in Western and Asian countries: Commonalities and differences in effective leadership processes

across cultures. *Leadership Quarterly*, 8, 233–274.

Douglas, M. E. (2005, March). Service to others. *Supervision*, 66(3), 6–9

Ehrhart, M. G. (2004). Leadership and procedural justice climate as antecedents of unit-level organizational citizenship behaviour. *Personnel Psychology*, 57, 61–94.

Ensari, N. & Murphy, S.E. (2003). Cross-cultural variations in leadership perceptions and attribution of charisma to the leader. *Organisational Behaviour and Human Decision Processes*, 92, 52–66.

Farrell, G., & Davidson, P. (2007, July 13). Whole Foods' CEO was busy guy online. *USA Today*, Money section, p. 04B.

Fernandez, C.F., Vecchio, R.P. (2002). Situational leadership theory revisited: A test of an across-jobs perspective. *Leadership Quarterly*, 8, 67–84.

Gardner, W. L., Avolio, B. J., Luthans, F., May, D. R., & Walumbwa, F. (2005). "Can you see the real me?" A self-based model of authentic leader and follower development. *Leadership Quarterly*, 16, 343–372.

George, B. (2007). Authentic leaders: They inspire and empower others. *Leadership Excellence*, 24(9), 16–17.

Gerstner, C.R. & Day, D.V. (1994). Cross-cultural comparison of leadership prototypes. *Leadership Quarterly*, 5, 121–134.

Goleman, D. (January, 2004). What makes a leader? *Harvard Business Review*, 82(1), 82–91.

Goodwin, D. K. (2005, June 26). The master of the game. *Time*. Retrieved November 20, 2008, from <http://www.time.com/time/printout/0,8816,1077300,00.html>.

Graeff, C. L. (1983). The situational leadership theory: A critical review. *Academy of Management Review*, 8, 285–291.

Greenleaf, R. K. (1977). *Servant Leadership: A journey into the nature of legitimate power and greatness*. Mahwah, NJ: Paulist Press.

Hackman, J. R., & Wageman, R. (2007). Asking the right questions about leadership: Discussion and conclusions. *American Psychologist*, 62, 43–47.

Helm, B. (2007, April 9). Saving Starbucks' soul. *BusinessWeek*. pp. 56–61. Retrieved April 30, 2010, from http://www.businessweek.com/magazine/content/07_15/b4029070.htm

Herold, D. M., Fedor, D. B., Caldwell, S., & Liu, Y. (2008). The effects of transformational and change leadership on employees' commitment to a change: A multilevel study. *Journal of*

Applied Psychology, 93, 346–357.

Hersey, P.H., Blanchard, K.H., Johnson, D.E. (2007). *Management of Organisational Behaviour: Leadership human resources*. Upper Saddle River, NJ: Prentice Hall.

Hogan, R., Curphy, G. J., & Hogan, J. (1994). What we know about leadership: Effectiveness and personality. *American Psychologist*, 49, 493–504.

House, R. J. (1971). A path goal theory of leader effectiveness. *Administrative Science Quarterly*, 16(3), 321–338.

House, R. J. (1996). Path-goal theory of leadership: Lessons, legacy, and a reformulated theory. *Leadership Quarterly*, 7, 323–352.

House, R. J., & Aditya, R. N. (1997). The social scientific study of leadership: Quo Vadis? *Journal of Management*, 23, 409–473.

House, R. J., Hanges, P. J., Javidan, M., Dorfman, P., & Gupta, V. (2004). *Culture, leadership, and organizations: The Globe Study of 62 societies*. Thousand Oaks, CA: Sage.

House, R. J., & Mitchell, T. R. (1974). Path-goal theory of leadership. *Journal of Contemporary Business*, 3, 81–97.

Ilies, R., Gerhardt, M. W., & Huy, L. (2004). Individual differences in leadership emergence: Integrating meta-analytic findings and behavioural genetics estimates. *International Journal of Selection and Assessment*, 12, 207–219.

Ilies, R., Morgeson, F. P., & Nahrgang, J. D. (2005). Authentic leadership and eudaemonic well-being: Understanding leader-follower outcomes. *Leadership Quarterly*, 16, 373–394.

Javidan, M., Dorfman, P.W., De Luque, M.S., & House, R.J. (2006). In the eye of the beholder: Cross cultural lessons in leadership from project GLOBE. *Academy of Management Perspectives*, 20(1), 67–90.

Judge, T. A., Bono, J. E., Ilies, R., & Gerhardt, M. W. (2002). Personality and leadership: A qualitative and quantitative review. *Journal of Applied Psychology*, 87, 765–780.

Judge, T. A., & Cable, D. M. (2004). The effect of physical height on workplace success and income: Preliminary test of a theoretical model. *Journal of Applied Psychology*, 89, 428–441.

Judge, T. A., Colbert, A. E., & Ilies, R. (2004). Intelligence and leadership: A quantitative review and test of theoretical propositions. *Journal of Applied Psychology*, 89, 542–552.

Judge, T. A., & Piccolo, R. F. (2004). Transformational and transactional leadership: A meta-analytic test of their relative validity. *Journal of Applied Psychology*, 89, 755–768.

Judge, T. A., Piccolo, R. F., & Ilies, R. (2004). The forgotten ones? The validity of consideration and initiating structure in leadership research. *Journal of Applied Psychology*, 89, 36–51.

Liden, R.C., Wayne, S.J., Zhao H., & Henderson, D. (2008). Servant leadership: Development of a multidimensional measure and multi-level assessment. *Leadership Quarterly*, 19, 161–177.

Lord, R. G., De Vader, C. L., & Alliger, G. M. (1986). A meta-analysis of the relation between personality traits and leadership perceptions: An application of validity generalization procedures. *Journal of Applied Psychology*, 71, 402–410.

McKay, B. (2008, May 6). Pepsi to cut plastic used in bottles. *Wall Street Journal*, Eastern edition, p. B2

Miles, R. H., & Petty, M. M. (1977). Leader effectiveness in small bureaucracies. *Academy of Management Journal*, 20, 238–250.

Miller, C. C. (2009, January 29). Starbucks to close 300 stores and open fewer new ones. *New York Times*. Retrieved February 15, 2010, from <http://www.nytimes.com/2009/01/29/business/29sbux.html>.

Miller, K. I., & Monge, P. R. (1986). Participation, satisfaction, and productivity: A meta-analytic review. *Academy of Management Journal*, 29, 727–753.

Morris, B., & Neering, P. A. (2008, May 3). The Pepsi challenge: Can this snack and soda giant go healthy? CEO Indra Nooyi says yes but cola wars and corn prices will test her leadership. *Fortune*, 157(4), 54–66

Niebuhr, R. E., & Davis, K. R. (1984). Self-esteem: Relationship with leader behaviour perceptions as moderated by the duration of the superior-subordinate dyad association. *Personality and Social Psychology Bulletin*, 10, 51–59.

Nystrom, P. C. (1978). Managers and the hi-hi leader myth. *Academy of Management Journal*, 21, 325–331.

Pellegrini, E.K., & Scandura, T.A. (2008). Paternalistic leadership: A review and agenda for future research. *Journal of Management*, 34, 556–593.

Piccolo, R. F., & Colquitt, J. A. (2006). Transformational leadership and job behaviours: The mediating role of core job characteristics. *Academy of Management Journal*, 49, 327–340.

Ramsey, R. D. (2005, October). The new buzz word. *Supervision*, 66(10), 3–5.

Reave, L. (2005). Spiritual values and practices related to leadership effectiveness. *Leadership Quarterly*, 16, 655–687.

Schaubroeck, J., Lam, S. K., & Cha, S. E. (2007). Embracing transformational leadership: Team

values and the impact of leader behaviour on team performance. *Journal of Applied Psychology*, 92, 1020–1030.

Schultz, H. (2008, May 12). Indra Nooyi. *Time*, 171(19), 116–117; Seldman, M. (2008, June). Elevating aspirations at PepsiCo. *T+D*, 62(6), 36–38

Seltzer, J., & Numerof, R. E. (1988). Supervisory leadership and subordinate burnout. *Academy of Management Journal*, 31, 439–446.

Shamir, B., & Eilam, G. (2005). What's your story? A life-stories approach to authentic leadership development. *Leadership Quarterly*, 16, 395–417.

Shamir, B., House, R.J., & Arthur, M.B. (1993). The motivational effects of charismatic leadership: A self-concept based theory. *Organisation Science*, 4, 577–594.

Shin, S. J., & Zhou, J. (2003). Transformational leadership, conservation, and creativity: Evidence from Korea. *Academy of Management Journal*, 46, 703–714.

Skogstad, A., Einarsen, S., Torsheim, T., Aasland, M. S., & Hetland, H. (2007). The destructiveness of laissez-faire leadership behaviour. *Journal of Occupational Health Psychology*, 12, 80–92.

Sparrowe, R. T. (2005). Authentic leadership and the narrative self. *Leadership Quarterly*, 16, 419–439.

Stanley, A. (2002). Starbucks Coffee Company. *Tuck School of Business at Dartmouth* (no. 1–0023). Retrieved April 23, 2010, from <http://mba.tuck.dartmouth.edu/pdf/2002-1-0023.pdf>

Stinson, J. E., & Johnson, T. W. (1975). The path-goal theory of leadership: A partial test and suggested refinement. *Academy of Management Journal*, 18, 242–252.

Taggar, S., Hackett, R. & Saha, S. (1999). Leadership emergence in autonomous work teams: Antecedents and outcomes. *Personnel Psychology*, 52, 899–926.

The Pepsi challenge (2006, August 19). *Economist*. Retrieved April 30, 2010, from http://www.economist.com/business-finance/displaystory.cfm?story_id=7803615.

Vroom, V. H., & Mann, F. C. (1960). Leader authoritarianism and employee attitudes. *Personnel Psychology*, 13, 125–140.

Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). Authentic leadership: Development and validation of a theory-based measure. *Journal of Management*, 34, 89–126.

Wang, H., Law, K. S., Hackett, R. D., Duanxu, W., & Zhen, X. C. (2005). Leader-member exchange as a mediator of the relationship between transformational leadership and followers'

performance and organizational citizenship behaviour. *Academy of Management Journal*, 48, 420–432.

Welch, D., Kiley, D., Ihlwan, M. (2008, March 17). My way or the highway at Hyundai. *Business Week*, 4075, 48–51.

Wofford, J. C., & Liska, L. Z. (1993). Path-goal theories of leadership: A meta-analysis. *Journal of Management*, 19, 857–876.

Chapter 13

Brandon, R., & Seldman, M. (2004). *Survival of the savvy: High-integrity political tactics for career and company success*. New York: Free Press.

CEO paycharts. (2005). Retrieved January 4, 2008, from the *Fair Economy* Web site: http://www.faireconomy.org/issues/ceo_pay.

Cialdini, R. (2000). *Influence: Science and practice*. Boston: Allyn & Bacon, p. 20.

CNN.com. (2005, January 15). Graner sentenced to 10 years for abuses. Retrieved November 4, 2008, from <http://www.cnn.com/2005/LAW/01/15/graner.court.martial/>.

Cohen, A., & Bradford, D. (2002). Power and influence in the 21st century. In S. Chowdhurt (Ed.), *Organisations of the 21st century*. London: Financial Times-Prentice Hall.

Cross, R. L., Parker, A., & Cross, R. (2004). *The hidden power of social networks: Understanding how work really gets done in organisations*. Harvard, MA: Harvard Business Publishing.

Dunn, E., & Forrin, N. (2005). *Impression management*. Retrieved July 8, 2008, from http://www.psych.ubc.ca/~dunnlab/publications/Dunn_Forrin_2005.pdf.

Enns, H.G., & McFarlin, D.B. (2003). When executives influence peers: Does function matter? *Human Resource Management*, 42, 125–142.

Farmer, S. M., & Maslyn, J. M. (1999). Why are styles of upward influence neglected? Making the case for a configurational approach to influences. *Journal of Management*, 25, 653–682.

Farmer, S. M., Maslyn, J. M., Fedor, D. B., & Goodman, J. S. (1997). Putting upward influence strategies in context. *Journal of Organisational Behaviour*, 18, 17–42.

Ferris, G.R., Frink, D.D., Bhawuk, D.P., Zhou, J., & Gilmore, D.C. (1996). Reactions of diverse groups to politics in the workplace. *Journal of Management*, 22, 23–44.

Ferris, G.R., Frink, D.D., Galang M.C., Zhou, J., Kacmar, K.M., & Howard, J.L. (1996). Perceptions of organisational politics: Prediction, stress-related implications, and outcomes, *Human Relations*, 49, 233–266.

French, J. P. R., Jr., & Raven, B. (1960). The bases of social power. In D. Cartwright & A. Zander (Eds.), *Group dynamics* (pp. 607–623). New York: Harper and Row.

Gandz, J., & Murray V.V. (1980). The experience of workplace politics. *Academy of Management Journal*, 23, 237–251.

Hafner, K. (2005, April 30). Steve Jobs' review of his biography: Ban it. *New York Times*. Retrieved January 5, 2008, from <http://www.nytimes.com/2005/04/30/technology/30apple.html?ei=5090&en=7cc0ad54117bc197&ex=1272513600&partner=rssuserland&emc=rss>.

Hansen, K. (2008). *A foot in the door: Networking your way into the hidden job market*. Berkeley, CA: Ten Speed Press.

Harris, K.J., James, M., & Boonthanom, R. (2005). Perceptions of organisational politics and cooperation as moderators of the relationship between job strains and intent to turnover. *Journal of Managerial Issues*, 17, 26–42.

Hartman, L., & Desjardins, J. (2008). *Business ethics*. New York: McGraw-Hill, p. 43.

Hertzfeld, A. (1981, February). Reality distortion field. Retrieved January 4, 2008, from http://folklore.org/StoryView.py?story=Reality_Distortion_Field.txt.

Higgins, C. A., Judge, T. A., & Ferris, G. R. (2003). Influence tactics and work outcomes: A meta-analysis. *Journal of Organisational Behaviour*, 24, 89–106.

Hochwarter, W.A., Witt, L.A., & Kacmar, K.M. (2000). Perceptions of organisational politics as a moderator of the relationship between conscientiousness and job performance. *Journal of Applied Psychology*, 85, 472–478.

Hof, R. (2008, October 28). Facebook in a suit: LinkedIn launches applications platform. *BusinessWeek*. Retrieved March 23, 2010, from http://www.businessweek.com/the_thread/techbeat/archives/2008/10/linkedin_launch.html.

Horswill, A. (2009). How to get a job online using social networking. *The Courier Mail*. Retrieved March 23, 2010, from LexisNexis Academic database

How to use social networking sites for marketing and PR. (2008, December 24). *AllBusiness*. Retrieved April 23, 2010, from <http://www.allbusiness.com/marketing-advertising/public-relations/11674037-1.html>

Hughes, R., Ginnet, R., & Curphy, G. (1995). Power, influence and influence tactics. In J. T. Wren (Ed.), *The leaders companion* (p. 345). New York: Free Press.

Kahney, L. (2008, March 18). How Apple got everything right by doing everything wrong.

Wired. Retrieved January 4, 2008, from http://www.wired.com/techbiz/it/magazine/16-04/bz_apple.

Kidder, T. (2004). *Mountains beyond mountains: The quest of Dr. Paul Farmer, a man who would cure the world*. New York: Random House.

Kotter, J. (1985). *Power and influence*. New York: Free Press.

Krauss, C. (2009, January 30). Japan Airlines joins the biofuels race. *New York Times*. Retrieved January 30, 2009, from <http://greeninc.blogs.nytimes.com/2009/01/30/japan-airlines-joins-the-biofuels-race/>.

Lavenda, D. (2010, March 10). 10 tips for safe and effective social networking. *Fast Company*. Retrieved March 23, 2010, from <http://www.fastcompany.com/1577857/10-tips-for-safe-and-effective-social-networking>

Milgram, S. (1974). *Obedience to authority*. New York: Harper & Row.

Mortenson, G., & Relin, D. O. (2006). *Three cups of tea: One man's mission to promote peace... One school at a time*. New York: Viking.

Orpen, C. (1996). The effects of ingratiation and self promotion tactics on employee career success. *Social Behaviour and Personality*, 24, 213–214

Ostrow, A. (2009, August). Facebook fired: 8% of US companies have sacked social media miscreants. *Mashable*. Retrieved March 30, 2010, from <http://mashable.com/2009/08/10/social-media-misuse>.

Parker, C.P., Dipboye, R.L., & Jackson, S.L. (1995). Perceptions of organisational politics: An investigation of antecedents.

Petersen, B. (2009, January 28). Japan Airline boss sets exec example. *CBS Evening News*. Retrieved January 28, 2009, from <http://www.cbsnews.com/stories/2009/01/28/eveningnews/main4761136.shtml>.
and consequences. *Journal of Management*, 21, 891–912.

Randall, M.L., Cropanzano, R., Bormann, C.A., & Birjulin, A. (1999). Organisational politics and organisational support as predictors of work attitudes, job performance, and organisational citizenship behaviour. *Journal of Organisational Behaviour*, 20, 159–174.

Salancik, G., & Pfeffer, J. (1989). Who gets power. In M. Thushman, C. O'Reily, & D. Nadler (Eds.), *Management of organisations*. New York: Harper & Row.

Saunders, C. (1990, January). The strategic contingencies theory of power: Multiple perspectives. *Journal of Management Studies*, 21(1), 1–18.

Schlender, B. (2007, November 27). The power of Steve Jobs. *Fortune*, 117–118.

Seifer, C.F., Yukl, G., & McDonald, R.A. (2003). Effects of multisource feedback and a feedback facilitator on the influence behaviour of managers toward subordinates. *Journal of Applied Psychology*, 88, 561–569.

Stark, M. (2005, June 20). Creating a positive professional image. Q&A with Laura Morgan Roberts. Retrieved July 8, 2008, from the Harvard Business School Web site: <http://hbswk.hbs.edu/item/4860.html>.

Sutton, R. (2007). *The no asshole rule*. New York: Warner Business Books

Tepper, B.J., Uhl-Bien, M., Kohut, G.F., Rogelberg, S.G., Lockhart, D.E., & Ensley, M.D. (2006). Subordinates' resistance and managers' evaluations of subordinates' performance. *Journal of Management*, 32, 185–208.

Valle, M., & Perrewe, P. L. (2000). Do politics perceptions relate to political behaviours? Tests of an implicit assumption and expanded model. *Human Relations*, 53, 359–386.

Varma, A., Toh, S. M., & Pichler, S. (2006). Ingratiation in job applications: Impact on selection decisions. *Journal of Managerial Psychology*, 21, 200–210.

Wayne, S.J., Liden, R.C., Graf, I.K., & Ferris, G.R. (1997). The role of upward influence tactics in human resource decisions. *Personnel Psychology*, 50, 979–1006.

Xin, K. R., & Tsui, A. S. (1996). Different folks for different folks? Influence tactics by Asian-American and Caucasian-American managers. *Leadership Quarterly*, 7, 109–132.

Yukl, G., Kim, H., & Falbe, C. M. (1996). Antecedents of influence outcomes. *Journal of Applied Psychology*, 81, 309–317.

Zimbardo, P. G. Stanford prison experiment. Retrieved January 30, 2009, from <http://www.prison-exp.org/>.

Chapter 14

Anand, N. (2005). *Blackwell encyclopedic dictionary of organisational behaviour*. Cambridge: Wiley.

Arnold, J. T. (2007, April). Customers as employees. *HR Magazine*, 77–82.

Arogyaswamy, B., & Byles, C. H. (1987). Organisational culture: Internal and external fits. *Journal of Management*, 13, 647–658.

Barney, J. B. (1986). Organisational culture: Can it be a source of sustained competitive advantage? *Academy of Management Review*, 11, 656–665.

Barron, J. (2007, January). The HP Way: Fostering an ethical culture in the wake of scandal. *Business Credit*, 109, 8–10.

Bauer, T. N., Bodner, T., Erdogan, B., Truxillo, D. M., & Tucker, J. S. (2007). Newcomer adjustment during organisational socialization: A meta-analytic review of antecedents, outcomes, and methods. *Journal of Applied Psychology*, 92, 707–721.

Berner, R. (2007, February 12). My Year at Wal-Mart. *Business Week*, 4021, 70–74.

Beslin, R. (2007). Story building: A new tool for engaging employees in setting direction. *Ivey Business Journal*, 71, 1–8.

Bolino, M. C., & Turnley, W. H. (2003). Going the extra mile: Cultivating and managing employee citizenship behaviour. *Academy of Management Executive*, 17, 60–71.

Boyle, M. (2004, November 15). Kraft's arrested development. *Fortune*, 150, 144.

BST to guide culture change effort at NASA. (June, 2004). *Professional Safety*, 49, 16; J. B. (June, 2001). The Midas touch. *Training*, 38, 26.

Capowski, G. S. (1993, June). Designing a corporate identity. *Management Review*, 82, 37–41.

Chatman, J. A., & Eunyong Cha, S. (2003). Leading by leveraging culture. *California Management Review*, 45, 19–34.

Chatman, J. A., & Jehn, K. A. (1991). Assessing the relationship between industry characteristics and organisational culture: How different can you be? *Academy of Management Journal*, 37, 522–553.

Chatman, J. A., & Jehn, K. A. (1994). Assessing the relationship between industry characteristics and organisational culture: How different can you be? *Academy of Management Journal*, 37, 522–553.

Charan, R. (2006, April). Home Depot's blueprint for culture change. *Harvard Business Review*, 84, 60–70.

Christie, L. (2005). America's most dangerous jobs. Survey: Loggers and fisherman still take the most risk; roofers record sharp increase in fatalities. CNN/Money. Retrieved from http://money.cnn.com/2005/08/26/pf/jobs_jeopardy/.

Collins, J., & Porras, J. I. (1996). Building your company's vision. *Harvard Business Review*, 74, 65–77.

Conley, L. (2005, April). Cultural phenomenon. *Fast Company*, 93, 76–77.

Copeland, M. V. (2004, July). Best Buy's selling machine. *Business 2.0*, 5, 92–102.

Daniel, L., & Brandon, C. (2006). Finding the right job fit. *HR Magazine*, 51, 62–67.

Dedoussis, E. (2004). A cross-cultural comparison of organisational culture: Evidence from universities in the Arab world and Japan. *Cross Cultural Management*, 11, 15–34.

Erdogan, B., Liden, R. C., & Kraimer, M. L. (2006). Justice and leader-member exchange: The moderating role of organisational culture. *Academy of Management Journal*, 49, 395–406.

Fitch, S. (2004, May 10). Soft pillows and sharp elbows. *Forbes*, 173, 66–78.

Ford, R. C., & Heaton, C. P. (2001). Lessons from hospitality that can serve anyone. *Organisational Dynamics*, 30, 30–47.

Garibaldi de Hilal, A. (2006). Brazilian national culture, organisational culture and cultural agreement: Findings from a multinational company. *International Journal of Cross Cultural Management*, 6, 139–167.

Gebler, D. (2006, May). Creating an ethical culture. *Strategic Finance*, 87, 28–34.

Gerstner, L. V. (2002). *Who says elephants can't dance?* New York: Harper-Collins.

Gordon, G. G. (1991). Industry determinants of organisational culture. *Academy of Management Review*, 16, 396–415.

Greene, J., Reinhardt, A., & Lowry, T. (2004, May 31). Teaching Microsoft to make nice? *Business Week*, 3885, 80–81.

Heineman, B. W., Jr. (2007, April). Avoiding integrity land mines. *Harvard Business Review*, 85, 100–108.

Herman, J., & Wernle, B. (2007, August 13). The book on Bob Nardelli: Driven, demanding. *Automotive News*, 81, 42.

Higgins, J., & McAllester, C. (2004). If you want strategic change, don't forget to change your cultural artifacts. *Journal of Change Management*, 4, 63–73.

Jarnagin, C., & Slocum, J. W., Jr. (2007). Creating corporate cultures through mythopoetic leadership. *Organisational Dynamics*, 36, 288–302.

Judge, T. A., & Cable, D. M. (1997). Applicant personality, organisational culture, and organisation attraction. *Personnel Psychology*, 50, 359–394.

Kark, R., & Van Dijk, D. (2007). Motivation to lead, motivation to follow: The role of the self-

regulatory focus in leadership processes. *Academy of Management Review*, 32, 500–528.

Kerr, J., & Slocum, J. W., Jr. (2005). Managing corporate culture through reward systems. *Academy of Management Executive*, 19, 130–138.

Kiger, P. J. (April, 2005). Corporate crunch. *Workforce Management*, 84, 32–38.

Kolesnikov-Jessop, S. (2005, November). Four Seasons Singapore: Tops in Asia. *Institutional Investor*, 39, 103–104.

Kotter, J. P., & Heskett, J. L. (1992). *Corporate culture and performance*. New York: Free Press.

Kristof-Brown, A. L., Zimmerman, R. D., & Johnson, E. C. (2005). Consequences of individuals' fit at work: A meta-analysis of person-job, person-organisation, person-group, and person-supervisor fit. *Personnel Psychology*, 58, 281–342.

Kuehner-Herbert, K. (2003, June 20). Unorthodox branch style gets more so at Umpqua. *American Banker*, 168, 5.

Kunen, J. S. (2002, January 19). Enron's vision (and values) thing. *The New York Times*, p. 19.

Labich, K., & Carvell, T. (1995, September 18). Nike vs. Reebok. *Fortune*, 132, 90–114.

Marcoulides, G. A., & Heck, R. H. (1993, May). Organisational culture and performance: Proposing and testing a model. *Organisational Science*, 4, 209–225.

Markels, A. (2007, April 23). Dishing it out in style. *U.S. News & World Report*, 142, 52–55.

McCarthy, P. D., & Spector, R. (2005). *The Nordstrom way to customer service excellence: A handbook for implementing great service in your organisation*. Hoboken, NJ: John Wiley

McGregor, J., McConnon, A., Weintraub, A., Holmes, S., & Grover, R. (2007, May 14). The 25 most innovative companies. *Business Week*, 4034, 52–60.

Miles, S. J., & Mangold, G. (2005). Positioning Southwest Airlines through employee branding. *Business Horizons*, 48, 535–545.

Mitchell, C. (2002). Selling the brand inside. *Harvard Business Review*, 80, 99–105.

Morris, B., Burke, D., & Neering, P. (2006, January 23). The best place to work now. *Fortune*, 153, 78–86.

Motivation secrets of the 100 best employers. (2003, October). *HR Focus*, 80, 1–15.

- Nohria, N., Joyce, W., & Roberson, B. (2003, July). What really works. *Harvard Business Review*, 81, 42–52.
- O'Reilly, C. A., III, Chatman, J. A., & Caldwell, D. F. (1991). People and organisational culture: A profile comparison approach to assessing person-organisation fit. *Academy of Management Journal*, 34, 487–516.
- Pfeffer, J. (2005). Producing sustainable competitive advantage through the effective management of people. *Academy of Management Executive*, 19, 95–106.
- Probst, G., & Raisch, S. (2005). Organisational crisis: The logic of failure. *Academy of Management Executive*, 19, 90–105.
- Sacks, D. (2005). Cracking your next company's culture. *Fast Company*, 99, 85–87.
- Schein, E. H. (1990). Organisational culture. *American Psychologist*, 45, 109–119.
- Schein, E. H. (1992). *Organisational culture and leadership*. San Francisco: Jossey-Bass.
- Schlender, B. (1998, June 22). Gates' crusade. *Fortune*, 137, 30–32.
- Schlender, B. (2005, April 18). Wal-Mart's \$288 billion meeting. *Fortune*, 151, 90–106.
- Schlender, B. (2007, December 10). Bill Gates. *Fortune*, 156, 54.
- Schneider, B., Salvaggio, A., & Subirats, M. (2002). Climate strength: A new direction for climate research. *Journal of Applied Psychology*, 87, 220–229.
- Schweitzer, M., Ordóñez, L., & Douma, B. (2004). The role of goal setting in motivating unethical behaviour. *Academy of Management Journal*, 47, 422–432.
- Sheridan, J. (1992). Organisational culture and employee retention. *Academy of Management Journal*, 35, 1036–1056.
- Sorensen, J. B. (2002). The strength of corporate culture and the reliability of firm performance. *Administrative Science Quarterly*, 47, 70–91.
- Stegmeier, D. (2008). *Innovations in office design: The critical influence approach to effective work environments*. Hoboken, NJ: John Wiley.
- Thompson, J. (2005, September). The time we waste. *Management Today*, pp. 44–47.
- Thompson, S. (2006, September 18). Kraft CEO slams company, trims marketing staff. *Advertising Age*, 76, 3–62.

Wal around the world. (2001, December 8). *Economist*, 361, 55–57.

Wal-Mart Stores Inc. (2008). Investor frequently asked questions. Retrieved November 20, 2008, from <http://walmartstores.com/Investors/7614.aspx>.

Watkins, S. (2003, November). Former Enron vice president Sherron Watkins on the Enron collapse. *Academy of Management Executive*, 17, 119–125.

Weber, G. (2005, February). Preserving the counter culture. *Workforce Management*, 84, 28–34.

Westrum, R. (2004, August). Increasing the number of guards at nuclear power plants. *Risk Analysis: An International Journal*, 24, 959–961.

Why culture can mean life or death for your organisation. (2007, September). *HR Focus*, 84, 9.