NSCC Organizational Behaviour

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NSCC EDITION

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About the Book

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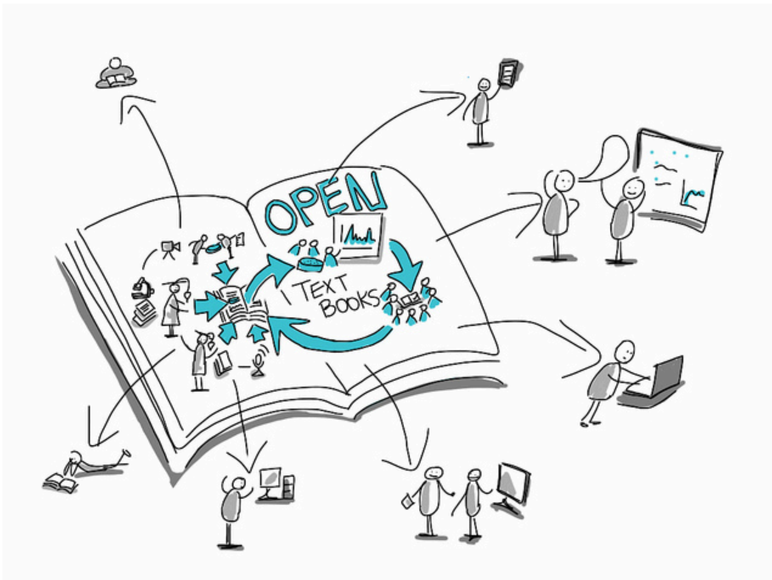
Dedication

Nova Scotia Community College faculty join with all the contributors in dedicating this book to reducing the cost of education in business.

This book is also dedicated to the students who use it to advance their learning and to improve the quality of life in their communities.



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Chapter 1: Organizational Behavior

Learning Objectives

After reading this chapter, you should be able to understand and articulate answers to the following questions:

1. What is organizational behaviour (OB)?
2. Why does organizational behaviour matter?
3. How can I maximize my learning in this course?
4. What research methods are used to study organizational behaviour?
5. What challenges and opportunities exist for OB?

1.1 Understanding Organizational Behavior

Learning Objectives

1. Understand what organizational behaviour is.
2. Explore notions of work and organization.
3. Understand why organizational behaviour matters.
4. Learn about OB Toolboxes in this book.

The people make the place.

Throughout this course we will share many examples of people making their workplaces work. 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 to go. Steve Jobs, cofounder, chairman, and CEO of Apple Inc. attributes the innovations at Apple, which include the iPod, MacBook, and iPhone, 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"[1]. This became a sore point with investors in early 2009 when Jobs took a medical leave of absence. Many wonder if Apple will be as successful without him at the helm, and Apple stock plunged upon worries about his health.[2]

1. Kirkpatrick, D. (1998). The second coming of Apple. *Fortune*, *138*, 90.

2. Parloff, R. (2008, January 22). Why the SEC is probing Steve Jobs. *Money*. Retrieved January 28, 2009, from http://money.cnn.com/2009/01/22/technology/stevejobs_disclosure.fortune/?postversion=2009012216.

Figure 1.2 Steve Jobs is known for developing innovative products by hiring the right people for the job and fostering a culture of hard work and creativity.[*Wikimedia Commons*](#) *– CC BY 3.0.*

Mary Kay Ash, founder of Mary Kay Inc., a billion-dollar cosmetics company, makes a similar point, saying, "People are definitely a company's greatest asset. It doesn't make any difference whether the product is cars or cosmetics. A company is only as good as the people it keeps"[3]

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. In addition, we know that each student reading this book has a unique set of personal and work-related experiences, capabilities, and career goals. The Great Resignation is in full swing and impacting employers across the country. A recent survey conducted by Randstad and Ipsos shows that 36% of blue-collar workers and 21% of white-collar workers in Canada have changed jobs within the last 12 months.[4]. In order to succeed in this type of career situation, individuals need to be armed with the tools necessary to be lifelong learners. So, this book will not be about giving you all the answers to every situation you may encounter when you start your first job or as you continue up the career ladder. Instead, this book will give you the vocabulary, framework, and critical thinking skills necessary for you to diagnose situations, ask tough questions,

3. Retrieved June 4, 2008, from http://www.litera.co.uk/t/NDk1MDA/.

4. Randstad. (2022, February 7). 5 *reasons employees are leaving your organization [blog].* https://www.randstad.ca/employers/workplace-insights/talent-management/why-canadian-employees-are-changing-jobs

evaluate the answers you receive, and act in an effective and ethical manner regardless of situational characteristics.

Throughout this book, when we refer to organizations, we will include examples that may apply to diverse organizations such as publicly held, for-profit organizations like Google and American Airlines, privately owned businesses such as S. C. Johnson & Son Inc. (makers of Windex glass cleaner) and Mars Inc. (makers of Snickers and M&Ms), and not-for-profit organizations such as the Sierra Club or Mercy Corps, and nongovernmental organizations (NGOs) such as Doctors Without Borders and the International Red Cross. We will also refer to both small and large corporations. You will see examples from *Fortune* 500 organizations such as Intel Corporation or Home Depot Inc., as well as small start-up organizations. Keep in mind that some of the small organizations of today may become large organizations in the future. For example, in 1998, eBay Inc. had only 29 employees and $47.4 million in income, but by 2008 they had grown to 11,000 employees and over $7 billion in revenue.[5] Regardless of the size or type of organization you may work for, people are the common denominator of how work is accomplished within organizations.

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

What is Work?[6]

Some people live to work, while others simply work to live. In any case, people clearly have strong feelings about what they do on the job and about the people with whom they work. In our study of behaviour in organizations, we shall examine what people do, what causes them to do it, and how they feel about what they do. As a prelude to this analysis, however, we should first consider the basic unit of analysis in this study: work itself. What is work, and what functions does it serve in today's society?

Work has a variety of meanings in contemporary society. Often we think of work as paid employment—the exchange of services for money. Although this definition may suffice in a technical sense, it does not adequately describe why work is necessary. Perhaps work could be more meaningfully defined as an activity that produces something of value for other people. This definition broadens the scope of work and emphasizes the social context in which the wage-effort bargain transpires. It clearly recognizes that work has purpose—it is productive. Of course, this is not to say that work is necessarily interesting or rewarding or satisfying. On the contrary, we know that many jobs are dull, repetitive, and stressful. Even so, the activities performed do have utility for society at large. One of the challenges of **management** is to discover ways of transforming necessary yet distasteful jobs into more meaningful situations that are more satisfying and rewarding for individuals and that still contribute to organizational productivity and effectiveness.

5. Gibson, E. (2008, March). Meg Whitman's 10th anniversary as CEO of eBay. Fast Company, 25.

6. Section adapted from 1.1 The nature of work in OpenStax Organizational Behaviour shared under a CC BY license.

Functions of Work[7]

We know why work activities are important from an organization's viewpoint. Without work there is no product or service to provide. But why is work important to individuals? What functions does it serve?

First, work serves a rather obvious economic function. In exchange for labour, individuals receive necessary income with which to support themselves and their families. But people work for many reasons beyond simple economic necessity.

Second, work also serves several social functions. The workplace provides opportunities for meeting new people and developing friendships. Many people spend more time at work with their co-workers than they spend at home with their own families.

Third, work also provides a source of social status in the community. One's occupation is a clue to how one is regarded on the basis of standards of importance prescribed by the community. For instance, in the United States a corporate president is generally accorded greater status than a janitor in the same corporation. In China, on the other hand, great status is ascribed to peasants and people from the working class, whereas managers are not so significantly differentiated from those they manage. In Japan, status is first a function of the company you work for and how well-known it is, and then the position you hold. It is important to note here that the status associated with the work we perform often transcends the boundaries of our organization. A corporate president or a university president may have a great deal of status in the community at large because of his position in the organization. Hence, the work we do can simultaneously represent a source of social differentiation and a source of social integration.

Fourth, work can be an important source of identity and self-esteem and, for some, a means for self-actualization. It provides a sense of purpose for individuals and clarifies their value or contribution to society. As Freud noted long ago, "Work has a greater effect than any other technique of living in binding the individual more closely to reality; in his work he is at least securely attached to a part of reality, the human community."[8]

Work contributes to self-esteem in at least two ways. First, it provides individuals with an opportunity to demonstrate competence or mastery over themselves and their environment. Individuals discover that they can actually *do* something. Second, work reassures individuals that they are carrying out activities that produce something of value to others—that they have something significant to offer. Without this, the individual feels that they have little to contribute and is thus of little value to society.

We clearly can see that work serves several useful purposes from an individual's standpoint. It provides a degree of economic self-sufficiency, social interchange, social status, self-esteem, and identity. Without this, individuals often experience sensations of powerlessness, meaninglessness, and normlessness—a condition called alienation. In work, individuals have the possibility of finding some meaning in their day-to-day activities—if, of course, their work is sufficiently challenging.

When employees are not involved in their jobs because the work is not challenging enough, they usually see no reason to apply themselves, which, of course, jeopardizes productivity and organizational

7. ibid.

8. S. Freud, Lecture XXXIII, New Introductory Lectures on Psychoanalysis (New York: Norton, 1933), p. 34.

effectiveness. This self-evident truth has given rise to a general concern among managers about declining productivity and work values. In fact, concern about this situation has caused many managers to take a renewed interest in how the behavioural sciences can help them solve many of the problems of people at work.

What Is Organizational Behavior?

Organizational behaviour (OB) is defined as the systematic study and application of knowledge about how individuals and groups act within the organizations where they 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—that 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.

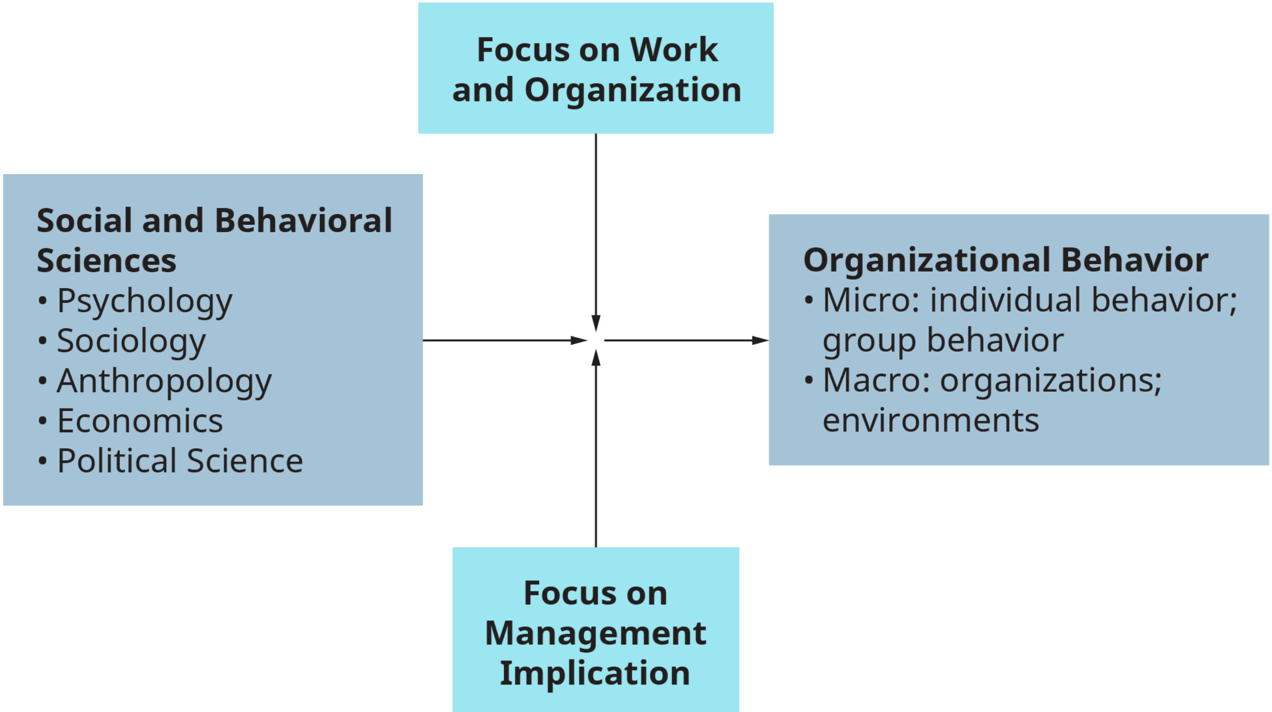
OB draws from other disciplines to create a unique field. As you read this book, you will most likely recognize OB's roots in other disciplines. For example, when we review topics such as personality and motivation, we will again review studies from the field of psychology. The topic of team processes relies heavily on the field of sociology. In the chapter relating to decision making, you will come across 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 1.3 OB spans topics related from the individual to the organization.

Those who study organizational behaviour—which now includes you—are interested in several outcomes such as work attitudes (e.g., job satisfaction and organizational commitment) as well as job performance (e.g., customer service and counterproductive work behaviours). 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. They are examining the individual, the group, and the organization. For example, if I want to understand my boss's personality, I would be examining the individual level of analysis. If we want to know about how my manager's personality affects my team, I am examining things at the team level. But, if I want to understand how my organization's culture affects my boss's behaviour, I would be interested in the organizational level of analysis. The study of the behaviour of people in organizations is typically referred to as **organizational behaviour**. Here, the focus is on applying what we can learn from the social and behavioural sciences so we can better understand and predict human behaviour at work.

We examine such behaviour on three levels—the individual, the group, and the organization as a whole. In all three cases, we seek to learn more about what causes people—individually or collectively—to behave as they do in organizational settings. What motivates people? What makes some employees leaders and others not? Why do groups often work in opposition to their employer? How do organizations respond to changes in their external environments? How do people communicate and make decisions? Questions such as these constitute the domain of organizational behaviour and are the focus of this course.To a large extent, we can apply what has been learned from psychology, sociology, and cultural anthropology. In addition, we can learn from economics and political science. All of these disciplines have something to say about life in organizations. However, what sets organizational behaviour apart is its particular focus on the organization (not the discipline) in organizational analysis. Thus, if we wish to examine a problem of employee motivation, for example, we can draw upon economic theories of wage structures in the workplace.

At the same time, we can also draw on the psychological theories of motivation and incentives as they relate to work. We can bring in sociological treatments of social forces on behaviour, and we can make use of anthropological studies of cultural influences on individual performance. It is this conceptual richness that establishes organizational behaviour as a unique applied discipline. And throughout our analyses, we are continually concerned with the implications of what we learn for the quality of working life and organizational performance. We always look for management implications so the managers of the future can develop more humane and more competitive organizations for the future.



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For convenience, we often differentiate between micro- and macro-organizational behaviour. **Micro-organizational behaviour** is primarily concerned with the behaviour of individuals and groups, while **macro-organizational behaviour** (also referred to as organization theory) is concerned with organization-wide issues, such as organization design and the relations between an organization and its environment.

Why Organizational Behavior Matters

OB matters at three critical levels. It matters because it is all about things **you care** about. OB can help you become a more engaged organizational member. Getting along with others, getting a great job, lowering your stress level, making more effective decisions, and working effectively within a team…these are all great things, and OB addresses them!

It matters because **employers care** about OB. A recent survey by the National Association of Colleges and Employers (NACE) asked employers which skills are the most important for them when evaluating job candidates, and OB topics topped the list.[9]

The following were the top five personal qualities/skills:

1. Communication skills (verbal and written)
2. Honesty/integrity

9. NACE 2007 Job Outlook Survey. Retrieved July 26, 2008, from the National Association of Colleges and Employers (NACE) Web site: http://www.naceweb.org/press/quick.htm#qualities.

3. Interpersonal skills (relates well to others)
4. Motivation/initiative
5. Strong work ethic

These are all things we will cover in OB.

Finally, it matters because **organizations care** about OB. 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.[10] [11][12][13] 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, paying well, training employees, reducing status differences, and sharing information.[14]

For example, every Whole Foods store has an open compensation policy in which salaries (including bonuses) are listed for all employees. There is also a salary cap that limits the maximum cash compensation paid to anyone in the organization, such as a CEO, in a given year to 19 times the companywide annual average salary of all full-time employees. What this means is that if the average employee makes $30,000 per year, the highest potential pay for their CEO would be $570,000, which is a lot of money but pales in comparison to salaries such as Steve Jobs of Apple at $14.6 million or the highest paid CEO in 2007, Larry Ellison of Oracle, at $192.9 million.[15]

Research shows that organizations that are considered healthier and more effective have strong OB characteristics throughout them 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.[16]

In the rest of this chapter, we will build on how you can use this book by adding tools to your OB Toolbox in each section of the book as well as assessing your own learning style. 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 are facing and how OB can help overcome these challenges.

10. 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.

11. Pfeffer, J. (1998). *The human equation: Building profits by putting people first*. Boston: Harvard Business School Press.

12. Pfeffer & Veiga, 1999

13. 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.

14. Pfeffer, J., & Veiga, J. F. (1999). Putting people first for organizational success. *Academy of Management Executive*, *13*, 37–48.

15. Elmer-DeWitt, P. (2008, May 2). Top-paid CEOs: Steve Jobs drops from no. 1 to no. 120. *Fortune*. Retrieved July 26, 2008, from CNNMoney.com: http://apple20.blogs.fortune.cnn.com/2008/05/02/top-paid-ceos- steve-jobs-drops-from-no-1-to-no-120/.

16. 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.

Adding to Your OB Toolbox

Your OB Toolbox

OB Toolboxes appear throughout this book. They indicate a tool that you can try out today to help you develop your OB skills.

Throughout the book, you will see many OB Toolbox features. Our goal in writing this book 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 think about that may help you later. As you progress, you may discover some OB tools that are particularly relevant to you while others are not as appropriate at the moment. That's great—keep those that have value to you. You can always go back and pick up tools later on if they don't seem applicable right now.

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.[17] It is not surprising that, on average, the greater the level of education you have, the more money you will make. In 2006, those who had a college degree made 62% more money than those who had a high school degree (U.S. Bureau of Labor Statistics). Organizations value and pay for skills as the next figure shows. Figure 1.4[18]

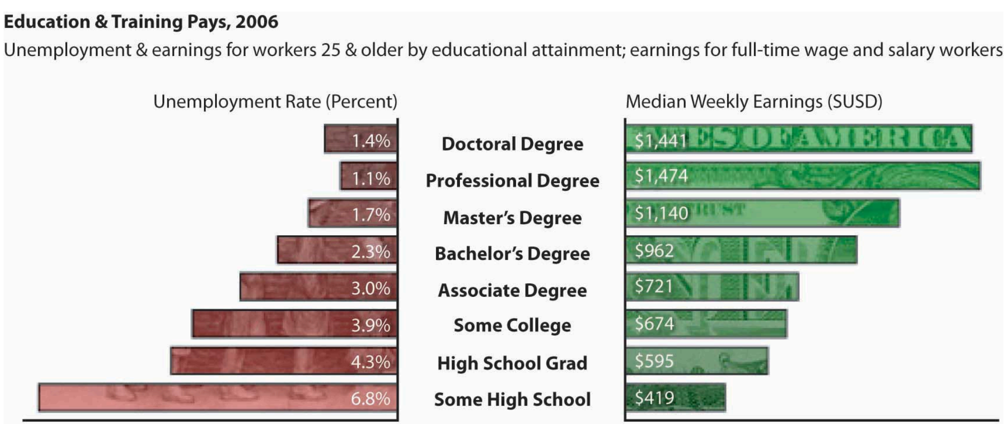


Figure 1.4 Education and training have financial payoffs as illustrated by these unemployment and earnings for workers 25 and older.

Tom Peters is a management expert who talks about the concept of individuals thinking of themselves as a brand to be managed. Further, he recommends that individuals manage themselves like free

17. Michaels, E., Handfield-Jones, H., & Axelrod, B. (2001). The war for talent. Boston: Harvard Business School Publishing.

18. Source: U.S. Bureau of Labor Statistics, http://www.bls.gov.

agents.[19] The following OB Toolbox includes several ideas for being effective in keeping up your skill set.

Your OB Toolbox: Skill Survival Kit

- *Keep your skills fresh*. Consider revolutionizing your portfolio of skills at least every 6 years.
- *Master something*. Competence in many skills is important, but excelling at something will set you apart.
- *Embrace ambiguity*. Many people fear the unknown. They like things to be predictable. Unfortunately, the only certainty in life is that things will change. Instead of running from this truth, embrace the situation as a great opportunity.
- *Network*. The term has been overused to the point of sounding like a cliché, but networking works. This doesn't mean that having 200 connections on MySpace, LinkedIn, or Facebook makes you more effective than someone who has 50, but it does mean that getting to know people is a good thing in ways you can't even imagine now.
- *Appreciate new technology*. This doesn't mean you should get and use every new gadget that comes out on the market, but it does mean you need to keep up on what the new technologies are and how they may affect you and the business you are in.[20]

A key step in building your OB skills and filling your toolbox is to learn the language of OB. Once you understand a concept, you are better able to recognize it. Once you recognize these concepts in real-world events and understand that you have choices in how you will react, you can better manage yourself and others. An effective tool you can start today is journaling, which helps you chart your progress as you learn new skills. For more on this, see the OB Toolbox below.

OB Toolbox: Journaling as a Developmental Tool

- *What exactly is journaling*? Journaling refers to the process of writing out thoughts and emotions on a regular basis.
- *Why is journaling a good idea*? Journaling is an effective way to record how you are feeling from day to day. It can be a more objective way to view trends in your thoughts and emotions so you are not simply relying on your memory of past events, which can be inaccurate. Simply getting

19. Peters, T. (1997). The brand called you. *Fast Company*. Retrieved July 1, 2008, from http://www.fastcompany.com/magazine/10/brandyou.html.; Peters, T. (2004). Brand you survival kit. *Fast Company*. Retrieved July 1, 2008, from http://www.fastcompany.com/magazine/83/playbook.html.

20. Source: Adapted from ideas in Peters, T. (2007). Brand you survival kit. *Fast Company*. Retrieved July 1, 2008, from http://www.fastcompany.com/magazine/83/playbook.html.

your thoughts and ideas down has been shown to have health benefits as well such as lowering the writer's blood pressure, heart rate, and decreasing stress levels.

- *How do I get started*? The first step is to get a journal or create a computer file where you can add new entries on a regular basis. Set a goal for how many minutes per day you want to write and stick to it. Experts say at least 10 minutes a day is needed to see benefits, with 20 minutes being ideal. The quality of what you write is also important. Write your thoughts down clearly and specifically while also conveying your emotions in your writing. After you have been writing for at least a week, go back and examine what you have written. Do you see patterns in your interactions with others? Do you see things you like and things you'd like to change about yourself? If so, great! These are the things you can work on and reflect on. Over time, you will also be able to track changes in yourself, which can be motivating as well.[21]

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 about how individuals and groups act within the organizations where they work. *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, and the specific manner in which information is framed can affect the choices we make. Therefore, it is important to rule out alternative explanations one by one rather than to assume we know about 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 will see that OB isn't just common sense. If you get them all right, you are way ahead of the game!

Exercise – Putting Common Sense to the Test

Please answer the following 10 questions by noting whether you believe the sentence is true or 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. _____
   The best way to help someone reach their goals is to tell them to do their best. _____
3. If you pay someone to do a task they routinely enjoy, they'll do it even more often in the future. _____

21. Sources: Created based on ideas and information in Bromley, K. (1993). *Journaling: Engagements in reading, writing, and thinking*. New York: Scholastic; Caruso, D., & Salovey, P. (2004). *The emotionally intelligent manager: How to develop and use the four key emotional skills of leadership*. San Francisco: Jossey-Bass; Scott, E. (2008). The benefits of journaling for stress management. Retrieved January 27, 2008, from About.com: http://stress.about.com/od/generaltechniques/p/profilejournal.htm.

4. Pay is a major determinant of how hard someone will work. _____
5. If a person fails the first time, they try harder the next time. _____
6. People perform better if goals are easier. _____
7. Most people within organizations make effective decisions. _____
8. Positive people are more likely to withdraw from their jobs when they are dissatisfied. _____
9. Teams with one smart person outperform teams in which everyone is average in intelligence. ______

You may check your answers with your instructor.

Key Takeaways

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

Exercises

1. Which type of organizations did 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 ones 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 to make you more effective throughout the term.

1.2 Understanding Your Learning Style

Learning Objectives

1. Understand different dimensions of learning styles.
   Diagnose your own learning style.
2. Explore strategies for working with your preferred learning style.

Learning Styles

In order to maximize your learning in this course and in any learning situation, it's important to understand what type of learner you are. Some people learn better by seeing information. For example, if you notice that you retain more information by reading and seeing diagrams and flow charts, you may be a visual learner. If you primarily learn by listening to others such as in lectures, conversations, and videos, you may be an auditory learner. Finally, if you have a preference for actually doing things and learning from trial and error, you may be a kinesthetic learner. If you are unaware of what your primary learning style is, take a moment to diagnose it at the Web site listed below.

What Is Your Learning Style?

Take the following online learning style quiz to find out what type of learner you are. Don't be tempted by any advertising including offers to sell you a full VARK report. Your scores will be displayed at the end of this quiz:

VARK Learning Style Quiz

Now that you have established which type of learner you are, let's go through some recommendations for your style. Here are some learning recommendations.[1]

- If you are a *visual learner*,
    - draw pictures and diagrams to help you understand;

1. Adapted from recommendations by Jennifer Yeh at San Francisco State University. Retrieved June 1, 2008, from the Center for the Enhancement of Teaching, San Francisco State University: http://oct.sfsu.edu/introduction/learningstyles/index.html.

- take careful notes during class so you can refer back to them later on;
- summarize the main points of what you learn using charts.

- If you are an *auditory learner*,
  - join study groups so you can discuss your questions and ideas and hear responses;
  - write down any oral instructions you hear in class right away;
  - consider taping lectures if your professor says it is OK and view online lectures on topics you are interested in.
- If you are a *kinesthetic learner*,
  - schedule your homework and study sessions so you can take breaks and move around between reading your notes or chapters;
  - take good notes during class—this will force you to pay attention and process information even when you feel like you are "getting it";
  - don't sign up for long once-a-week classes—they normally require too much sitting and listening time.

For various reasons, using flash cards seems to help with all three learning styles. For example, for an auditory learner, saying the answers aloud when using flash cards helps to solidify concepts. For a visual learner, seeing the answers written down on the flash card can be helpful. And for the kinesthetic learner, the act of creating and organizing flash cards helps the concepts stick.

Figure 1.5 While individuals tend to have a dominant, or primary, learning style, being able to adapt to different learning situations is a big plus, so anytime you get a chance to learn in a new way, grab it. The more you practice, the better you will become at learning to process information in different ways. Image credit: Kozminski University. (n.d.). Group Work, CC BY-NC-ND 2.0,

Key Takeaways

- People tend to have a preferred learning style.
- Visual learners see things to learn them.
- Auditory learners hear things to learn them.
- Kinesthetic learners do things to learn them.

Exercises

1. Were you surprised by your primary learning style? Why or why not?
2. How does your learning style affect the kinds of classes you take?
3. Try out a few of the suggestions for your learning style over the next week and see how they work.
4. Now that you've learned more about your own learning style, are there some things you might consider doing to expand on your other styles? If so, what steps might you take to do this?

1.3 Understanding How OB Research Is Done

Learning Objectives

1. Learn the terminology of research.
2. Understand the different types of OB research methods used.

OB Research Methods

OB researchers have many tools they use to discover how individuals, groups, and organizations behave. Researchers have working hypotheses based on their own observations, readings on the subject, and information from individuals within organizations. Based on these ideas, they set out to understand the relationships among different variables. There are a number of different research methods that researchers use, and we will discuss a few of these below. Imagine that your manager has asked you to find out if setting goals will help to make the employees at your company more productive. We will cover the different ways you could use research methods to answer this question, impress your boss, and hopefully get a promotion.

Surveys

Surveys are one of the primary methods management researchers use to learn about OB. A basic survey involves asking individuals to respond to a number of questions. The questions can be open-ended or close-ended. An example of an open-ended question that could be used to address your manager's question would be to ask employees how they feel about goal setting in relation to productivity, then summarize your findings. This might work if you have a small organization, but open-ended surveys can be time consuming to summarize and hard to interpret at a glance. You could get more specific by asking employees a series of close-ended questions in which you supply the response key, such as a rating of 1 to 5. Today it is easy to create online surveys that quickly compile the results automatically. There are even several free survey tools available online such as Free Online Surveys and Survey Gizmo, or you can use paper-and-pencil surveys.

Researchers may even use a handheld device to randomly or systematically survey participants about key aspects of their day to get a more dynamic view. This is called time sampling. Image credit: Department of Computer and Information Science NTNU. (2014). Researcher's Night, CC BY-NC 2.0.

Sample Survey About the Effectiveness of Goal Setting

Instructions: We would like to gather your opinions about different aspects of work. Please answer the following three questions using the scale below:

Response Scale:

1=Strongly disagree

2=Disagree

3=Neither agree nor disagree

4=Agree

5=Strongly agree

Setting goals at work helps me to focus	1	2	3	4	5
Goal setting is effective in improving performance	1	2	3	4	5
I get more done when I use goal setting	1	2	3	4	5

Regardless of the method you choose to collect your information, the next step is to look at the average of the responses to the questions and see how the responses stack up. But this still wouldn't really answer the question your boss asked, which is whether using goal setting would help employees be more effective on the job. To do this, you would want to conduct a field study.

Field Studies

Field studies are also effective ways to learn about what is truly going on within organizations. There are survey field studies like the one above, but more compelling evidence comes from field studies that employ an experimental design. Here you would assign half the employees at your company to the goal setting condition and the other half to the control group condition. The control group wouldn't get any information on goal setting but the treatment group would. If you found that the treatment group was more effective than the control group, you could tell your boss that goal setting works.

Laboratory Studies

OB researchers are often interested in basic research questions such as "Can we show that goal setting increases performance on a simple task?" This is how research on goal setting started, and it is also how we can establish the conditions under which it works more or less effectively. Again, to address this, researchers may conduct a lab study in which one group is assigned one condition and the other group is assigned the control condition (generally the control condition involves no change at all). You may even have been involved in a lab study during your time at your university. One of the most important concepts to understand with lab studies is that they give the researcher a great deal of control over the environment they are studying but do so in a less "realistic" way, since they are not studying real employees in real work settings. For example, in a lab study, a researcher could simulate hiring and firing employees to see if firing some employees affected the goal-setting behaviour of the remaining employees. While this wouldn't be legal or ethical to do in a real organization, it could be a compelling lab study. At the same time, however, firing someone in a lab setting does not necessarily carry the same consequences as it would in real life.

Case Studies

Case studies are in-depth descriptions of a single industry or company. Case writers typically employ a systematic approach to gathering data and explaining an event or situation in great detail. The benefits of case studies are that they provide rich information for drawing conclusions about the circumstances and people involved in the topics studied. The downside is that it is sometimes difficult to generalize what worked in a single situation at a single organization to other situations and organizations.

Meta-Analysis

Meta-analysis is a technique used by researchers to summarize what other researchers have found on a given topic. This analysis is based on taking observed correlations from multiple studies, weighting them by the number of observations in each study, and finding out if, overall, the effect holds or not. For example, what is the average relationship between job satisfaction and performance? Research shows that, looking across 300 studies, the relationship is moderately strong.[1] This is useful information because for years people had thought that the relationship did not exist, but when all the studies to date were examined together, the original beliefs about the satisfaction–performance relationship deteriorated. The advantage of meta-analysis is that it gives a more definitive answer to a question than a single study ever could. The downside is that meta-analysis is only possible if sufficient research has been done on the topic in question.

Measurement Issues in OB

Another important thing to understand is the difference between reliability and validity. Imagine you own a trucking company. A major component in trucking is managing the weight of different cargo. If you had a scale that gave you the same weight three times, we would say that was a very reliable scale. But, if it turns out the weights given are in kilograms instead of pounds, it would not be a valid measure if you charge for delivery by the pound.

Finally, much of management research addresses correlations between two concepts rather than actual causation. Correlation simply means that two things co-vary. For example, it would be inaccurate to assume that because 99% of the people who died this year also drank water, consuming water kills people. Yet many people claim their product caused a positive outcome when, in fact, the data do not support their claim any more than the water example. This brings up something that confuses even seasoned researchers. When you have only one observation it is called a datum. When you use the word data, it refers to multiple observations, so it is always plural.

Key Takeaways

- OB researchers test hypotheses using different methods such as surveys, field studies, case studies, and meta-analyses.
- Reliability refers to consistency of the measurement while validity refers to the underlying truth of the measurement.
- It is important to recognize the difference between correlation and causation.

1. Judge, T. A., Thoresen, C. J., Bono, J. E., & Patton, G. K. (2001). The job satisfaction-job performance relationship: A qualitative and quantitative review. Psychological Bulletin, 127, 376–407.

Exercises

1. Create a hypothesis about people at work. Now that you have one in mind, which method do you think would be most effective in helping you test your hypothesis?
2. Have you used any of the OB research methods before? If not, what can you do to become more familiar with them?
3. Give an example of a reliable measure.
4. Give an example of a valid measure.
5. How can you know if a relationship is causal or correlational?

1.4 Professionalism, Etiquette, and Confidentiality

Learning Objectives

1. Explore elements professionalism in the workplace.
2. Define etiquette as professionalism.
3. Consider etiquette good practices.
4. Explore confidentiality as professionalism.
5. Appreciate the value of profession

Much has been written about professionalism in the workplace. How you carry yourself, your attitude, the way you communicate all send messages about your professionalism or lack of it. Workers who dress well, have integrity, and are calm, cool, and collected are generally considered professional, and display professionalism.

A Guide to Professionalism in the Workplace. Their key elements of professionalism on the job are as follows:

- Stay calm under pressure
- Be the brand
- Work smarter not harder
- Pair complaints with solutions
- Admit when you're wrong

Resource

- A Guide to Professionalism in the Workplace. This Glassdoor blog post offers advice for phone and social media professionalism.

Professionalism is in the eye of the beholder. Which means there are many perspectives on what makes someone professional or not. Another source for insight about professionalism can be found from the above Ted Talk offered by Christine Porath who makes the case for professional but, among other things, quantifying the cost of the lack of professionalism. Her focus is on being respectful. Her talk is inspirational. She explains the impact of incivility which is described by many as "as a low-intensity behaviour that can be displayed through wrong actions such as being rude, impolite or discourteous – or violation of behavioural norms at the workplace." [1]Professionalism includes etiquette which is generally considered to be the customary code of polite behaviour in society or among members of a particular profession or group.

The article, *50 Little Etiquette Rules You Should Always Practice* by Charlotte Hilton Andersen, explores etiquette broadly – not only from a business perspective – and offers great tips which are applicable in many settings. Following are 12 tips taken from the article[2]:

1. don't text while someone is talking to you
2. alert someone when they are on speaker phone
3. don't use all caps in email
4. state your name when answering the phone
5. avoid ringtones that are "off the wall"
6. avoid public cellphone conversations (i.e. talk in a low volume in the waiting room)
7. keep your voicemail greeting updated
8. when naming people in business introductions begin with the most senior
9. always ask if now is a good time to chat
10. don't microwave stinky food at work
11. don't crowd the boarding area at the airport gate
12. don't put you bag on the dinner table

Resource

For a full review of etiquette, including tips the Royal Family follows, check out the full article [50 Little Etiquette Rules You Should Always Practice.]()

Confidentiality – keeping a secret or private information – is professional behaviour worth special mention. Maintaining confidentiality means knowing what information NOT to share. Most people have experienced a situation when they say something out of turn and regret sharing information. That might not be so serious although it will make people wonder if they can trust you. They might not share information with you again. In some situations breaching confidentiality can be very serious and can

1. Todd, S. (n.d.).Everything You Need To know about Workplace Incivility and Its Impact On productivity. Open Sourced Workplace.https://opensourcedworkplace.com/news/everything-you-need-to-know-about-workplace-incivility-and-its-impact-on-productivity#google_vignette
2. Hilton Andersen, C.().50 Little Etiquette Rules You Should Always Practice. https://www.rd.com/list/etiquette-rules/

lead to significant legal consequences especially if you are a professional who has been asked to keep information confidential. An example many people can relate to is patient-doctor confidentiality. If a doctor shared your personal health information there could lead to a lawsuit. If a business professional shared privileged information about a client with another client they could also be sued. Similarly if a human resource professional in your firm shared you salary information with someone outside the organization (maybe the HR person joined a competitor) they would have breached confidentiality.

Privileged information can be thought of as anything you learned about through your work and is not generally known in the public. It is also usually sensitive information If you're not sure, the best thing to do might be to wait and ask someone else (your boss) for advice. That's not always possible in the moment. Its mostly common sense, but a good rule is to err on the side of sharing less.

The Legal Dictionary provides definitions of important terms including confidentiality.

This chapter explores the complex world of individuals, teams, and organizations. Organizational behaviour holds the keys to helping people enjoy better work lives. OB is important for individuals to understand but its also important for businesses (and their leaders) to understand because organizational behaviour insights, including notions of professionalism, contribute to better business results. At the root of professionalism, etiquette, and confidentiality is behaviour that demonstrates respect. Understanding and applying principles of organizational behaviour lead to happier people and better business results.

Check out this Ted Talk offered by Christine Porath on the subject of how professionalism and respect are good for business.

One or more interactive elements has been excluded from this version of the text. You can view them online here: https://pressbooks.nscc.ca/orgbehaviour/?p=499#oembed-1

Key Takeaways

- Employers value workers who are professional.
- Each individual needs to behave according to their authentic self.
- How you carry yourself, your attitude, the way you communicate are all indicators of your professionalism.

Exercises

- Develop a journal of professional characteristics that you observe at school or in the workplace.
- Identify some behaviours which you consider borderline?

1.5 Trends and Changes

Learning Objectives

1. Understand current challenges for OB.
2. Understand current opportunities for OB.

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 newspaper 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 what can be described in terms ranging from poor judgment to 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. And while there may be some benefit to businesses from complying with these rules[1], 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. The opportunity for organizations to be on the forefront of ethical thinking and actions is wide open. OB research finds that the most important determinant of whether a company acts ethically is not necessarily related to the policies and rules regarding ethical conduct but instead whether it has a culture of consistently ethical behaviour and if leaders are committed to this ethical behaviour.[2]

1. Wagner, S., & Dittmar, L. (2006, April). The unexpected benefits of Sarbanes-Oxley. *Harvard Business Review*, *84*, 133–140.

2. 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.

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.
- Do you role model 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 if 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.[3]

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 a concept that is generally viewed as managing discretionary effort, that is, when employees have choices, they will act in a way that furthers their organization's interests. An engaged employee is a person who is fully involved in and enthusiastic about their work.[4]

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 organization's mission and goals. They are 'enthused' and 'in gear'

3. Sources: Adapted from ideas in Callahan, D. (2004). The cheating culture: Why more Americans are doing wrong to get ahead. New York: Harcourt Books; 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 organizations: A review. Journal of Management, 32, 951–990.

4. 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.

using their talents and discretionary effort to make a difference in their employer's quest for sustainable business success".[5]

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".[6]

That's an enormous waste of potential. Consider Gallup's estimation of the impact if 100% of an organization'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.[7] 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.

5. BlessingWhite. (2008, April). 2008 Employee engagement report. Retrieved May 15, 2008, from the BlessingWhite Inc. Web site: http://www.blessingwhite.com/eee__report.asp.

6. (Gallup Press, 2006).

7. 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.

Technology

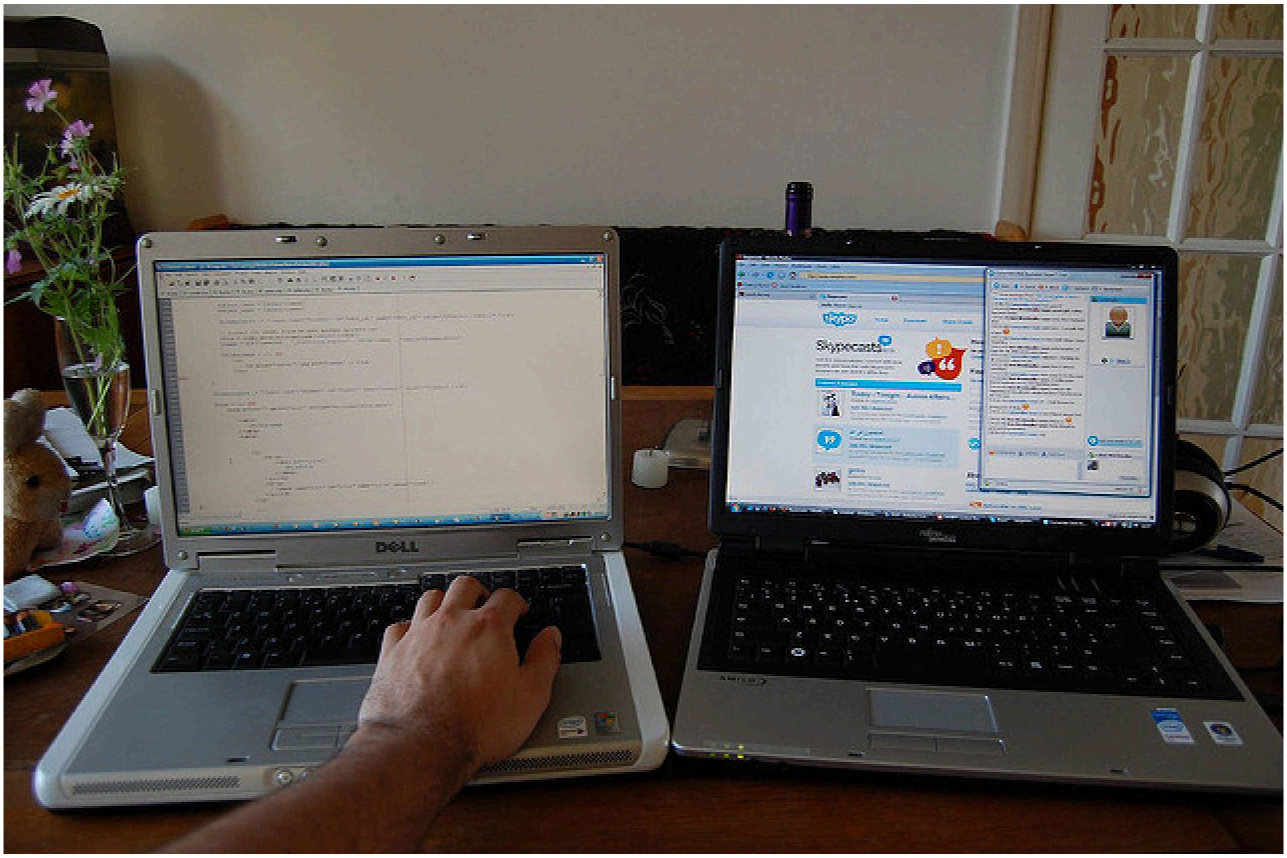


Figure 1.7 A consequence of greater connectivity is the potential for more work–family spillover and conflict. Image credit: Ben W – John Woo style – CC BY-NC 2.0.

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 things to be created that weren't even imaginable 50 years ago. And the rate of technological change is not expected to slow down anytime soon. Gordon Moore, a 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)[8] and Internet users around the world send an estimated 60 billion e-mails every day,[9] 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

8. 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.

9. 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.

done via other communication channels. The 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 collabouration 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 knowledge however they want"[10] 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 resources to refer to when evaluating information you find on the Web:

- NSCC Evaluating Information Sources
- Fake News, Misinformation & Propaganda Subject Guide
- Researching & Writing: Evaluate Your Research Materials

Sustainability and Green Business Practices

The primary role of for-profit companies is to generate shareholder wealth. 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 concepts underlying the triple bottom line, businesses are also undergoing a great deal of "greenwashing," which refers to the marketing of products or processes as green to gain customers without truly engaging in sustainable business practices. Sustainable business

10. 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.

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 in generating wealth for their shareholders while attending to the triple bottom line. On the other hand, organizations also have an opportunity to leverage a proactive stance toward innovative processes that can result in even greater profits for their products. 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 about 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.[11] In the future, increasing interdependence between businesses, governmental agencies, and NGOs is bound to effect change throughout the economy.[12]

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 labour force. This demographic trend creates both challenges and opportunities for organizations.

The aging trend has been predicted for decades. "The number of U.S. workers over the age of 40 has increased significantly over the past 30 years. By 2010, more than 51% of the workforce will be 40 or older, up almost 20% over 30 years. At the same time, the portion of the workforce aged 25 to 39 will decline by nearly 3%. The number of workers aged 55 and older will grow from 13% of the labour force in 2000 to 20% in 2020".[13] There will be record numbers of retirements. Aging workforces can create great opportunities for industries such as health care, but it can also mean great challenges lie ahead as entire industries related to basic infrastructure face massive retirement projections. 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.[14] Figure 1.9[15]

11. 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.; 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.

12. 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.; Etzion, D. (2007). Research on organizations and the natural environment, 1992–present: A review. *Journal of Management*, *33*, 637–664.

13. Mosner, E., Spiezle, C., & Emerman, J. (2003). The convergence of the aging workforce and accessible technology: The implications for commerce, business, and policy (Microsoft white paper). Retrieved June 1, 2008, from the Microsoft Web site: http://www.microsoft.com/enable/aging/convergence.aspx.

14. 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.; Watson, B. (2008, January 30). Aviation. Retrieved June 1, 2008, from the MSNBC Web site: http://www.msnbc.msn.com/id/22917202/.

15. Source: U.S. Department of Labor, Bureau of Labor Statistics Occupational Outlook Handbook 2006–2007 edition. Retrieved October 15, 2007, from http://www.bls.gov/oco/images/ocotjc03.gif

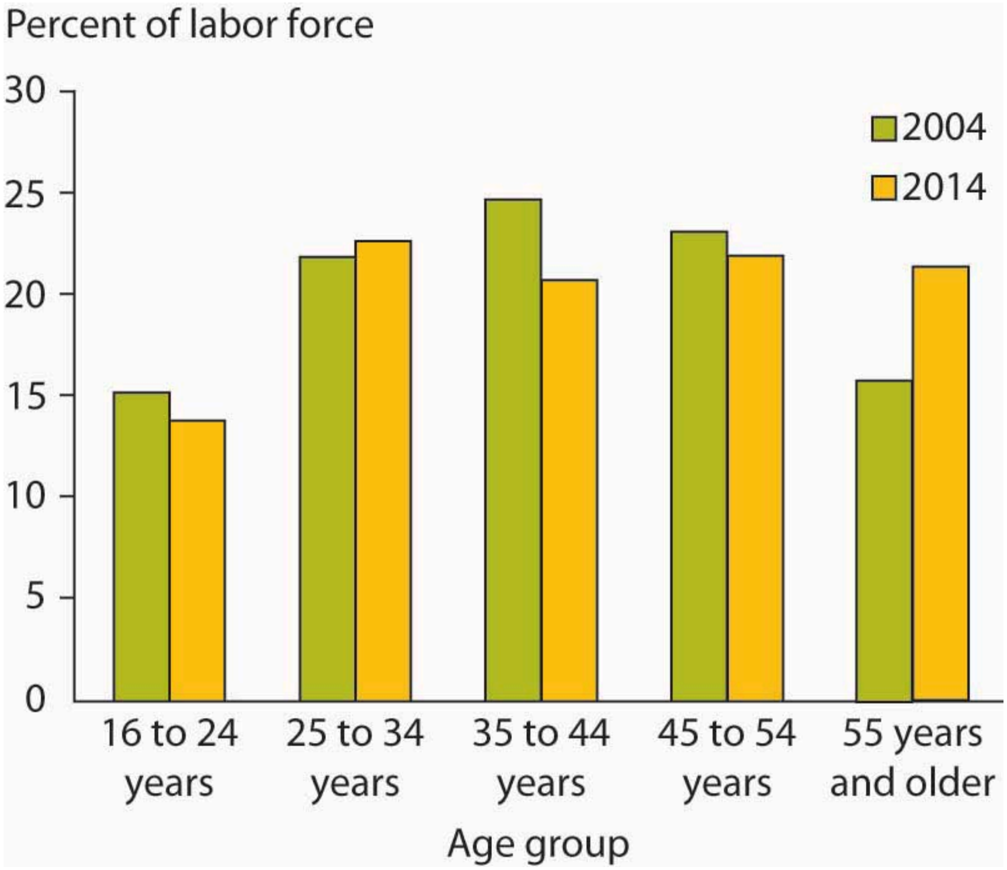


Figure 1.9 Percentage of Labor Force by Age Group for 2004 and Projections for 2014

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.[16] The challenge for organizational behaviour is to keep individuals from different generations communicating effectively and managing people across generational lines despite different values placed on teamwork, organizational rewards, work–life balance, and desired levels of instruction.

16. 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.

The Global Marketplace for Staffing: Outsourcing

Figure 1.10 A shamrock organization includes an equal number of regular employees, temporary employees, and consultants and contractors.

Outsourcing has become a way of life for many organizations—especially those based in the United States that are outsourcing to other countries where labour is relatively inexpensive. *Outsourcing* refers to having someone outside the formal ongoing organization doing work 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, and when they offshore, the work most frequently goes to India, Singapore, Russia, and China.[17] 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.[18] Charles Handy, author of *The Age of Paradox*, coined the term *shamrock organization*, which is an organization comprising 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

17. 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.

18. Diana, A. (2003, November 12). Outsourcing by the numbers. *TechNewsWorld*. Retrieved May 22, 2008, from http://www.technewsworld.com/story/32114.html?welcome=1211412779&welcome=1211478843.

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 in time and space.

Key Takeaways

- 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 organizational behaviour will help you anticipate and adapt to these changes as a lifelong learner.

Exercises

- 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?
- How has technology and the flattening world affected you in the last 10 years? Please share examples of this.
- Do you think the sustainability movement in business is a trend that's here to stay or a business fad? Why or why not?
- 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

1.6 Maintaining Core Values:

The Case of Nau[1]

A Goodwill Store Image Credit: Brad K. – Goodwill – CC BY 2.0.

While it might be easy to see the negative effects on the environment from car emissions or 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 those things that can't be resold or the articles that 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

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

outdoor and urban clothing company in Portland, Oregon, contemplates every day. This company has committed itself to doing good through its business practices.

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 had to explain the arduous process of bankruptcy to its overseas vendors and attempt to explain transferring debt and liabilities from one company to another company. Although the people and faces were the same, they were no longer connected with that debt. Nau's small size enables 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 others who 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.

Exercises

- What benefits might result from becoming a part of a larger organization?
- What are the benefits of maintaining the autonomy of a small company?
- How does globalization affect Nau's business strategy?

- What ethical dilemmas might employees at Nau and Horny Toad face during their day-to-day experience?

1.7 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 behaviours and attitudes. In the coming years, society is likely to see a major shift in the way organizations function, resulting from rapid technological advances, social awareness, and cultural blending. OB studies hope to enhance an organization's ability to cope with these issues and create an environment that is mutually beneficial to the company as well as its employees.

1.8 Exercises

Individual Exercises

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 VARK Learning Style Quiz.
3. In addition, please be sure you have reviewed the table of contents for this organizational 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 Exercises

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: 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.

2.1 Advice for Hiring Successful Employees:

The Case of Guy Kawasaki

When people think about entrepreneurship, they often think of Guy Kawasaki,[1][2][3] 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 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.

1. Information in this chapter based on the following resources: 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=eta1;
2. Kawasaki, G. (2004). The art of the start: The time-tested, battle-hardened guide for anyone starting anything. New York: Penguin Group;
3. 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/.

Figure 2.1 Guy Kawasaki.Image credit: Wikimedia Commons – CC BY 2.0.[/footnote]

In today's competitive business environment, individuals want to think of themselves as indispensable to the success of an organization. Because an individual's perception that he or she is the most important person on a team can get in the way, 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 to see the value that different perceptions and values can bring to a company, and the goal of any individual should be to make the organization that one works for stronger and more dynamic. Under this type of thinking, leaving a company in better shape than one 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.

Exercises – 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?

2.2 The Interactionist Perspective: The Role of Fit

Learning Objectives

1. Differentiate between person–organization and person–job fit.
2. Understand the relationship between person–job fit and work behaviours.
3. Understand the relationship between person–organization fit and work behaviours.

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.

The first thing many recruiters look at is the person–job fit. This is not surprising, because person–job fit is related to a number of positive work attitudes such as satisfaction with the work environment, identification with the organization, job satisfaction, and work behaviours such as job performance. Companies are often also interested in hiring candidates who will fit into the company culture (those with high person–organization fit). When people fit into their organization, they tend to be more satisfied with their jobs, more committed to their companies, and more influential in their company, and they actually remain longer in their company.[12]footnote]Caldwell, D. F., & O'Reilly, C. A. (1990). Measuring person–job fit with a profile comparison process. *Journal of Applied Psychology*, *75*, 648–657.[/footnote] [34567] One area of controversy is whether these people perform better. Some studies have found a positive relationship between person–organization fit and job performance, but this finding was not present in all studies, so it seems that fitting with a company's culture will only sometimes predict job performance.[8] It also seems that fitting in with the company culture is more important to some people than to others. For example, people who have worked in multiple companies tend to understand the impact of a company's culture better, and therefore they pay more attention to whether they will fit in with the company when making their decisions.[9] Also, when they build good relationships with their supervisors and the company, being a misfit does not seem to lead to dissatisfaction on the job.[10]

Key Takeaways

- While personality traits and other individual differences are important, we need to keep in mind that behaviour is jointly determined by the person and the situation.
- Certain situations bring out the best in people, and someone who is a poor performer in one job may turn into a star employee in a different job.

1. Anderson, C., Spataro, S. E., & Flynn, F. J. (2008). Personality and organizational culture as determinants of influence. *Journal of Applied Psychology*, *93*, 702–710.
2. Cable, D. M., & DeRue, D. S. (2002). The convergent and discriminant validity of subjective fit perceptions. *Journal of Applied Psychology*, *87*, 875–884.[
3. Chatman, J. A. (1991). Matching people and organizations: Selection and socialization in public accounting firms. *Administrative Science Quarterly*, 36, 459–484.
4. Judge, T. A., & Cable, D. M. (1997). Applicant personality, organizational culture, and organization attraction. *Personnel Psychology*, 50, 359–394.
5. 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.
6. O'Reilly, C. A., Chatman, J., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person–organization fit. *Academy of Management Journal*, *34*, 487–516.
7. Saks, A. M., & Ashforth, B. E. (2002). Is job search related to employment quality? It all depends on the fit. Journal of Applied Psychology, 87, 646–654.
8. Arthur, W., Bell, S. T., Villado, A. J., & Doverspike, D. (2006). The use of person–organization fit in employment decision making: An assessment of its criterion-related validity. *Journal of Applied Psychology, 91*, 786–801.
9. (Kristof-Brown, Jansen, & Colbert, 2002).
10. Erdogan, B., Kraimer, M. L., & Liden, R. C. (2004). Work value congruence and intrinsic career success. *Personnel Psychology*, *57*, 305–332.

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?

2.3 Individual Differences: Values and Personality

Learning Objectives

1. Understand what values are.
2. Describe the link between values and individual behaviour.
3. Identify the major personality traits that are relevant to organizational behaviour.
4. Explain the link between personality, work behaviour, and work attitudes.
5. Explain the potential pitfalls of personality testing.

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.[1][2] 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.[3][4] 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.[5]

What are the values people care about? There are many typologies of values. One of the most established surveys to assess individual values is the Rokeach Value Survey.[6] This survey lists 18 terminal and 18 instrumental values in alphabetical order. Terminal values refer to end states people desire in life, such as leading a prosperous life and a world at peace. Instrumental values deal with views on acceptable modes of conduct, such as being honest and ethical, and being ambitious.

1. Lusk, E. J., & Oliver, B. L. (1974). Research Notes. American manager's personal value systems-revisited. *Academy of Management Journal*, *17*(3), 549–554.

2. Rokeach, M. (1973). The nature of human values. New York: Free Press.

3. Judge, T. A., & Bretz, R. D. (1992). Effects of work values on job choice decisions. *Journal of Applied Psychology*, *77*, 261–271.

4. 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.

5. 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.

6. (Rokeach, 1973).

According to Rokeach, values are arranged in hierarchical fashion. In other words, an accurate way of assessing someone's values is to ask them to rank the 36 values in order of importance. By comparing these values, people develop a sense of which value can be sacrificed to achieve the other, and the individual priority of each value emerges.

Figure 2.2 Sample Items From Rokeach (1973) Value Survey

Terminal Values	**Instrumental Values**
A world of beauty An exciting life Family security Inner harmony Self respect	Broad minded Clean Forgiving Imaginative Obedient

Where do values come from? Research indicates that they are shaped early in life and show stability over the course of a lifetime. Early family experiences are important influences over the dominant values. People who were raised in families with low socioeconomic status and those who experienced restrictive parenting often display conformity values when they are adults, while those who were raised by parents who were cold toward their children would likely value and desire security.[7]

Values of a generation also change and evolve in response to the historical context that the generation grows up in. Research comparing the values of different generations resulted in interesting findings. For example, Generation Xers (those born between the mid-1960s and 1980s) are more individualistic and are interested in working toward organizational goals so long as they coincide with their personal goals. This group, compared to the baby boomers (born between the 1940s and 1960s), is also less likely to see work as central to their life and more likely to desire a quick promotion.[8]

7. Kasser, T., Koestner, R., & Lekes, N. (2002). Early family experiences and adult values: A 26-year prospective longitudinal study. *Personality and Social Psychology Bulletin*, *28*, 826–835.

8. Smola, K. W., & Sutton, C. D. (2002). Generational differences: Revisiting generational work values for the new millennium. *Journal of Organizational Behavior*, *23*, 363–382.

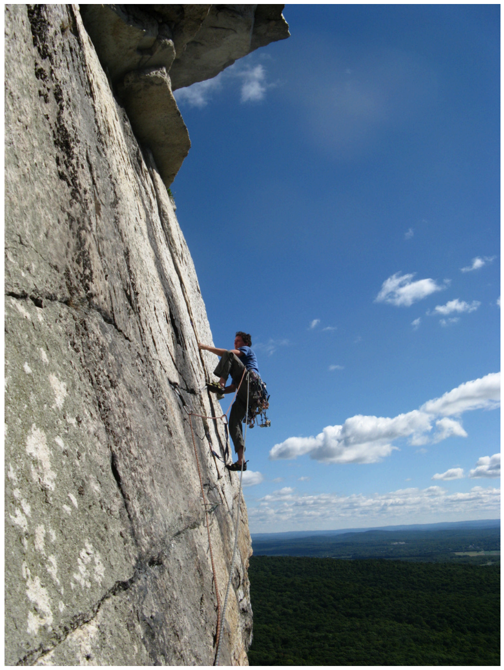


Figure 3.3 Values will affect the choices people make. For example, someone who has a strong stimulation orientation may pursue extreme sports and be drawn to risky business ventures with a high potential for payoff. Credit: G B – CCK – 'Gunks' – CC BY-ND 2.0.

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.

Personality

Personality encompasses the relatively stable feelings, thoughts, and behavioural patterns a person has. 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.[9] 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.[10][11]

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.[12]

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.[13] 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 2.4 Big Five Personality Traits.

9. 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.

10. Judge & Higgins, 1999

11. 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.

12. 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.

13. Goldberg, L. R. (1990). An alternative "description of personality": The big-five factor structure. *Journal of Personality & Social Psychology*, *59*, 1216–1229.

Figure 2.4 Big Five Personality Traits

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.

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.[14][15] 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[16]. When supported, they tend to be creative.[17]). 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.[18] Compared to people low in openness, they are also more likely to start their own business.[19]

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.[20] In fact, conscientiousness is the trait most desired by recruiters and results in the most success in interviews.[21][22]This is not a surprise,

14. (Barrick & Mount, 1991
15. 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 behaviour description interview. Journal of Applied Psychology, 88, 476–489.
16. Wanberg, C. R., & Kammeyer-Mueller, J. D. (2000). Predictors and outcomes of proactivity in the socialization process. *Journal of Applied Psychology*, *85*, 373–385.
17. 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.
18. 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.
19. 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.
20. (Barrick & Mount, 1991).
21. 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.
22. Tay, Ang, & Van Dyne, 2006).

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.[23][24][25] [/footnote]One's conscientiousness is related to career success and being satisfied with one's career over time.[27] 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.[28]

Extraversion is the degree to which a person is outgoing, talkative, and sociable, and enjoys being in social situations. One of the established findings is that they tend to be effective in jobs involving sales.[29] [30]Moreover, they tend to be effective as managers and they demonstrate inspirational leadership behaviours.[31][32] 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.[33][34] 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.[35] Interestingly, extraverts are also found to be happier at work, which may be because of the

23. Judge, T. A., & Ilies, R. (2002). Relationship of personality to performance motivation: A meta-analytic review. Journal of Applied Psychology, 87, 797–807.

24. Judge, Martocchio, & Thoresen, 1997;[26]Wallace, C., & Chen, G. (2006). A multilevel integration of personality, climate, self-regulation, and performance. Personnel Psychology, 59, 529–557.

25. Zimmerman, R. D. (2008). Understanding the impact of personality traits on individuals' turnover decisions: A meta-analytic path model. Personnel Psychology, 61, 309–348.

26.

27. 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.

28. (Certo & Certo, 2005; Zhao & Seibert, 2006).

29. Barrick, M. R., & Mount, M. K. (1991). The Big Five personality dimensions and job performance: A meta-analysis. *Personnel Psychology*, *44*, 1–26.

30. 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.

31. 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.

32. Bono, J. E., & Judge, T. A. (2004). Personality and transformational and transactional leadership: A meta-analysis. *Journal of Applied Psychology*, *89*, 901–910.

33. Caldwell, D. F., & Burger, J. M. (1998). Personality characteristics of job applicants and success in screening interviews. *Personnel Psychology*, *51*, 119–136.

34. 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.

35. (Wanberg & Kammeyer-Mueller, 2000).

relationships they build with the people around them and their relative ease in adjusting to a new job.[36] 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.[37]

Figure 2.5 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.[38] They are also less likely to retaliate when other people treat them unfairly.[39]This may reflect their ability to show empathy and give people the benefit of the doubt. Agreeable people may be a valuable addition to their teams and may be effective leaders because they create a fair environment when they are in leadership positions.[40]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 engage

36. (Judge et al., 2002).

37. 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.

38. Ilies, R., Scott, B. A., & Judge, T. A. (2006). The interactive effects of personal traits and experienced states on intraindividual patterns of citizenship behaviour. Academy of Management Journal, 49, 561–575.

39. 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.

40. 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.

with a boss or a peer.[41] 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.[42] Disagreeing with the status quo may create conflict and agreeable people will likely avoid creating such conflict, missing an opportunity for constructive change.

What is your personality?

How Accurately Can You Describe Your Big Five Personality Factors?

Go to Big 5 Project Personality Test to see how you score on these factors.

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.[43] 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 necessarily actually leave their jobs.[44][45] 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.[46]

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

41. (Zimmerman, 2008).

42. LePine, J. A., & Van Dyne, L. (2001). Voice and cooperative behaviour as contrasting forms of contextual performance: Evidence of differential relationships with Big Five personality characteristics and cognitive ability. Journal of Applied Psychology, 86, 326–336.

43. 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

44. 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.

45. Zimmerman, 2008

46. (Mayer et al., 2007).

all a matter of degrees. MBTI on the other hand, classifies people as one of 16 types.[47][48] 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.

MBTI was developed in 1943 by a mother–daughter team, Isabel Myers and Katherine Cook Briggs. Its objective at the time was to aid World War II veterans in identifying the occupation that would suit their personalities. Since that time, MBTI has become immensely popular, and according to one estimate, around 2.5 million people take the test annually. The survey is criticized because it relies on types as opposed to traits, but organizations who use the survey find it very useful for training and team-building purposes. 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.[49][50][51]

Figure 3.6 Summary of MBTI Types

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 huches 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 an 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.

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 friendly. 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

47. Carlyn, M. (1977). An assessment of the Myers-Briggs Type Indicator. *Journal of Personality Assessment, 41*, 461–473.

48. Myers, I. B. (1962). The Myers-Briggs Type Indicator. Princeton, NJ: Princeton University Press.

49. 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.

50. Shuit, 2003

51. Shuit, D. P. (2003). At 60, Myers-Briggs is still sorting out and identifying people's types. Workforce Management, 82(13), 72–74.

focus on the "glass half empty" and experience more anxiety and nervousness.[52] Positive affective people tend to be happier at work[53], 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.[54] 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 finding mutually agreeable solutions to problems.[55]

OB Toolbox: Help, I work with a negative person![56]

Employees who have high levels of neuroticism or high levels of negative affectivity may act overly negative at work, criticize others, complain about trivial things, or create an overall negative work environment. Here are some tips for how to work with them effectively.

- Understand that you are unlikely to change someone else's personality. Personality is relatively stable and criticizing someone's personality will not bring about change. If the behaviour is truly disruptive, focus on behaviour, not personality.
- Keep an open mind. Just because a person is constantly negative does not mean that they are not sometimes right. Listen to the feedback they are giving you.
- Set a time limit. If you are dealing with someone who constantly complains about things, you may want to limit these conversations to prevent them from consuming your time at work.
- You may also empower them to act on the negatives they mention. The next time an overly negative individual complains about something, ask that person to think of ways to change the situation and get back to you.
- Ask for specifics. If someone has a negative tone in general, you may want to ask for specific examples for what the problem is.

52. Watson, D., & Clark, L. A. (1984). Negative affectivity: The disposition to experience aversive emotional states. *Psychological Bulletin*, *96*, 465–490.

53. Ilies, R., & Judge, T. A. (2003). On the heritability of job satisfaction: The mediating role of personality. *Journal of Applied Psychology*, *88*, 750–759

54. George, J. M. (1989). Mood and absence. *Journal of Applied Psychology*, *74*, 317–324.

55. 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.

56. Sources: Adapted from ideas in Ferguson, J. (2006, October 31). Expert's view…on managing office moaners. Personnel Today, 29; Karcher, C. (2003, September), Working with difficult people. National Public Accountant, 39–40; Mudore, C. F. (2001, February/March). Working with difficult people. Career World, 29(5), 16–18; How to manage difficult people. (2000, May). Leadership for the Front Lines, 3–4.

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[57][58] 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.[59] 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.[60][61] Social monitors also become the "go to" person in their company and they enjoy central positions in their social networks.[62] 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. 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.[63]

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

57. Snyder, M. (1987). Public appearances/public realities: The psychology of self-monitoring. New York: Freeman.
58. Snyder, M. (1974). Self-monitoring of expressive behaviour. *Journal of Personality and Social Psychology, 30*, 526–537.
59. 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.
60. Day, D. V., & Schleicher, D. J. (1994). Self-monitoring at work: A motive-based perspective. Journal of Personality, 74, 685-714.
61. 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.
62. 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.
63. 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.

successful in their job searches.[64] 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.[65][66] Proactive people are valuable assets to their companies because they may have higher levels of performance.[67] They adjust to their new jobs quickly because they understand the political environment better and often make friends more quickly.[68] Thompson, 2005)[69] Proactive people are eager to learn and engage in many developmental activities to improve their skills.[70] Despite all their potential, under some circumstances a proactive personality may be a liability for an individual or an 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.[71][72]

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.[73] People with low self-esteem are attracted to situations in which they will be relatively invisible, such as large companies.[74] Managing employees with low self-esteem may be

64. 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.

65. Seibert, S. E. (1999). Proactive personality and career success. *Journal of Applied Psychology*, *84*, 416–427.

66. 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.

67. Crant, M. J. (1995). The proactive personality scale and objective job performance among real estate agents. Journal of Applied Psychology, 80, 532–537.

68. 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.

69. Thompson, J. A. (2005). Proactive personality and job performance: A social capital perspective. Journal of Applied Psychology, 90, 1011–1017.

70. 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.

71. 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.

72. 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.

73. 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.

74. Turban, D. B., & Keon, T. L. (1993). Organizational attractiveness: An interactionist perspective. Journal of Applied Psychology, 78, 184–193.

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 and they have the belief that whatever task or hobby they tackle, they are likely to be successful in it.

Research shows that self-efficacy at work is related to job performance[75]Judge et al., 2007[76] 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.[77][78][79] Academic self-efficacy is a good predictor of your GPA, whether you persist in your studies, or drop out of college.[80]

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.[81]

75. 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.

76. Stajkovic, A. D., & Luthans, F. (1998). Self-efficacy and work-related performance: A meta-analysis. Psychological Bulletin, 124, 240–261.

77. 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.

78. Steel, P. (2007). The nature of procrastination: A meta-analytic and theoretical review of quintessential self-regulatory failure. Psychological Bulletin, 133, 65–94.

79. 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.

80. 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.

81. 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.

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?[82]

- *Take a self-inventory*. What are the areas in which you lack confidence? Then consciously tackle these areas. Take part in training programs; 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.

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

82. Adapted from information in Beagrie, S. (2006, September 26). How to…build up self confidence. Personnel Today, p. 31; Beste, F. J., III. (2007, November–December). Are you an entrepreneur? In Business, 29(6), 22; Goldsmith, B. (2006, October). Building self confidence. PA Times, Education Supplement, p. 30; 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.

jobs. They demonstrate higher levels of motivation and have more positive experiences at work.[838485] 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[868788] 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.[89] 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.[90]

Personality Testing in Employee Selection

Personality is a potentially important predictor of work behaviour. Matching people to 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.[91] 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%.[92]

83. 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.
84. 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.
85. 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.
86. 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.
87. DeNeve & Cooper, 1998)
88. 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.
89. Gale, C. R., Batty, G. D., & Deary, I. J. (2008). Locus of control at age 10 years and health outcomes and behaviours at age 30 years: The 1970 British Cohort Study. Psychosomatic Medicine, 70, 397–403.
90. Certo, S. T., & Certo, S. C. (2005). Spotlight on entrepreneurship. Business Horizons, 48, 271–274.
91. Barrick, M. R., Patton, G. K., & Haugland, S. N. (2000). Accuracy of interviewer judgments of job applicant personality traits. Personnel Psychology, 53, 925–951.
92. Emmett, A. (2004). Snake oil or science? That's the raging debate on personality testing. Workforce Management, 83, 90–92.

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. Some experts believe that this is a serious problem.[93][94] Others point out that even with faking, the tests remain valid—the scores are still related to job performance.[95][96][97][98] In support of personality assessment in organizational settings. Personnel Psychology, 60, 995–1027.[/footnote]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.[100] 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 a predictor of performance is personality anyway? Based on research, 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 the key factor for performance. In fact, cognitive ability

93. Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007a). Are we getting fooled again? Coming to terms with limitations in the use of personality tests for personnel selection. Personnel Psychology, 60, 1029–1049.

94. Morgeson, F. P., Campion, M. A., Dipboye, R. L., Hollenbeck, J. R., Murphy, K., & Schmitt, N. (2007b). Reconsidering the use of personality tests in personnel selection contexts. Personnel Psychology, 60, 683–729.

95. 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.

96. 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.

97. 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.

98. Ones, D. S., Dilchert, S., Viswesvaran, C., & Judge, T. A. (2007)[99]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.

99.

100. 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.

(your overall mental intelligence) is a much more powerful influence 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.

In any case, if you decide to use these tests for selection, you need to be aware of their limitations. Relying only on personality tests for selection of an employee is a bad idea, but if they are used together with other tests such as tests of cognitive abilities, better decisions may be made. The company should ensure that the test fits the job and actually predicts performance. This process is called validating the test. Before giving the test to applicants, the company could give it to existing employees to find out the traits that are most important for success in the particular company and job. Then, in the selection context, the company can pay particular attention to those traits. The company should also make sure that the test does not discriminate against people on the basis of sex, race, age, disabilities, and other legally protected characteristics. Rent-A-Center experienced legal difficulties when the test they used was found to be a violation of the Americans with Disabilities Act (ADA). The test they used for selection, the Minnesota Multiphasic Personality Inventory, was developed to diagnose severe mental illnesses and included items such as "I see things or people around me others do not see." In effect, the test served the purpose of a clinical evaluation and was discriminating against people with mental illnesses, which is a protected category under ADA.[101]

Key Takeaways

- 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

101. Heller, M. (2005). Court ruling that employer's integrity test violated ADA could open door to litigation. *Workforce Management*, *84*(9), 74–77.

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?

2.4 Perception

Learning Objectives

1. Understand the influence of self in the process of perception.
2. Describe how we perceive visual objects and how these tendencies may affect our behaviour.
3. Describe the biases of self-perception.
4. Describe the biases inherent in perception of other people.
5. Explain what attributions mean, how we form attributions, and their consequences for organizational behaviour.

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 Web site, 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[1][2]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.[3] In this section, we will describe some common tendencies we engage in when perceiving objects or other people, and the consequences of such perceptions. Our coverage of biases and tendencies in perception is not exhaustive—there are many other biases and tendencies on our social perception.

1. Higgins, E. T., & Bargh, J. A. (1987). Social cognition and social perception. *Annual Review of Psychology*, *38*, 369–425.
2. 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.
3. 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.

Visual Perception

Figure 3.7

Our visual perception definitely goes beyond the physical information available to us. First of all, we extrapolate from the information available to us. Take a look at the following figure. The white triangle you see in the middle is not really there, but we extrapolate from the information available to us and see it there.[4]

4. Kellman, P. J., & Shipley, T. F. (1991). A theory of visual interpolation in object perception. *Cognitive Psychology*, *23*, 141–221.

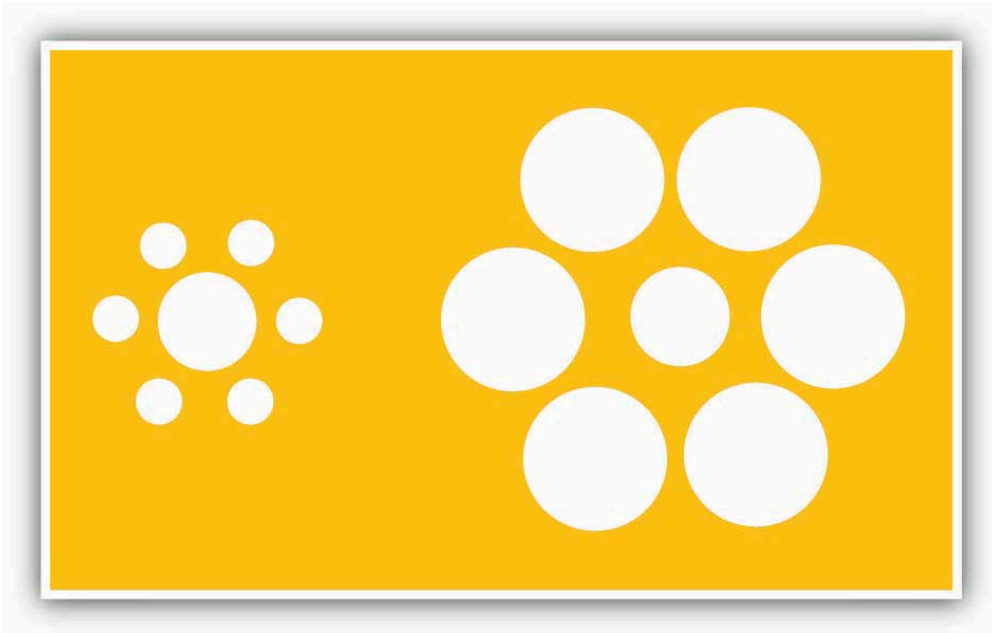


Figure 3.8

Our visual perception goes beyond the information physically available. In this figure, we see the white triangle in the middle even though it is not really there.

Which of the circles in the middle is bigger? At first glance, the one on the left may appear bigger, but they are in fact the same size. We compare the middle circle on the left to its surrounding circles, whereas the middle circle on the right is compared to the bigger circles surrounding it.

Our visual perception is often biased because we do not perceive objects in isolation. The contrast between our focus of attention and the remainder of the environment may make an object appear bigger or smaller. This principle is illustrated in the figure with circles. Which of the middle circles is bigger? To most people, the one on the left appears bigger, but this is because it is surrounded by smaller circles. The contrast between the focal object and the objects surrounding it may make an object bigger or smaller to our eye.

How do these tendencies influence behaviour in organizations? You may have realized that the fact that our visual perception is faulty may make witness testimony faulty and biased. How do we know whether the employee you judge to be hardworking, fast, and neat is really like that? Is it really true, or are we comparing this person to other people in the immediate environment? Or let's say that you do not like one of your peers and you think that this person is constantly surfing the Web during work hours. Are you sure? Have you really seen this person surf unrelated Web sites, or is it possible that the person was surfing the Web for work-related purposes? Our biased visual perception may lead to the wrong inferences about the people around us.

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.[5] 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 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.[67] 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.[8] 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

5. 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.

6. Fields, J. M., & Schuman, H. (1976). Public beliefs about the beliefs of the public. Public Opinion Quarterly, 40(4), 427–448.

7. 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.

8. Snyder, M., Tanke, E. D., & Berscheid, E. (1977). Social perception and interpersonal behaviour: On the self-fulfilling nature of social stereotypes. *Journal of Personality and Social Psychology*, *35*, 656–666.

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 may become increasingly bored at work and start 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 leads 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. When you see someone playing at the metro station, would you expect them to be extraordinary?[9]

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.[10] 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 our brain. Figure 3.9[11]

9. 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.

10. 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.

11. World Relief Spokane – Job Interviews – CC BY-NC-ND 2.0.

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.

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.[12] 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.[13] 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 about 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.[14] 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

12. Higgins, E. T., & Bargh, J. A. (1987). Social cognition and social perception. *Annual Review of Psychology*, *38*, 369–425.

13. 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.

14. 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.

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?[15] [16] [17] [18] [19]

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 problems. 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 Web site 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 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

15. Adapted from ideas in Bruce, C. (2007, October). Business Etiquette 101: Making a good first impression. Black Collegian, 38(1), 78–80;
16. Evenson, R. (2007, May). Making a great first impression. Techniques, 14–17;
17. Mather, J., & Watson, M. (2008, May 23). Perfect candidate. The Times Educational Supplement, 4789, 24–26;
18. Messmer, M. (2007, July). 10 minutes to impress. Journal of Accountancy, 204(1), 13;
19. Reece, T. (2006, November–December). How to wow! Career World, 35, 16–18.

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!

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 finance homework was difficult, you are making an external attribution.

When do we make internal or external attributions? Research shows that three factors are the key to understanding what kind of attributions we make.

Consensus: Do other people behave the same way?

Distinctiveness: Does this person behave the same way across different situations?

Consistency: Does this person behave this way in different occasions in the same situation?

Let's assume that in addition to Erin, other people in the same class also complained (high consensus). Erin does not usually complain in other classes (high distinctiveness). Erin usually does not complain in finance class (low consistency). In this situation, you are likely to make an external attribution, such as thinking that finance homework is difficult. On the other hand, let's assume that Erin is the only person complaining (low consensus). Erin complains in a variety of situations (low distinctiveness), and every time she is in finance, she complains (high consistency). In this situation, you are likely to make an internal attribution such as thinking that Erin is a negative person.[20]

Interestingly though, our attributions do not always depend on the consensus, distinctiveness, and consistency we observe in a given situation. In other words, when making attributions, we do not always look at the situation objectively. For example, our overall relationship is a factor. When a manager likes a subordinate, the attributions made would be more favorable (successes are attributed to internal causes, while failures are attributed to external causes).[21] Moreover, when interpreting our own behaviour, we suffer from self-serving bias. This is the tendency to attribute our failures to the situation while attributing our successes to internal causes.[22]

Table 3.1 Consensus, distinctiveness, and consistency determine the type of attribution we make in a given situation.

Consensus	**Distinctiveness**	**Consistency**	**Type of attribution**
High consensus	*High distinctiveness*	*Low consistency*	*External*
Everyone else behaves the same way.	This person does not usually behave this way in different situations.	This person does not usually behave this way in this situation.	
Low consensus	*Low distinctiveness*	*High consistency*	*Internal*
No one else behaves the same way.	This person usually behaves this way in different situations.	Every time this person is in this situation, he or she acts the same way.	

How we react to other people's behaviour would depend on the type of attributions we make. When faced with poor performance, such as missing a deadline, we are more likely to punish the person if an internal attribution is made (such as "the person being unreliable"). In the same situation, if we make an external attribution (such as "the timeline was unreasonable"), instead of punishing the person we might extend the deadline or assign more help to the person. If we feel that someone's failure is due to external causes, we may feel empathy toward the person and even offer help.[23] On the other hand, if someone succeeds and we make an internal attribution (he worked hard), we are more likely to reward the person, whereas an external attribution (the project was easy) is less likely to yield rewards for the person in question. Therefore, understanding attributions is important to predicting subsequent behaviour.

20. Kelley, H. H. (1967). Attribution theory in social psychology. *Nebraska Symposium on Motivation*, *15*, 192–238.

21. Heneman, R. L., Greenberger, D. B., & Anonyou, C. (1989). Attributions and exchanges: The effects of interpersonal factors on the diagnosis of employee performance. *Academy of Management Journal*, *32*, 466–476.

22. Malle, B. F. (2006). The actor-observer asymmetry in attribution: A (surprising) meta-analysis. *Psychological Bulletin*, *132*, 895–919.

23. 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.

Key Takeaways

- 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 because of 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.

Exercises

1. What are the implications of contrast error for interpersonal interactions? Does this error occur only when we observe physical objects? Or have you encountered this error when perceiving behaviour of others?
2. What are the problems of false consensus error? How can managers deal with this tendency?
3. Is there such a thing as a “good” stereotype? Is a “good” stereotype useful or still problematic?
4. How do we manage the fact that human beings develop stereotypes? How would you prevent stereotypes from creating unfairness in decision making?
5. Is it possible to manage the attributions other people make about our behaviour? Let’s assume that you have completed a project successfully. How would you maximize the chances that your manager will make an internal attribution? How would you increase the chances of an external attribution when you fail in a task?

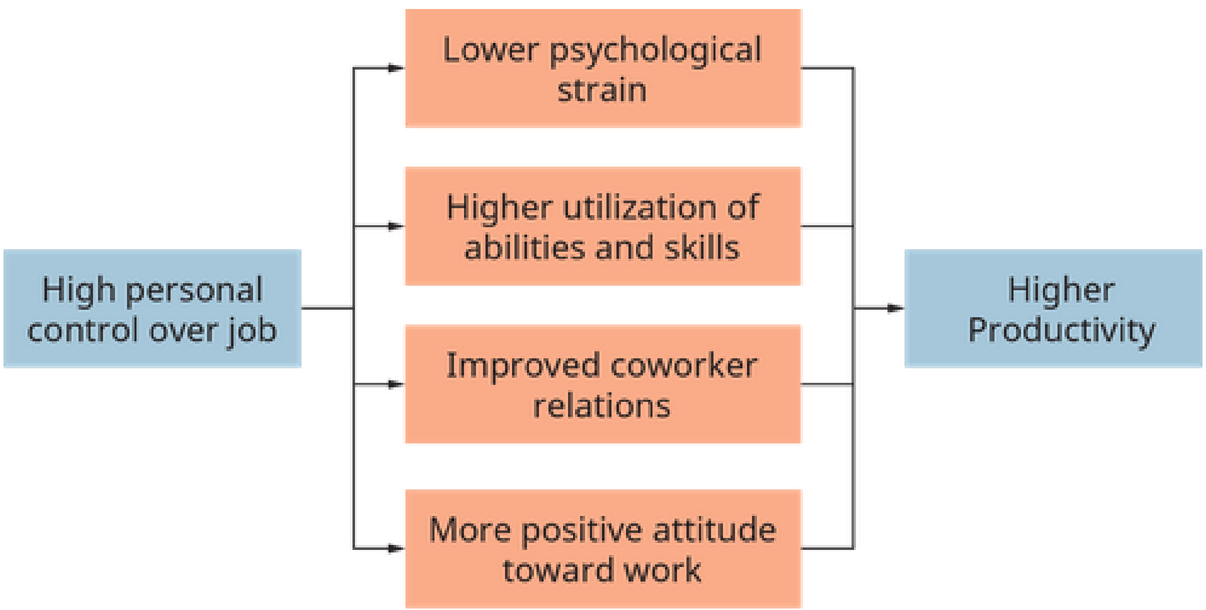
2.5 Type A/B Personality

Learning Objectives

1. Explore A/B personality theory.
2. Consider how to work across personality types.

Type A Personality

Research has focused on what is perhaps the single most dangerous personal influence on experienced stress and subsequent physical harm. This characteristic was first introduced by Friedman and Rosenman and is called Type A personality.[1]



Consequences of High Personality Control. Credit: Copyright Rice University, OpenStax, shared under CC BY-NC-SA 4.0 license.

Type A and Type B personalities are felt to be relatively stable personal characteristics exhibited by individuals. **Type A personality** is characterized by impatience, restlessness, aggressiveness, competitiveness, polyphasic activities (having many "irons in the fire" at one time), and being under considerable time pressure. Work activities are particularly important to Type A individuals, and they

1. M. Friedman and R. Rosenman, *Type A Behavior and your Heart* (New York: Knopf, 1974).

tend to freely invest long hours on the job to meet pressing (and recurring) deadlines. Type B people, on the other hand, experience fewer pressing deadlines or conflicts, are relatively free of any sense of time urgency or hostility, and are generally less competitive on the job. These differences are summarized in Table 3[2].

Table 3: Profiles of Type A and Type B Personalities

Type A	**Type B**
Highly competitive	Lacks intense competitiveness
"Workaholic"	Work only one of many interests
Intense sense of urgency	More deliberate time orientation
Polyphasic behaviour	Does one activity at a time
Strong goal-directedness	More moderate goal-directedness

Type A personality is frequently found in managers. Indeed, one study found that 60 percent of managers were clearly identified as Type A, whereas only 12 percent were clearly identified as Type B.[3]

It has been suggested that Type A personality is most useful in helping someone rise through the ranks of an organization.

The role of Type A personality in producing stress is exemplified by the relationship between this behaviour and heart disease. Rosenman and Friedman studied 3,500 men over an 8 1/2-year period and found Type A individuals to be twice as prone to heart disease, five times as prone to a second heart attack, and twice as prone to fatal heart attacks when compared to Type B individuals.[4]

Similarly, Jenkins studied over 3,000 men and found that of 133 coronary heart disease sufferers, 94 were clearly identified as Type A in early test scores.[5]

The rapid rise of women in managerial positions suggests that they, too, may be subject to this same problem. Hence, Type A behaviour very clearly leads to one of the most severe outcomes of experienced stress. One irony of Type A is that although this behaviour is helpful in securing rapid promotion to the top of an organization, it may be detrimental once the individual has arrived. That is, although Type A employees make successful managers (and salespeople), the most successful *top* executives tend to be Type B. They exhibit patience and a broad concern for the ramifications of decisions. As Dr. Elmer Green, a Menninger Foundation psychologist who works with executives, notes, "This fellow—the driving A—can't relax enough to do a really first-rate job, at the office or at home. He gets to a level

2. Attribution: Copyright Rice University, OpenStax, under CC BY-NC-SA 4.0 license)
3. J. Howard, D. Cunningham, and P. Rechnitzer, "Health Patterns Associated with Type A Behavior: A Managerial Population," *Journal of Human Stress,* 1976, pp. 24–31.
4. Friedman and Rosenman, op. cit.
5. C. Jenkins, "Psychologic Disease and Social Prevention of Coronary Disease," *New England Journal of Medicine,* 1971, 284, pp. 244–255; T. Beehr and R. Bhagat, *Human Stress and Cognition in Organizations: An Integrated Perspective* (New York: Wiley, 1985).

that dogged work can achieve, but not often to the pinnacle of his business or profession, which requires sober, quiet, balanced reasoning."[6]

The key is to know how to shift from Type A behaviour to Type B.

How does a manager accomplish this? The obvious answer is to slow down and relax. However, many Type A managers refuse to acknowledge either the problem or the need for change, because they feel it may be viewed as a sign of weakness. In these cases, several small steps can be taken, including scheduling specified times every day to exercise, delegating more significant work to subordinates, and eliminating optional activities from the daily calendar. Some companies have begun experimenting with retreats, where managers are removed from the work environment and engage in group psychotherapy over the problems associated with Type A personality. Initial results from these programs appear promising.[7] Even so, more needs to be done if we are to reduce job-related stress and its serious health implications.

6. *Business Week*, October 17, 1977, p. 137.

7. Ibid.

2.6 Emotional Intelligence

Learning Objectives

1. Consider the role of emotions in individual behaviour such as decision making.
2. Explore the concept of emotional intelligence.

The Role of Emotions

Being aware of the role emotions play in decision-making does not mean that we should ignore them. Emotions can serve as powerful signals about what we should do, especially in situations with ethical implications. You can read more about this particular type of decision-making in the *Ethics in Practice* box later in this chapter. Thinking through how we feel about the possible options, and why we feel that way, can greatly enhance our decision-making.[1] Effective decision-making, then, relies on both logic *and* emotions. For this reason, the concept of **emotional intelligence** has become popular as a characteristic of effective managers. Emotional intelligence is the ability to recognize, understand, pay attention to, and manage one's own emotions and the emotions of others. It involves self-awareness and self-regulation—essentially, this is a toggling back and forth between emotions and logic so that we analyze and understand our own emotions and then exert the necessary control to manage them as appropriate for the situation. Emotional intelligence also involves empathy—the ability to understand other peoples' emotions (and an interest in doing so). Finally, emotional intelligence involves social skills to manage the emotional aspects of relationships with others. Managers who are aware of their own emotions can think through what their emotions mean in a given situation and use that information to guide their decision-making. Managers who are aware of the emotions of others can also utilize that information to help groups function more effectively and engage in better group decision-making. While emotional intelligence seems to come easily to some people, it is something that we can develop and improve on with practice. A model of emotional intelligence is presented in Figure 1.[2]

1. Jennifer M. George. 2000. "Emotions and leadership: The role of emotional intelligence." *Human Relations*, 53, 1027-1055.

2. Attribution: Copyright Rice University, OpenStax, under CC-BY 4.0 license

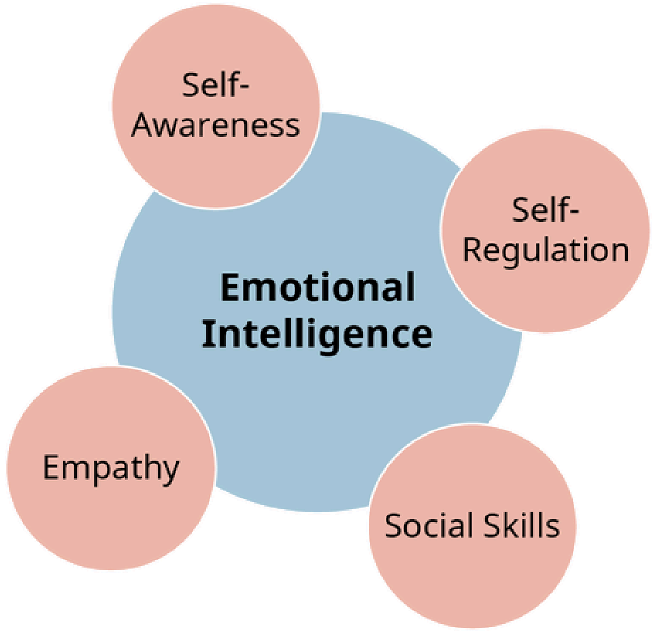


Figure 1. Emotional Intelligence. Credit: Copyright Rice University, OpenStax, used under CC-BY 4.0 license

The brain processes information to make decisions using one of two systems: either the logical, **rational (reflective) system** or the quick, reactive system. The reflective system is better for significant and important decisions; these generally should not be rushed. However, the reactive system can be lifesaving when time is of the essence, and it can be much more efficient when based on developed experience and expertise.

Concept Check

1. What is emotional intelligence, and why is it important for decision-making?
2. What are the two systems of decision-making in the brain?

2.7 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of individual differences for ethical behaviour.
2. Consider the role of national culture on individual differences.

Individual Differences and Ethics

Our values and personality influence how ethical we behave. Situational factors, rewards, and punishments following unethical choices as well as a company's culture are extremely important, but the role of personality and personal values should not be ignored. Research reveals that people who have an economic value orientation, that is, those who value acquiring money and wealth, tend to make more unethical choices. In terms of personality, employees with external locus of control were found to make more unethical choices[1][2][3]

Our perceptual processes are clear influences on whether or not we behave ethically and how we respond to other people's unethical behaviours. It seems that self-enhancement bias operates for our ethical decisions as well: We tend to overestimate how ethical we are in general. Our self-ratings of ethics tend to be higher than how other people rate us. This belief can create a glaring problem: If we think that we are more ethical than we are, we will have little motivation to improve. Therefore, understanding how other people perceive our actions is important to getting a better understanding of ourselves.

How we respond to unethical behaviour of others will, to a large extent, depend on the attributions we make. If we attribute responsibility to the person in question, we are more likely to punish that person. In a study on sexual harassment that occurred after a workplace romance turned sour, results showed that if we attribute responsibility to the victim, we are less likely to punish the harasser.[4] Therefore, how we

1. Hegarty, W. H., & Sims, H. P. (1978). Some determinants of unethical decision behaviour: An experiment. Journal of Applied Psychology, 63, 451–457.
2. Hegarty, W. H., & Sims, H. P. (1979). Organizational philosophy, policies, and objectives related to unethical decision behaviour: A labouratory experiment. Journal of Applied Psychology, 64, 331–338.
3. Trevino, L. K., & Youngblood, S. A. (1990). Bad apples in bad barrels: A causal analysis of ethical decision-making behaviour. Journal of Applied Psychology, 75, 378–385.
4. Pierce, C. A., Broberg, B. J., McClure, J. R., & Aguinis, H. (2004). Responding to sexual harassment complaints: Effects of a dissolved workplace romance on decision-making standards. Organizational Behavior and Human Decision Processes, 95, 66–82.

make attributions in a given situation will determine how we respond to others' actions, including their unethical behaviours.

Individual Differences Around the Globe

Values that people care about vary around the world. In fact, when we refer to a country's culture, we are referring to values that distinguish one nation from others. In other words, there is systematic variance in individuals' personality and work values around the world, and this variance explains people's behaviour, attitudes, preferences, and the transferability of management practices to other cultures.

When we refer to a country's values, this does not mean that everyone in a given country shares the same values. People differ within and across nations. There will always be people who care more about money and others who care more about relationships within each culture. Yet there are also national differences in the percentage of people holding each value. A researcher from Holland, Geert Hofstede, conducted a landmark study covering over 60 countries and found that countries differ in four dimensions: the extent to which they put individuals or groups first (individualism), whether the society subscribes to equality or hierarchy among people (power distance), the degree to which the society fears change (uncertainty avoidance), and the extent to which the culture emphasizes acquiring money and being successful (masculinity).[5] Knowing about the values held in a society will tell us what type of a workplace would satisfy and motivate employees.

Are personality traits universal? Researchers found that personality traits identified in Western cultures translate well to other cultures. For example, the five-factor model of personality is universal in that it explains how people differ from each other in over 79 countries. At the same time, there is variation among cultures in the dominant personality traits. In some countries, extraverts seem to be the majority, and in some countries the dominant trait is low emotional stability. For example, people from Europe and the United States are characterized by higher levels of extraversion compared to those from Asia and Africa. There are many factors explaining why some personality traits are dominant in some cultures. For example, the presence of democratic values is related to extraversion. Because democracy usually protects freedom of speech, people may feel more comfortable socializing with strangers as well as with friends, partly explaining the larger number of extraverts in democratic nations. Research also shows that in regions of the world that historically suffered from infectious diseases, extraversion and openness to experience was less dominant. Infectious diseases led people to limit social contact with strangers, explaining higher levels of introversion. Plus, to cope with infectious diseases, people developed strict habits for hygiene and the amount of spice to use in food, and deviating from these standards was bad for survival. This explains the lower levels of openness to experience in regions that experienced infectious diseases[6][7]

Is basic human perception universal? It seems that there is variation around the globe in how we perceive other people as well as ourselves. One difference is the importance of the context. Studies show that

5. Hofstede, G. (2001). Culture's consequences: Comparing values, behaviours, institutions and organizations across nations. Thousand Oaks, CA: Sage.

6. McCrae, R. R., & Costa, P. T. (1997). Personality trait structure as a human universal. American Psychologist, 52, 509–516.

7. McCrae, R. R., Terracciano, A., & 79 members of the personality profiles of cultures project (2005). Journal of Personality and Social Psychology, 89, 407–425.

when perceiving people or objects, Westerners pay more attention to the individual, while Asians pay more attention to the context. For example, in one study, when judging the emotion felt by the person, the Americans mainly looked at the face of the person in question, while the Japanese also considered the emotions of the people surrounding the focal person. In other words, the Asian subjects of the experiment derived meaning from the context as well as by looking at the person.[8]

There seems to be some variation in the perceptual biases we commit as well. For example, human beings have a tendency to self-enhance. We see ourselves in a more positive light than others do. Yet, the traits in which we self-enhance are culturally dependent. In Western cultures, people may overestimate how independent and self-reliant they are. In Asian cultures, such traits are not necessarily desirable, so they may not embellish their degree of independence. Yet, they may overestimate how cooperative and loyal to the group they are because these traits are more desirable in collectivistic cultures.[9][10]

Given the variation in individual differences around the globe, being sensitive to these differences will increase our managerial effectiveness when managing a diverse group of people.

Personality Around the Globe[11]

Which nations have the highest average self-esteem? Researchers asked this question by surveying almost 17,000 individuals across 53 nations, in 28 languages.

Based on this survey, these are the top 10 nations in terms of self-reported self-esteem.

1. Serbia
2. Chile
3. Israel
4. Peru
5. Estonia
6. United States

8. Masuda, T., Ellsworth, P. C., Mesquita, B., Leu, J., Tanida, S., & Van de Veerdonk, E. (2008). Placing the face in context: Cultural differences in the perception of facial emotion. Journal of Personality and Social Psychology, 94, 365–381.
9. Sedikides, C., Gaertner, L., & Toguchi, Y. (2003). Pancultural self-enhancement. Journal of Personality and Social Psychology, 84, 60–79.
10. Sedikides, C., Gaertner, L., & Vevea, J. L. (2005). Pancultural self-enhancement reloaded: A meta-analytic reply to Heine (2005). Journal of Personality and Social Psychology, 89, 539–551.
11. Adapted from information in Denissen, J. J. A., Penke, L., & Schmitt, D. P. (2008, July). Self-esteem reactions to social interactions: Evidence for sociometer mechanisms across days, people, and nations. Journal of Personality and Social Psychology, 95, 181–196; Hitti, M. (2005). Who's no. 1 in self-esteem? Serbia is tops, Japan ranks lowest, U.S. is no. 6 in global survey. WebMD. Retrieved November 14, 2008, from http://www.webmd.com/skin-beauty/news/20050927/whos-number-1-in-self-esteem; Schmitt, D. P., & Allik, J. (2005). The simultaneous administration of the Rosenberg self-esteem scale in 53 nationals: Culture-specific features of global self-esteem. Journal of Personality and Social Psychology, 89, 623–642.

7. Turkey
8. Mexico
9. Croatia
10. Austria

The 10 nations with the lowest self-reported self-esteem are the following:

- South Korea
- Switzerland
- Morocco
- Slovakia
- Fiji
- Taiwan
- Czech Republic
- Bangladesh
- Hong Kong
- Japan

Key Takeaways

- There is a connection between how ethically we behave and our individual values, personality, and perception.
- Possessing values emphasizing economic well-being predicts unethical behaviour.
- Having an external locus of control is also related to unethical decision making. We are also likely to overestimate how ethical we are, which can be a barrier against behaving ethically.
- Culture seems to be an influence over our values, personality traits, perceptions, attitudes, and work behaviours. Therefore, understanding individual differences requires paying careful attention to the cultural context.

Exercises

1. If ethical decision making depends partially on personality, what can organizations do to increase the frequency of ethical behaviours?

2. Do you think personality tests used in Western cultures in employee selection can be used in other cultures?

2.8 Using Science to Match Candidates to Jobs

Yuyu Tamai – Supermarket – CC BY 2.0.

The Case of Kronos[1] [2] [3] [4] [5]

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 companies 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. 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 important, 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 Web site 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 to the questions of the software is not

1. Based on information from the following sources: Berta, D. (2002, February 25). Industry increases applicant screening amid labour surplus, security concerns. Nation's Restaurant News, 36(8), 4;
2. Frauenheim, E. (2006, March 13). Unicru beefs up data in latest screening tool. Workforce Management, 85(5), 9–10;
3. Frazier, M. (2005, April). Help wanted. Chain Store Age, 81(4), 37–39;
4. 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;
5. Overholt, A. (2002, February). True or false? You're hiring the right people. Fast Company, 55, 108–109;

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%.

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?

2.9 Conclusion

In 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 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.

2.10 Exercises

Case Study

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 about 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 3: Managing Demographic and Cultural Diversity

Learning Objectives

1. Understand what constitutes diversity.
2. Explain the benefits of managing diversity.
3. Describe challenges of managing a workforce with diverse demographics.
4. Describe the challenges of managing a multicultural workforce.
5. Understand diversity and ethics.
6. Understand cross-cultural issues regarding diversity.

Around the world, the workforce is becoming diverse. In 2007, women constituted 46% of the workforce in the United States. In the same year, 11% of the workforce was African American, 14% were of Hispanic origin, and 5% were Asian (Bureau of Labor Statistics, 2007). 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 the United States, 16% of domestic employees were foreign born, indicating that even those of us who are not directly involved in international business may benefit from developing an appreciation for the differences and similarities between cultures.[1] 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.

As we discuss differing environments faced by employees with different demographic traits, we primarily concentrate on the legal environment in the United States. Your instructor will add localized Canadian comparisons where relevant. Please note that the way in which demographic diversity is treated legally and socially varies around the globe. For example, countries such as Canada and the United Kingdom have their own versions of equal employment legislation. Moreover, how women, employees of different races, older employees, employees with disabilities, and employees of different religions are viewed and treated shows much variation based on the societal context.

1. Bureau of Labor Statistics. (2007). Employed persons by detailed occupation, gender, race, and Hispanic or Latino ethnicity. Retrieved November 4, 2008, from the Bureau of Labor Statistics Web site: ftp://ftp.bls.gov/pub/special.requests/lf/aat11.txt.

3.1 Doing Good as a Core Business Strategy

The Case of Goodwill Industries[1]

Credit: Goodwill Store by Mike Mozart via Flickr [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

1. Based on information from 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; Walker, R. (2008, November 2). Consumed: Goodwill hunting. New York Times Magazine, p. 18; 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/goodwill20082731.htm; Slack, E. (2009). Selling hope. Retail Merchandiser, 49(1), 89–91; 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.

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 gaining 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 those individuals without basic education and English language skills. And 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 its Oregon E-Cycles program to prevent the improper disposal of electronics. Goodwill discovered long ago that diversity is an advantage rather than a hindrance.

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 that Goodwill believes it necessary to continually innovate?

3.2 Demographic Diversity

Learning Objectives

1. Explain the benefits of managing diversity effectively.
2. Explain the challenges of diversity management.
3. Describe the unique environment facing employees with specific traits such as gender, race, religion, physical disabilities, age, and sexual orientation.

Diversity refers to the ways in which people are similar or different from each other. It may be defined by any characteristic that varies within a particular work unit such as gender, race, age, education, tenure, or functional background (such as being an engineer versus being an accountant).

Even though diversity may occur with respect to any characteristic, our focus will be on diversity with respect to demographic, relatively stable, and visible characteristics: specifically gender, race, age, religion, physical abilities, and sexual orientation. Understanding how these characteristics shape organizational behaviour is important. While many organizations publicly rave about the benefits of diversity, many find it challenging to manage diversity effectively. This is evidenced by the number of complaints filed with the Equal Employment Opportunity Commission (EEOC) regarding discrimination. In the United States, the Age Discrimination Act of 1975 and Title VII of the Civil Rights Act of 1964 outlaw discrimination based on age, gender, race, national origin, or religion. The 1990 Americans with Disabilities Act prohibits discrimination of otherwise capable employees based on physical or mental disabilities. In 2008, over 95,000 individuals filed a complaint claiming that they were discriminated based on these protected characteristics. Of course, this number represents only the most extreme instances in which victims must have received visibly discriminatory treatment to justify filing a complaint.

It is reasonable to assume that many instances of discrimination go unreported because they are more subtle and employees may not even be aware of inconsistencies such as pay discrimination. Before the passing of antidiscrimination laws in the United States, many forms of discrimination were socially acceptable. This acceptance of certain discrimination practices is more likely to be seen in countries without similar employment laws. It seems that there is room for improvement when it comes to benefiting from diversity, understanding its pitfalls, and creating a work environment where people feel appreciated for their contributions regardless of who they are.

Benefits of Diversity

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

Higher Creativity in Decision Making

Research shows that diverse teams tend to make higher quality decisions.Credit: [Teamwork and team spirit] by 드림포유 via FLickr [CC BY-ND 2.0].

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. When thinking about a problem, team members may identify novel solutions. Research shows that diverse teams tend to make higher quality decisions.[1] Therefore, having a diverse workforce may have a direct impact on a company's bottom line by increasing creativity in decision making.

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-flavoured Doritos chips and wasabi-flavoured snacks.

Similarly, Harley-Davidson Motor Company is pursuing diversification of employees at all levels because the company realizes that they need to reach beyond their traditional customer group to stay

1. McLeod, P., Lobel, S., & Cox, T. H. (1996). Ethnic diversity and creativity in small groups. Small Group Research, 27, 248–264.

competitive.[2] Wal-Mart Stores Inc. heavily advertises in Hispanic neighbourhoods between Christmas and The Epiphany because the company understands that Hispanics tend to exchange gifts on that day as well.[3] 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.[4] Organizations where employees are satisfied often have lower turnover.

Higher Stock Prices

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. For example, companies that receive an award from the U.S. Department of Labor for their diversity management programs show increases in the stock price in the days following the announcement. Conversely, companies that announce settlements for discrimination lawsuits often show a decline in stock prices afterward.[5]

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 EEOC laws, they may file a complaint. The EEOC acts as a mediator between the company and the person, and the company may choose to settle the case outside the court. If no settlement is reached, the EEOC 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. For example, in 1999, the Coca-Cola Company faced a race discrimination lawsuit claiming

2. Hymowitz, C. (2005, November 14). The new diversity: In a global economy, it's no longer about how many employees you have in this group and that group; It's a lot more complicated—and if you do it right, a lot more effective. Wall Street Journal, p. R1.

3. Slater, S. F., Weigand, R. A., & Zwirlein, T. J. (2008). The business case for commitment to diversity. Business Horizons, 51, 201–209.

4. 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.

5. Wright, P., Ferris, S. P., Hiller, J. S., & Kroll, M. (1995). Competitiveness through management of diversity: Effects on stock price valuation. Academy of Management Journal, 30, 272–287.

that the company discriminated against African Americans in promotions. The company settled for a record $192.5 million.[6]

In 2004, the clothing retailer Abercrombie & Fitch faced a race discrimination lawsuit that led to a $40 million settlement and over $7 million in legal fees. The company had constructed a primarily Caucasian image and was accused of discriminating against Hispanic and African American job candidates, steering these applicants to jobs in the back of the store. As part of the settlement, the company agreed to diversify its workforce and catalog, change its image to promote diversity, and stop recruiting employees primarily from college fraternities and sororities.[7]

In 2007, the new African American district attorney of New Orleans, Eddie Jordan, was accused of firing 35 Caucasian employees and replacing them with African American employees. In the resulting reverse-discrimination lawsuit, the office was found liable for $3.7 million, leading Jordan to step down from his office in the hopes of preventing the assets of the office from being seized.[8] As you can see, 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 in companies pursuing a growth strategy, there was a positive relationship between racial diversity of the company and firm performance.[9] Companies ranked in the Diversity 50 list created by *DiversityInc* magazine performed better than their counterparts.[10] And, in a survey of 500 large companies, those with the largest percentage of female executives performed better than those with the smallest percentage of female executives.[11]

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

6. Lovel, J. (2003, May 2). Race discrimination suit targets Coke bottler CCE. Atlanta Business Chronicle. Retrieved January 29, 2009, from http://atlanta.bizjournals.com/atlanta/stories/2003/05/05/story1.html.
7. Greenhouse, S. (2004, November 17). Abercrombie & Fitch bias case is settled. New York Times. Retrieved January 29, 2009, from http://www.nytimes.com/2004/11/17/national/17settle.html.
8. After $3.7 million reverse discrimination lawsuit, the New Orleans district attorney resigns. (2007, October 31). *DiversityInc Magazine*. Retrieved November 18, 2008, from http://www.diversityinc.com/public/2668.cfm.
9. Richard, O. C. (2000). Racial diversity, business strategy, and firm performance: A resource-based view. Academy of Management Journal, 43, 164–177.
10. Slater, S. F., Weigand, R. A., & Zwirlein, T. J. (2008).

    The business case for commitment to diversity. Business Horizons, 51, 201–209.
11. Weisul, K. (2004, January 28). The bottom line on women at the top. Business Week Online. Retrieved November 14, 2008, from http://www.businessweek.com/.

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

One of the commonly observed phenomena in human interactions is the tendency for individuals to be attracted to similar individuals.[12] Research shows that individuals communicate less frequently with those who are perceived as different from themselves.[13]

They are also more likely to experience emotional conflict with people who differ with respect to race, age, and gender.[14][15]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.[16]

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 ineffective and 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 U.S.-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.[17]

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

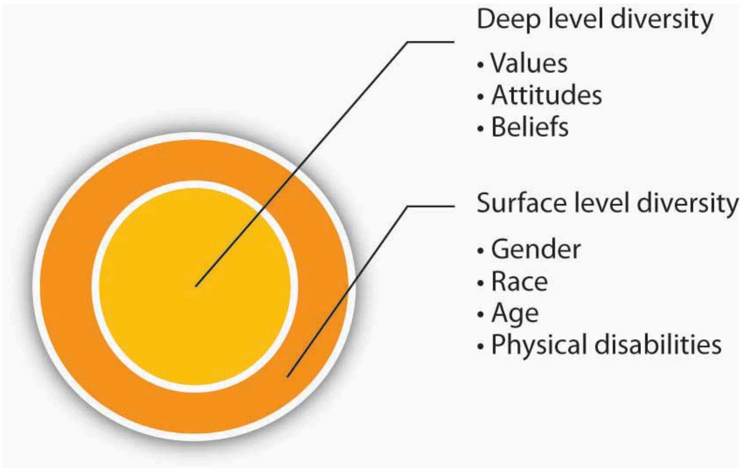
17. Dreher, G. F., & Cox, T. H. (1996). Race, gender and opportunity: A study of compensation attainment and the establishment of mentoring relationships. Journal of Applied Psychology, 81, 297–308.

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.

Why are we more attracted to those who share our demographic attributes? Demographic traits are part of what makes up surface-level diversity. Surface-level diversity includes traits that are highly visible to us and those around us, such as race, gender, and age. Researchers believe that people pay attention to surface diversity because they are assumed to be related to deep-level diversity, which includes values, beliefs, and attitudes. We want to interact with those who share our values and attitudes, but when we meet people for the first time, we have no way of knowing whether they share similar values.

As a result, we tend to use surface-level diversity to make judgments about deep-level diversity. Research shows that surface-level traits affect our interactions with other people early in our acquaintance with them, but as we get to know people, the influence of surface-level traits is replaced by deep-level traits such as similarity in values and attitudes.[18] Age, race, and gender dissimilarity are also stronger predictors of employee turnover during the first few weeks or months within a company.

It seems that people who are different from others may feel isolated during their early tenure when they are dissimilar to the rest of the team, but these effects tend to disappear as people stay longer and get to know other employees.



Individuals often initially judge others based on surface-level diversity. Over time, this effect tends to fade and is replaced by deep-level traits such as similarity in values and attitudes.

As you may see, while similarity-attraction may put some employees at a disadvantage, it is a tendency that can be managed by organizations. By paying attention to employees early in their tenure, having formal mentoring programs in which people are assigned mentors, and training managers to be aware of the similarity-attraction tendency, organizations can go a long way in dealing with potential diversity challenges.

18. Harrison, D. A., Price, K. H., Gavin, J. H., & Florey, A. T. (2002). Time, teams, and task performance: Changing effects of surface- and deep-level diversity on group functioning. Academy of Management Journal, 45, 1029–1045.

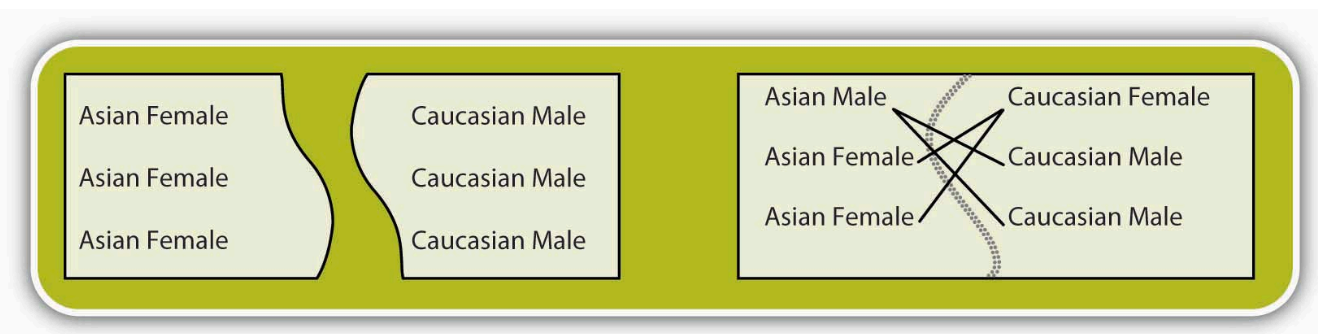
Faultlines

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.[19]

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.[20]



The group on the left will likely suffer a strong faultline due to the lack of common ground. The group to the right will likely only suffer a weak faultline because the men and women of the different groups will likely identify with each other.

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

19. 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.

20. Sawyer, J. E., Houlette, M. A., & Yeagley, E. L. (2006). Decision performance and diversity structure: Comparing faultlines in convergent, crosscut, and racially homogeneous groups. Organizational Behavior and Human Decision Processes, 99, 1–15.

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.

Specific Diversity Issues

Different demographic groups face unique work environments and varying challenges in the workplace. In this section, we will review the particular challenges associated with managing gender, race, religion, physical ability, and sexual orientation diversity in the workplace.

Gender Diversity in the Workplace

In the United States, two important pieces of legislation prohibit gender discrimination at work. The Equal Pay Act (1963) prohibits discrimination in pay based on gender. Title VII of the Civil Rights Act (1964) prohibits discrimination in all employment-related decisions based on gender. Despite the existence of strong legislation, women and men often face different treatment at work. The earnings gap and the glass ceiling are two of the key problems women may experience in the workplace.

Earnings Gap

An often publicized issue women face at work is the earnings gap. The median earnings of women who worked full time in 2008 was 79% of men working full time.[21] There are many potential explanations for the earnings gap that is often reported in the popular media.

One explanation is that women are more likely to have gaps in their résumés because they are more likely to take time off to have children. Women are still the primary caregiver for young children in many families and career gaps tend to affect earnings potential because it prevents employees from accumulating job tenure. Another potential explanation is that women are less likely to pursue high-paying occupations such as engineering and business.

In fact, research shows that men and women have somewhat different preferences in job attributes, with women valuing characteristics such as good hours, an easy commute, interpersonal relationships,

21. Bureau of Labor Statistics. (2008). Usual weekly earnings. Retrieved November 4, 2008, from the Bureau of Labor Statistics Web site: http://www.bls.gov/news.release/wkyeng.nr0.htm.

helping others, and opportunities to make friends more than men do. In turn, men seem to value promotion opportunities, freedom, challenge, leadership, and power more than women do.[22]

These differences are relatively small, but they could explain some of the earnings gap. Finally, negotiation differences among women are often cited as a potential reason for the earnings gap. In general, women are less likely to initiate negotiations.[23] Moreover, when they actually negotiate, they achieve less favorable outcomes compared to men.[24] Gender differences in negotiation outcome: A meta-analysis. Personnel Psychology, 52, 653–677.[/footnote]

Laboratory studies show that female candidates who negotiated were more likely to be penalized for their attempts to negotiate and male evaluators expressed an unwillingness to work with a female who negotiated.[26]The differences in the tendency to negotiate and success in negotiating are important factors contributing to the earnings gap. According to one estimate, as much as 34% of the differences between women's and men's pay can be explained by their starting salaries.[27] When differences in negotiation skills or tendencies affect starting salaries, they tend to have a large impact over the course of years.

If the earnings gap could be traced only to résumé gaps, choice of different occupations, or differences in negotiation behaviour, the salary difference might be viewed as legitimate. Yet, these factors fail to completely account for gender differences in pay, and lawsuits about gender discrimination in pay abound. In these lawsuits, stereotypes or prejudices about women seem to be the main culprit. In fact, according to a Gallup poll, women are over 12 times more likely than men to perceive gender-based discrimination in the workplace.[28]

For example, Wal-Mart Stores Inc. was recently sued for alleged gender-discrimination in pay. One of the people who initiated the lawsuit was a female assistant manager who found out that a male assistant manager with similar qualifications was making $10,000 more per year. When she approached the store manager, she was told that the male manager had a "wife and kids to support." She was then asked to submit a household budget to justify a raise.[29] Such explicit discrimination, while less frequent, contributes to creating an unfair work environment.

22. Konrad, A. M., Ritchie, J. E., Lieb, P., & Corrigall, E. (2000). Sex differences and similarities in job attribute preferences: A meta-analysis. Psychological Bulletin, 126, 593–641.
23. Babcock, L., & Laschever, S. (2003). Women don't ask. Princeton, NJ: Princeton University Press.
24. [25]Stuhlmacher, A. F., & Walters, A. E. (1999). Gender differences in negotiation outcome: A meta-analysis. Personnel Psychology, 52, 653–677.
25.
26. Bowles, H. R., & Babcock, L., & Lai, L. (2007). Social incentives for gender differences in the propensity to initiate negotiations: Sometimes it does hurt to ask. Organizational Behavior and Human Decision Processes, 103, 84–103.
27. Gerhart, B. (1990). Gender differences in current and starting salaries: The role of performance, college major, and job title. Industrial & Labor Relations Review, 43, 418–434.
28. Avery, D. R., McKay, P. F., & Wilson, D. C. (2008). What are the odds? How demographic similarity affects prevalence of perceived employment discrimination. Journal of Applied Psychology, 93, 235–249.
29. Daniels, C. (2003, July 21). Women vs. Wal-Mart. Fortune, 148, 78–82.

Glass Ceiling

Another issue that provides a challenge for women in the workforce is the so-called glass ceiling. While women may be represented in lower level positions, they are less likely to be seen in higher management and executive suites of companies. In fact, while women constitute close to one-half of the workforce, men are four times more likely to reach the highest levels of organizations.[30]

In 2008, only 12 of the *Fortune* 500 companies had female CEOs, including Xerox Corporation, PepsiCo, Kraft Foods Inc., and Avon Products Inc. The absence of women in leadership is unfortunate, particularly in light of studies that show the leadership performance of female leaders is comparable to, and in some dimensions such as transformational or change-oriented leadership, superior to, the performance of male leaders[31][32]

30. Umphress, E. E., Simmons, A. L., Boswell, W. R., & Triana, M. C. (2008). Managing discrimination in selection: The influence of directives from an authority and social dominance. Journal of Applied Psychology, 93, 982–993.

31. Eagly, A. H., Karau S. J., & Makhijani, M. G. (1995). Gender and effectiveness of leaders: A meta-analysis. Psychological Bulletin, 117, 125–145.

32. Eagly, A. H., Johannesen-Schmidt, M. C., & Van Engen, M. L. (2003). Psychological Bulletin, 129, 569–591.

Ursula Burns became president of Xerox Corporation in 2007. She is responsible for the company's global R&D, engineering, manufacturing, and marketing. Fortune Live Media – Fortune The Most Powerful Women 2013 – CC BY-NC-ND 2.0.

One explanation for the glass ceiling is the gender-based stereotypes favoring men in managerial positions. Traditionally, men have been viewed as more assertive and confident than women, while women have been viewed as more passive and submissive. Studies show that these particular stereotypes are still prevalent among male college students, which may mean that these stereotypes may be perpetuated among the next generation of managers.[33]

Assumptions such as these are problematic for women's advancement because stereotypes associated with men are characteristics often associated with being a manager. Stereotypes are also found to influence how managers view male versus female employees' work accomplishments.

For example, when men and women work together in a team on a "masculine" task such as working on an investment portfolio and it is not clear to management which member has done what, managers

33. Duehr, E. E., & Bono, J. E. (2006). Men, women and managers: Are stereotypes finally changing? Personnel Psychology, 59, 815–846.

are more likely to attribute the team's success to the male employees and give less credit to the female employees.[34]

It seems that in addition to working hard and contributing to the team, female employees should pay extra attention to ensure that their contributions are known to decision makers.

There are many organizations making the effort to make work environments more welcoming to men and women. For example, IBM is reaching out to female middle school students to get them interested in science, hoping to increase female presence in the field of engineering.[35] Companies such as IBM, Booz Allen Hamilton Inc., Ernst & Young Global Ltd., and General Mills Inc. top the 100 Best Companies list created by *Working Mother* magazine by providing flexible work arrangements to balance work and family demands. In addition, these companies provide employees of both sexes with learning, development, and networking opportunities.[36]

Race Diversity in the Workplace

Race is another demographic characteristic that is under legal protection in the United States. Title VII of the Civil Rights Act (1964) prohibits race discrimination in all employment-related decisions. Yet race discrimination still exists in organizations. In a Korn-Ferry/Columbia University study of 280 minority managers earning more than $100,000, 60% of the respondents reported that they had seen discrimination in their work assignments and 45% have been the target of racial or cultural jokes.

The fact that such discrimination exists even at higher levels in organizations is noteworthy.[37] (Allers, 2005[38] In a different study of over 5,500 workers, only 32% reported that their company did a good job hiring and promoting minorities.[39] One estimate suggests that when compared to Caucasian employees, African Americans are four times more likely and Hispanics are three times more likely to experience discrimination (Avery et al., 2007).

Ethnic minorities experience both an earnings gap and a glass ceiling. In 2008, for every dollar a Caucasian male employee made, African American males made around 79 cents while Hispanic employees made 64 cents (Bureau of Labor Statistics, 2008). Among *Fortune* 500 companies, only three (American Express Company, Aetna Inc., and Darden Restaurants Inc.) have African American CEOs.

It is interesting that while ethnic minorities face these challenges, the demographic trends are such that by 2042, Caucasians are estimated to constitute less than one-half of the population in the United States.

34. Heilman, M. E., & Haynes, M. C. (2005). No credit where credit is due: Attributional rationalization of women's success in male-female teams. Journal of Applied Psychology, 90, 905–916.

35. Thomas, D. A. (2004). Diversity as strategy. Harvard Business Review, 82, 98–108.

36. 2007 100 Best companies. (2007). Retrieved November 4, 2008, from the Working Mother Web site: http://www.workingmother.com/?service=vpage/859.

37. Allers, K. L. (2005). Won't it be grand when we don't need diversity lists? Fortune, 152(4), 101.

38. Mehta, S. N., Chen, C. Y., Garcia, F., & Vella-Zarb, K. (2000). What minority employees really want. Fortune, 142(2), 180–184.

39. Fisher, A. (2004). How you can do better on diversity. Fortune, 150(10), 60.

This demographic shift has already taken place in some parts of the United States such as the Los Angeles area where only 30% of the population is Caucasian.[40]

Unfortunately, discrimination against ethnic minorities still occurs. One study conducted by Harvard University researchers found that when Chicago-area companies were sent fictitious résumés containing identical background information, résumés with "Caucasian" sounding names (such as Emily and Greg) were more likely to get callbacks compared to résumés with African American sounding names (such as Jamal and Lakisha)[41]

Studies indicate that ethnic minorities are less likely to experience a satisfying work environment. One study found that African Americans were more likely to be absent from work compared to Caucasians, but this trend existed only in organizations viewed as not valuing diversity.[42]

Similarly, among African Americans, the perception that the organization did not value diversity was related to higher levels of turnover.[43] Another study found differences in the sales performance of Hispanic and Caucasian employees, but again this difference disappeared when the organization was viewed as valuing diversity.[44]

It seems that the *perception* that the organization does not value diversity is a fundamental explanation for why ethnic minorities may feel alienated from coworkers. Creating a fair work environment where diversity is valued and appreciated seems to be the key.

Organizations often make news headlines for alleged or actual race discrimination, but there are many stories involving complete turnarounds, suggesting that conscious planning and motivation to improve may make organizations friendlier to all races. One such success story is Denny's Corporation.

In 1991, Denny's restaurants settled a $54 million race discrimination lawsuit. In 10 years, the company was able to change the situation completely. Now, women and minorities make up half of their board and almost half of their management team. The company started by hiring a chief diversity officer who reported directly to the CEO. The company implemented a diversity-training program, extended recruitment efforts to diverse colleges, and increased the number of minority-owned franchises. At the same time, customer satisfaction among African Americans increased from 30% to 80%.[45]

40. Dougherty, C. (2008, August 14). Whites to lose majority status in US by 2042. Wall Street Journal, p. A3.

41. Bertrand, M., & Mullainathan, S. (2004). Are Emily and Greg more employable than Lakisha and Jamal? A field experiment on labour market discrimination. American Economic Review, 94, 991–1013.

42. Avery, D. R., McKay, P. F., Wilson, D. C., & Tonidandel, S. (2007). Unequal attendance: The relationships between race, organizational diversity cues, and absenteeism. Personnel Psychology, 60, 875–902.

43. McKay, P. F., Avery, D. R., Tonidandel, S., Morris, M. A., Hernandez, M., & Hebl, M. R. (2007). Racial differences in employee retention: Are diversity climate perceptions the key? Personnel Psychology, 60, 35–62.

44. McKay, P., Avery, D. R., & Morris, M. A. (2008). Mean racial-ethnic differences in employee sales performance: The moderating role of diversity climate. Personnel Psychology, 61, 349–374.

45. Speizer, I. (2004). Diversity on the menu. Workforce Management, 83(12), 41–45.

Age Diversity in the Workplace

Older employees tend to be reliable and committed employees who often perform at comparable or higher levels than younger workers via Wikimedia Commons – CC BY-SA 2.5.

The workforce is rapidly aging. By 2015, those who are 55 and older are estimated to constitute 20% of the workforce in the United States. The same trend seems to be occurring elsewhere in the world. In the European Union, employees over 50 years of age are projected to increase by 25% in the next 25 years.[46]

According to International Labor Organization (ILO), out of the world's working population, the largest group is those between 40 and 44 years old. In contrast, the largest segment in 1980 was the 20- to 24-year-old group.[47] In other words, age diversity at work will grow in the future.

46. Avery, D. R., McKay, P. F., & Wilson, D. C. (2007). Engaging the aging workforce: The relationship between perceived age similarity, satisfaction with coworkers, and employee engagement. Journal of Applied Psychology, 92, 1542–1556.

47. International Labor Organization. (2005). Yearly statistics. Geneva, Switzerland: ILO.

What happens to work performance as employees get older? Research shows that age is correlated with a number of positive workplace behaviours, including higher levels of citizenship behaviours such as volunteering, higher compliance with safety rules, lower work injuries, lower counterproductive behaviours, and lower rates of tardiness or absenteeism.[48] As people get older, they are also less likely to want to quit their job when they are dissatisfied at work.[49]

Despite their positive workplace behaviours, employees who are older often have to deal with age-related stereotypes at work. For example, a review of a large number of studies showed that those between 17 and 29 years of age tend to rate older employees more negatively, while younger employees were viewed as more qualified and having higher potential.[50]

However, these stereotypes have been largely refuted by research. Another review showed that stereotypes about older employees—they perform on a lower level, they are less able to handle stress, or their performance declines with age—are simply inaccurate.[51] The problem with these stereotypes is that they may discourage older workers from remaining in the workforce or may act as a barrier to their being hired in the first place.

In the United States, age discrimination is prohibited by the Age Discrimination in Employment Act of 1967, which made it illegal for organizations to discriminate against employees over 40 years of age. Still, age discrimination is prevalent in workplaces. For example, while not admitting wrongdoing, Honeywell International Inc. recently settled an age discrimination lawsuit for $2.15 million. A group of older sales representatives were laid off during company reorganization while younger employees with less experience were kept in their positions.[52]

Older employees may also face discrimination because some jobs have a perceived "correct age." This was probably the reason behind the lawsuit International Creative Management Inc. faced against 150 TV writers. The lawsuit claimed that the talent agency systematically prevented older workers from getting jobs at major networks.[53]

48. Ng, T. W. H., & Feldman, D. C. (2008).

    The relationship of age to ten dimensions of job performance. Journal of Applied Psychology, 93, 392–423.

49. Hellman, C. M. (1997). Job satisfaction and intent to leave. Journal of Social Psychology, 137, 677–689.

50. Finkelstein, L. M., Burke, M. J., & Raju, N. S. (1995). Age discrimination in simulated employment contexts: An integrative analysis. Journal of Applied Psychology, 80, 652–663.

51. Posthuma, R. A., & Campion, M. A. (in press). Age stereotypes in the workplace: Common stereotypes, moderators, and future research directions. Journal of Management.

52. Equal Employment Opportunity Commission. (2008). ADA charge data by impairments/bases–merit factor resolutions. FY 1997–FY 2007. Retrieved November 10, 2008, from the Equal Employment Opportunity Commission Web site: http://www.eeoc.gov/stats/ada-merit.html.

53. TV writers settle age discrimination lawsuit. (2008, August 20). Retrieved November 7, 2008, from International Business Times Web site: http://www.ibtimes.com/articles/20080820/tv-writers-settle-age-discrimination-lawsuit.htm.

In many family-owned businesses, different generations work together. Nancy Pelosi – Touring a Family-Owned Business – CC BY 2.0.

What are the challenges of managing age diversity beyond the management of stereotypes? Age diversity within a team can actually lead to higher team performance. In a simulation, teams with higher age diversity were able to think of different possibilities and diverse actions, leading to higher performance for the teams.[54]

At the same time, managing a team with age diversity may be challenging because different age groups seem to have different opinions about what is fair treatment, leading to different perceptions of organizational justice.[55] Age diversity also means that the workforce will consist of employees from different generations. Some organizations are noticing a generation gap and noting implications for the management of employees.

For example, the pharmaceutical company Novo Nordisk Inc. noticed that baby boomers (those born between 1946 and 1964) were competitive and preferred individual feedback on performance, while Generation Y workers (born between 1979 and 1994) were more team oriented. This difference led one regional manager to start each performance feedback e-mail with recognition of team performance, which was later followed by feedback on individual performance. Similarly, Lockheed Martin Corporation noticed that employees from different generations had different learning styles, with older employees preferring PowerPoint presentations and younger employees preferring more interactive learning.[56]

54. Kilduff, M., Angelmar, R., & Mehra, A. (2000). Top management-team diversity and firm performance: Examining the role of cognitions. Organization Science, 11, 21–34.

55. Colquitt, J. A., Noe, R. A., & Jackson, C. L. (2002). Justice in teams: Antecedents and consequences of procedural justice climate. Personnel Psychology, 55, 83–109.

56. White, E. (2008, June 30). Age is as age does: Making the generation gap work for you. Wall Street Journal, p. B6

Paying attention to such differences and tailoring various aspects of management to the particular employees in question may lead to more effective management of an age-diverse workforce.

Religious Diversity in the Workplace

In the United States, employers are prohibited from using religion in employment decisions based on Title VII of the Civil Rights Act of 1964. Moreover, employees are required to make reasonable accommodations to ensure that employees can practice their beliefs unless doing so provides an unreasonable hardship on the employer (Equal Employment Opportunity Commission, 2007). After September 11, cases involving religion and particularly those involving Muslim employees have been on the rise.[57]

Religious discrimination often occurs because the religion necessitates modifying the employee's schedule. For example, devout Muslim employees may want to pray five times a day with each prayer lasting 5 to 10 minutes. Some Jewish employees may want to take off Yom Kippur and Rosh Hashanah, although these days are not recognized as holidays in the United States. These situations pit employers' concerns for productivity against employees' desires to fulfill religious obligations.

Accommodating someone's religious preferences may also require companies to relax their dress code to take into account religious practices such as wearing a turban for Sikhs or covering one's hair with a scarf for Muslim women. In these cases, what matters most is that the company makes a good faith attempt to accommodate the employee. For example, in a recent lawsuit that was decided in favor of Costco Wholesale Corporation, the retailer was accused of religious discrimination. A cashier who belonged to the Church of Body Modification, which is a church with about 1,000 members worldwide, wanted to be able to display her tattoos and facial piercings, which was against the dress code of Costco. Costco wanted to accommodate the employee by asking the individual to cover the piercings with skin-coloured Band-Aids, which the employee refused. This is likely the primary reason why the case was decided in favor of Costco.[58]

Employees with Disabilities in the Workplace

Employees with a wide range of physical and mental disabilities are part of the workforce. In 2008 alone, over 19,000 cases of discrimination based on disabilities have been filed with the EEOC. The Americans with Disabilities Act of 1990 (ADA) prohibits discrimination in employment against individuals with physical as well as mental disabilities if these individuals are otherwise qualified to do their jobs with or without reasonable accommodation. For example, an organization may receive a job application from a hearing impaired candidate whose job responsibilities will include talking over the phone. With the help of a telephone amplifier, which costs around $50, the employee will be able to perform the job; therefore, the company cannot use the hearing impairment as a reason not to hire the person, again, as long as the employee is otherwise qualified.

57. Bazar, E. (2008, October 16). Prayer leads to work disputes. USA Today. Retrieved January 29, 2009, from http://www.usatoday.com/news/nation/2008-10-15- Muslim_N.htm.

58. Wellner, A. S. (2005). Costco piercing case puts a new face on the issue of wearing religious garb at work. Workforce Management, 84(6), 76–78.

In 2008, the largest groups of complaints were cases based on discrimination related to disabilities or illnesses such as cancer, depression, diabetes, hearing impairment, manic-depressive disorder, and orthopedic impairments, among others.[59] Particularly employees suffering from illnesses that last for a long time and require ongoing care seem to be at a disadvantage, because they are more likely to be stereotyped, locked into dead-end jobs, and employed in jobs that require substantially lower skills and qualifications than they possess. They also are more likely to quit their jobs.[60]

What can organizations do to create a better work environment for employees with disabilities? One legal requirement is that, when an employee brings up a disability, the organization should consider reasonable accommodations. This may include modifying the employee's schedule and reassigning some nonessential job functions. Organizations that offer flexible work hours may also make it easier for employees with disabilities to be more effective. Finally, supportive relationships with others seem to be the key for making these employees feel at home.

Particularly, having an understanding boss and an effective relationship with supervisors are particularly important for employees with disabilities. Because the visible differences between individuals may act as an initial barrier against developing rapport, employees with disabilities and their managers may benefit from being proactive in relationship development.[61]

Sexual Orientation Diversity in the Workplace

Lesbian, bisexual, gay, and transgender (LBGT) employees in the workplace face a number of challenges and barriers to employment. There is currently no federal law in the United States prohibiting discrimination based on sexual orientation, but as of 2008, 20 states as well as the District of Columbia had laws prohibiting discrimination in employment based on sexual orientation.[62]

Research shows that one of the most important issues relating to sexual orientation is the disclosure of sexual identity in the workplace. According to one estimate, up to one-third of lesbian, gay, and bisexual employees do not disclose their sexual orientation at work. Employees may fear the reactions of their managers and coworkers, leading to keeping their sexual identity a secret. In reality though, it seems that disclosing sexual orientation is not the key to explaining work attitudes of these employees—it is whether or not they are *afraid* to disclose their sexual identity. In other words, those employees who fear that full disclosure would lead to negative reactions experience lower job satisfaction, reduced organizational commitment, and higher intentions to leave their jobs.[63] Creating an environment where

59. Equal Employment Opportunity Commission. (2007). Religious discrimination. Retrieved November 7, 2008, from the Equal Employment Opportunity Commission Web site: http://www.eeoc.gov/types/religion.html.

60. Beatty, J. E., & Joffe, R. (2006). An overlooked dimension of diversity: The career effects of chronic illness. Organizational Dynamics, 35, 182–195.

61. Colella, A., & Varma A. (2001). The impact of subordinate disability on leader-member exchange relationships. Academy of Management Journal, 44, 302–315.

62. Human Rights Campaign. (2008). Working for gay, lesbian, bisexual and transgender equal rights. Retrieved November 7, 2008, from the Human Rights Campaign Web site: http://www.hrc.org/issues/workplace/workplace_laws.asp.

63. Ragins, B. R., Singh, R., & Cornwell, J. M. (2007). Making the invisible visible: Fear and disclosure of sexual orientation at work. Journal of Applied Psychology, 92, 1103–1118.

all employees feel welcome and respected regardless of their sexual orientation is the key to maintaining a positive work environment.

How can organizations show their respect for diversity in sexual orientation? Some companies start by creating a written statement that the organization will not tolerate discrimination based on sexual orientation. They may have workshops addressing issues relating to sexual orientation and facilitate and create networking opportunities for lesbian and gay employees. Perhaps the most powerful way in which companies show respect for sexual orientation diversity is by extending benefits to the partners of same-sex couples.

In fact, more than half of *Fortune* 500 companies currently offer health benefits to domestic partners of same-sex couples. Research shows that in companies that have these types of programs, discrimination based on sexual orientation is less frequent, and the job satisfaction and commitment levels are higher.[64]

OB Toolbox: I think I am being asked illegal interview questions. What can I do?[65]

In the United States, demographic characteristics such as race, gender, national origin, age, and disability status are protected by law. Yet according to a survey of 4,000 job seekers, about one-third of job applicants have been asked illegal interview questions. How can you answer such questions?

Here are some options.

- *Refuse to answer*. You may point out that the question is illegal and refuse to answer. Of course, this may cost you the job offer, because you are likely to seem confrontational and aggressive.
- *Answer shortly*. Instead of giving a full answer to a question such as "are you married," you could answer the question briefly and change the subject. In many cases, the interviewer may be trying to initiate small talk and may be unaware that the question is potentially illegal.
- *Answer the intent*. Sometimes, the illegal question hides a legitimate concern. When you are being asked where you are from, the potential employer might be concerned that you do not have a work permit. Addressing the issue in your answer may be better than answering the question you are being asked.
- *Walk away from the interview*. If you feel that the intent of the question is discriminatory, and if you feel that you would rather not work at a company that would ask such questions, you can always walk away from the interview. If you feel that you are being discriminated against, you may also want to talk to a lawyer later on.

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.

64. Button, S. (2001). Organizational efforts to affirm sexual diversity: A cross-level examination. Journal of Applied Psychology, 86, 17–28.

65. Cottle, M. (1999, April 25). Too personal at the interview. New York Times, p. 10; Thomas, J. (1999, July–August). Beware of illegal interview questions. Women in Business, 51(4), 14.

Build a Culture of Respecting Diversity

UPS operates in 200 countries, including Italy where a boat is carrying packages on the Canal Grande in Venice. At UPS, 58% of all senior officers are women or minorities. Wikimedia Commons – CC BY-SA 2.5.

In the most successful companies, diversity management is not the responsibility of the human resource department. Starting from top management and including the lowest levels in the hierarchy, each person understands the importance of respecting others. If this respect is not part of an organization'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.

The United Parcel Service of America Inc. (UPS), the international shipping company, refuses to hire a diversity officer, underlining that it is not one person's job. Companies with a strong culture—where people have a sense of shared values, loyalty to the organization is rewarded, and team performance is celebrated—enable employees with vastly different demographics and backgrounds to feel a sense of belonging.[66]

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.[67] 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.

66. 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.

67. Yang, J. L. (2006). Pepsi's diversity push pays off. Fortune, 154(5), 15.

Diversity Training Programs

Many companies provide employees and managers with training programs relating 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 of the company, and where managers were required to attend the diversity training programs.[68]

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 National Black MBA Association or the Chinese Software Professionals Association. By building relations 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.[69] Companies may also benefit from reviewing their employment advertising to ensure that diversity is important at all levels of the company.[70]

Affirmative Action Programs

Policies designed to recruit, promote, train, and retain employees belonging to a protected class are referred to as affirmative action. Based on Executive order 11246 (1965), federal contractors are required to use affirmative action programs. In addition, the federal government, many state and local governments, and the U.S. military are required to have affirmative action plans. An organization may also be using affirmative action as a result of a court order or due to a past history of discrimination. Affirmative action programs are among the most controversial methods in diversity management because some people believe that they lead to an unfair advantage for minority members.

In many cases, the negative perceptions about affirmative action can be explained by misunderstandings relating to what such antidiscrimination policies entail. Moreover, affirmative action means different things to different people and therefore it is inaccurate to discuss affirmative action as a uniform package.

Four groups of programs can be viewed as part of affirmative action programs.[71][72][73][74]

68. Rynes, S., & Rosen, B. (1995). A field survey of factors affecting the adoption and perceived success of diversity training. Personnel Psychology, 48, 247–270.

69. Nussenbaum, E. (2003). The lonely recruiter. Business 2.0, 4(9), 132

70. Avery, D. R. (2003). Reactions to diversity in recruitment advertising: Are differences black and white? Journal of Applied Psychology, 88, 672–679.

71. Cropanzano, R., Slaughter, J. E., & Bachiochi, P. D. (2005). Organizational justice and black applicants' reactions to affirmative action. Journal of Applied Psychology, 90, 1168–1184.

1. **Simple elimination of discrimination**. These programs are the least controversial and are received favorably by employees.
2. **Targeted recruitment**. These affirmative action plans involve ensuring that the candidate pool is diverse. These programs are also viewed as fair by most employees.
3. **Tie-breaker**. In these programs, if all other characteristics are equal, then preference may be given to a minority candidate. In fact, these programs are not widely used and their use needs to be justified by organizations. In other words, organizations need to have very specific reasons for why they are using this type of affirmative action, such as past illegal discrimination. Otherwise, their use may be illegal and lead to reverse discrimination. These programs are viewed as less fair by employees.
4. **Preferential treatment**. These programs involve hiring a less-qualified minority candidate. Strong preferential treatment programs are illegal in most cases.

It is plausible that people who are against affirmative action programs may have unverified assumptions about the type of affirmative action program the company is using. Informing employees about the specifics of how affirmative action is being used may be a good way of dealing with any negative attitudes. In fact, a review of the past literature revealed that when specifics of affirmative action are not clearly defined, observers seem to draw their own conclusions about the particulars of the programs.[75]

In addition to employee reactions to affirmative action, there is some research indicating that affirmative action programs may lead to stigmatization of the perceived beneficiaries. For example, in companies using affirmative action, coworkers of new hires may make the assumption that the new hire was chosen due to gender or race as opposed to having the necessary qualifications. These effects may even occur in the new hires themselves, who may have doubts about the fact that they were chosen because they were the best candidate for the position.

Research also shows that giving coworkers information about the qualifications and performance of the new hire eliminates these potentially negative effects of affirmative action programs.[76][77][78][79]

72. Kravitz, D. A. (2008). The diversity-validity dilemma: Beyond selection—The role of affirmative action. Personnel Psychology, 61, 173–193.

73. The diversity-validity dilemma: Beyond selection—The role of affirmative action. Personnel Psychology, 61, 173–193.

74. Voluntary diversity plans can lead to risk. (2007). HR Focus, 84(6), 2.

75. Harrison, D. A., Kravitz D. A., Mayer, D. M., Leslie, L. M., & Lev-Arey D. (2006). Understanding attitudes toward affirmative action programs in employment: Summary in meta-analysis of 35 years of research. Journal of Applied Psychology, 91, 1013–1036.

76. Heilman, M. E., Kaplow, S. R., Amato, M. A., & Stathatos, P. (1993). When similarity is a liability: Effects of sex-based preferential selection on reactions to like-sex and different-sex others. Journal of Applied Psychology, 78, 917–927.

77. Heilman, M. E., Rivero, C. J., & Brett, J. F. (1991). Skirting the competence issue: Effects of sex-based preferential selection on task choices of women and men. Journal of Applied Psychology, 76, 99–105.

78. Heilman, M. E., Simon, M. C., & Repper, D. P. (1987). Internationally favored, unintentionally harmed? Impact of sex-based preferential selection on self-perceptions and self-evaluations. Journal of Applied Psychology, 72, 62–68.

79. Kravitz, D. A. (2008). The diversity-validity dilemma: Beyond selection—The role of affirmative action. Personnel Psychology, 61, 173–193.

OB Toolbox: Dealing with Being Different

At any time in your career, you may find yourself in a situation in which you are different from those around you. Maybe you are the only male in an organization where most of your colleagues and managers are females. Maybe you are older than all your colleagues. How do you deal with the challenges of being different?

- *Invest in building effective relationships*. Early in a relationship, people are more attracted to those who are demographically similar to them. This means that your colleagues or manager may never get to find out how smart, fun, or hardworking you are if you have limited interactions with them. Create opportunities to talk to them. Be sure to point out areas of commonality.
- *Choose your mentor carefully*. Mentors may help you make sense of the organization's culture, give you career-related advice, and help you feel like you belong. That said, how powerful and knowledgeable your mentor is also matters. You may be more attracted to someone at your same level and who is similar to you, but you may have more to learn from someone who is more experienced, knowledgeable, and powerful than you are.
- *Investigate company resources*. Many companies offer networking opportunities and interest groups for women, ethnic minorities, and employees with disabilities among others. Check out what resources are available through your company.
- *Know your rights*. You should know that harassment based on protected characteristics such as gender, race, age, or disabilities, as well as discrimination based on these traits are illegal in the United States. If you face harassment or discrimination, you may want to notify your manager or your company's HR department.

Key Takeaways

- Organizations 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.
- Organizations 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 organizations 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 workplace? Why or why not?

3.3 Cultural Diversity

Learning Objectives

- Explain what culture is.
- Define the four dimensions of culture that are part of Hofstede's framework.
- Describe some ways in which national culture affects organizational behaviour.

Figure 2.9 Due to increased globalization of businesses, understanding the role of culture for organizational behaviour may provide you with a competitive advantage in your career.Wikimedia Commons – CC BY-SA 4.0.

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. International 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 the United States 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, how they act, how they form relationships, how they address each other, what they eat, and many other aspects of daily life. Of course, talking about national cultures does not mean that national cultures are uniform. In many countries, it is possible to talk about the existence of cultures based on region or geography. For example, in the United States, the southern, eastern, western, and midwestern regions of the country are associated with slightly different values.

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 that four dimensions of national culture explain an important source of variation among cultures. 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.[1,2]

1. Hofstede, G. (1980). Culture and organizations. International Studies of Management & Organization, 10(4), 15–41.

2. Tsui, A. S., Nifadkar, S. S., & Ou, A. Y. (2007). Cross-national, cross-cultural organizational behaviour research: Advances, gaps, and recommendations. Journal of Management, 33, 426–478. Previous/next navigation Previous: 2.2 Demographic Diversity Next: 2.4 The Role of Ethics and National Culture

Figure 2.10[3]

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 membership forms a person's self identity.**
• USA • Australia • UK • Canada • Hungary	• 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.**
• Austria • Denmark • Israel • Ireland • New Zealand	• 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.**
• Denmark • Jamaica • Singapore • China • Sweden	• 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.**

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

- Slovakia
- Japan
- Hungary
- Austria
- Venezuela
- Norway
- Netherlands
- Sweden
- Costa Rica
- Chile

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

Individualism-Collectivism

Individualistic cultures are cultures in which people define themselves as an individual and form looser 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.[4]

In collectivistic societies, family bonds are more influential in people's daily lives.
While individualists often refer to their nuclear family when thinking about their families, collectivists are more likely to define family in a broader sense, including cousins, uncles, aunts, and second cousins. Family members are more involved in each others' lives. For example, in societies such as Iran, Greece, and Turkey, extended family members may see each other several times a week. In many collectivistic societies, the language reflects the level of interaction among extended family members such that there may be different words used to refer to maternal versus paternal grandparents, aunts, or uncles. In addition to interacting with each other more often, family members have a strong sense of obligation toward each other.

For example, children often expect to live with their parents until they get married. In collectivistic countries such as Thailand, Japan, and India, choosing a career or finding a spouse are all family affairs. In these cultures, family members feel accountable for each others' behaviour such that one person's misbehaviour may be a cause of shame for the rest of the family (Hui & Triandis, 1986). Understanding the importance of family in collectivistic cultures is critical to understanding their work behaviours.

4. Triandis, H. C., McCusker, C., & Hui, H. C. (1990). Multimethod probes on individualism and collectivism. Journal of Personality and Social Psychology, 59, 1006–1020.

For example, one multinational oil company in Mexico was suffering from low productivity. When the situation was investigated, it became clear that the new manager of the subsidiary had gotten rid of a monthly fiesta for company employees and their families under the assumption that it was a waste of time and money. Employees had interpreted this to mean that the company no longer cared about their families.[5] In India, companies such as Intel organize “take your parents to work day” and involve parents in recruitment efforts, understanding the role of parents in the career and job choices of prospective employees.[6]

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.[7][8][9][10]

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. For example,

5. Raphael, T. (2001). Savvy companies build bonds with Hispanic employees. Workforce, 80(9), 19.
6. Frauenheim, E. (2005). Crossing cultures. Workforce Management 84(13), 1–32.
7. Frauenheim, E. (2005). Crossing cultures. Workforce Management, 84(13), 1–32.
8. Hui, H. C., & Triandis, H. C. (1986). Individualism-collectivism: A study of cross-cultural researchers. Journal of Cross-Cultural Psychology, 17, 225–248.
9. 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.
10. 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.

in one study, more than 75% of the subjects in Philippines viewed team-based pay as fair, while less than 50% of the U.S.-based subjects viewed team-based rewards as fair.[11]

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.[12]

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[13].

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. High power distance within a culture may easily cause misunderstandings with those from low power distance societies. For example, the limp handshake someone from India may give or a job candidate from Chad who is looking at the floor throughout the interview are in fact showing their respect, but these behaviours may be interpreted as indicating 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.[14]

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

11. Kirkman, B. L., Gibson, B. C., & Shapiro, D. L. (2001). Exporting teams: Enhancing the implementation and effectiveness of work teams in global affiliates. *Organizational Dynamics*, *30*, 12–29.

12. Pornpitakpan, C. (2000). Trade in Thailand: A three-way cultural comparison. Business Horizons, 43, 61–70.

13. Denison, D. R., Haaland, S., & Goelzer, P. (2004). Corporate culture and organizational effectiveness: Is Asia different from the rest of the world? *Organizational Dynamics*, *33*, 98–109.

14. Kirkman, B. L., Gibson, B. C., & Shapiro, D. L. (2001). Exporting teams: Enhancing the implementation and effectiveness of work teams in global affiliates. Organizational Dynamics, 30, 12–29.

but make decisions while showing a high level of concern toward employees as if they were family members.[15][16]

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[17]

Employment contracts tend to be more popular in cultures higher in uncertainty avoidance compared to cultures low in uncertainty avoidance[18] The level of change-oriented leadership seems to be lower in cultures higher in uncertainty avoidance[19] 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.[20]

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.[21]

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

15. 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.

16. 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.

17. 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.

18. Raghuram, London, & Larsen, 2001

19. Ergeneli, A., Gohar, R., & Temirbekova, Z. (2007). Transformational leadership: Its relationship to culture value dimensions. *International Journal of Intercultural Relations, 31*, 703–724.

20. 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.

21. Joiner, A. (2001). The influence of national culture and organizational culture alignment on job stress and performance: Evidence from Greece. Journal of Managerial Psychology, 16, 229–243.

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 are cultures that 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.[22] 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.

ExamplesOB Toolbox: Prepare Yourself for a Global Career

With the globalizing economy, boundaries with respect to careers are also blurring. How can you prepare yourself for a career that crosses national boundaries?

- Learn a language. If you already know that you want to live in China after you finish school, now may be the time to start learning the language. It is true that business is often conducted in English, but it is becoming increasingly ethnocentric to speak only one language while many in the rest of the world can speak two or more. For example, only 9% of those living in the United States can speak their native language plus another language fluently, as opposed to 53% of Europeans (National Virtual Translation Center, 2009). Plus, even if business is conducted in English, your adaptation to a different society, making friends, and leading a satisfying life will be much easier if you can speak the language.
- Immerse yourself in different cultures. Visit different cultures. This does not mean visiting five countries in 5 days. Plan on spending more time in one locale, and get to know, observe, and understand the culture.
- Develop an openness to different experiences. Be open to different cuisines, different languages, and different norms of working and living. If you feel very strongly that your way of living and

22. Tosi, H. L., & Greckhamer, T. (2004). Culture and CEO compensation. Organization Science, 15, 657–670.

working is the right way, you will have a hard time adjusting to a different culture.

- Develop a strong social support network. Once you arrive in the culture you will live in, be proactive in making friends. Being connected to people in a different culture will have an influence on your ability to adjust to living there. If you are planning on taking family members with you, their level of readiness will also influence your ability to function in a different culture.
- Develop a sense of humor. Adjusting to a different culture is often easier if you can laugh at yourself and the mistakes you make. If you take every mistake too personally, your stay will be less enjoyable and more frustrating.
- Plan your return. If you have plans to come back and work in your home country, you will need to plan your return in advance. When people leave home for a long time, they often adapt to the foreign culture they live in and may miss many elements of it when they go back home. Your old friends may have moved on, local employers may not immediately appreciate your overseas experience, and you may even find that cultural aspects of your home country may have changed in your absence. Be ready for a reverse culture shock!

Suggestions for Managing Cultural Diversity

With the increasing importance of international business as well as the culturally diverse domestic workforce, what can organizations do to manage cultural diversity?

Help Employees Build Cultural Intelligence

Cultural intelligence is a person's capability to understand how a person's cultural background influences one's behaviour. Developing cultural intelligence seems important, because the days when organizations could prepare their employees for international work simply by sending them to long seminars on a particular culture are gone. Presently, international business is not necessarily conducted between pairs of countries. A successful domestic manager is not necessarily assigned to work on a long-term assignment in China. Of course such assignments still happen, but it is more likely that the employees will continually work with others from diverse cultural backgrounds.

This means employees will not necessarily have to become experts in one culture. Instead, they should have the ability to work with people from many diverse backgrounds all at the same time. For these types of assignments, employees will need to develop an awareness of overall cultural differences and learn how to recognize cultural principles that are operating in different situations. In other words, employees will need to be selected based on cultural sensitivity and understanding and trained to enhance such qualities.[23]

For example, GlobeSmart by Aperian Global is an online tool that helps employees learn how to deal with people from around the world. The process starts by completing a survey about your cultural values,

23. Earley, P. C., & Mosakowski, E. (2004). Cultural intelligence. *Harvard Business Review*, *82*(10), 139–146.

and then these values are compared to those of different cultures. The tool provides specific advice about interpersonal interactions with these cultures.[24]

Avoid Ethnocentrism

Ethnocentrism is the belief that one's own culture is superior to other cultures one comes across. Ethnocentrism leads organizations to adopt universal principles when doing business around the globe and may backfire. In this chapter, we highlighted research findings showing how culture affects employee expectations of work life such as work–life balance, job security, or the level of empowerment. Ignoring cultural differences, norms, and local habits may be costly for businesses and may lead to unmotivated and dissatisfied employees.

Successful global companies modify their management styles, marketing, and communication campaigns to fit with the culture in which they are operating. For example, Apple Inc.'s famous PC versus Mac advertising campaign was reshot in Japan and the United Kingdom using local actors. The American ads were found to be too aggressive for the Japanese culture, where direct product comparisons are rare and tend to make people uncomfortable.

The new ads feature more friendly banter and are subtler than the U.S. ads. For the British market, the advertisers localized the humor.[25]

Listen to Locals

When doing cross-cultural business, locals are a key source of information. To get timely and accurate feedback, companies will need to open lines of communication and actively seek feedback. For example, Convergys, a Cincinnati-based call-center company, built a cafeteria for the employees in India. During the planning phase, the Indian vice president pointed out that because Indian food is served hot and employees would expect to receive hot meals for lunch, building a cafeteria that served only sandwiches would create dissatisfied employees. By opening the lines of communication in the planning phase of the project, Convergys was alerted to this important cultural difference in time to change the plans.[26]

Recognize That Culture Changes

Cultures are not static—they evolve over the years. A piece of advice that was true 5 years ago may no longer hold true. For example, showing sensitivity to the Indian caste system may be outdated advice for those internationals doing business in India today.

24. Hamm, S. (2008, September 8). Aperian: Helping companies bridge cultures. *Business Week Online. Retrieved* January 29, 2009, from http://www.businessweek.com/technology/content/sep2008/tc2008095_508754.htm.

25. Fowler, G. A., Steinberg, B., & Patrick, A. O. (2007, March 1). Mac and PC's overseas adventures; globalizing Apple's ads meant tweaking characters, clothing and body language. Wall Street Journal, p. B1.

26. Fisher, A. (2005, January 24). Offshoring could boost your career. *Fortune*, *151*(2), 36.

Do Not Always Assume That Culture Is the Problem

When doing business internationally, failure may occur due to culture as well as other problems. Attributing all misunderstandings or failures to culture may enlarge the cultural gap and shift the blame to others. In fact, managing people who have diverse personalities or functional backgrounds may create misunderstandings that are not necessarily due to cultural differences.

When marketing people from the United States interact with engineers in India, misunderstandings may be caused by the differences in perceptions between marketing and engineering employees. While familiarizing employees about culture, emphasizing the importance of interpersonal skills regardless of cultural background will be important.

Key Takeaways

- With the increasing prevalence of international business as well as diversification of the domestic workforce in many countries, understanding how culture affects organizational 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

- What is culture? Do countries have uniform national cultures?
- How would you describe your own home country’s values on the four dimensions of culture?
- 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?
- How does culture influence the proper leadership style and reward system that would be suitable for organizations?
- Imagine that you will be sent to live in a foreign country different from your own in a month. What are the types of preparations you would benefit from doing?

3.4 Work Attitudes

Learning Objectives

1. Define “work attitudes”.
2. Describe the relationship between attitudes and behaviours.
   Define and differentiate between job satisfaction and organizational commitment.
3. List the factors related to job satisfaction and organizational commitment.
4. Describe the consequences of job satisfaction and organizational commitment.
5. Identify the ways in which companies can track work attitudes in the workplace.

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.[1]

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 with 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.

How strong is the attitude-behaviour link? First of all, it depends on the attitude in question. Your attitudes toward your colleagues may influence whether you actually help them on a project, but they may not be a good predictor of whether you will quit your job. Second, it is worth noting that attitudes are more strongly related to intentions to behave in a certain way, rather than actual behaviours.

1. 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.

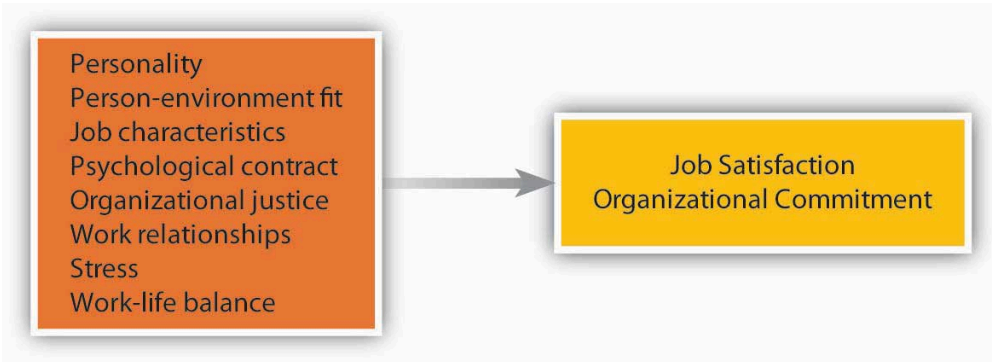
When you are dissatisfied with your job, you may have the intention to leave. Whether you will actually leave is a different story! Your leaving will depend on many factors, such as availability of alternative jobs in the market, your employability in a different company, and sacrifices you have to make while changing jobs. In other words, while attitudes give us hints about how a person might behave, it is important to remember that behaviour is also strongly influenced by situational constraints.

OB Toolbox: How Can You Be Happier at Work?

- Have a positive attitude about it. Your personality is a big part of your happiness. If you are always looking for the negative side of everything, you will find it.
- A good fit with the job and company is important to your happiness. This starts with knowing yourself: What do you want from the job? What do you enjoy doing? Be honest with yourself and do a self-assessment.
- Get accurate information about the job and the company. Ask detailed questions about what life is like in this company. Do your research: Read about the company, and use your social network to understand the company's culture.
- Develop good relationships at work. Make friends. Try to get a mentor. Approach a person you admire and attempt to build a relationship with this person. An experienced mentor can be a great help in navigating life at a company. Your social network can help you weather the bad days and provide you emotional and instrumental support during your time at the company as well as afterward.
- Pay is important, but job characteristics matter more to your job satisfaction. Don't sacrifice the job itself for a little bit more money. When choosing a job, look at the level of challenge, and the potential of the job to make you engaged.
- Be proactive in managing organizational life. If the job is stressful, cope with it by effective time management and having a good social network, as well as being proactive in getting to the source of stress. If you don't have enough direction, ask for it!
- Know when to leave. If the job makes you unhappy over an extended period of time and there is little hope of solving the problems, it may be time to look elsewhere.

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.



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.[2,3] 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 emotionally more 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.[4,5,6] 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

2. Connolly, J. J., & Viswesvaran, C. (2000). The role of affectivity in job satisfaction: A meta-analysis. Personality and Individual Differences, 29, 265–281.

3. 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.

4. 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.

5. 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.

6. Zimmerman, R. D. (2008). Understanding the impact of personality traits on individuals' turnover decisions: A meta-analytic path model. Personnel Psychology, 61, 309–348.

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.[7][8]

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 satisfied when their jobs have these characteristics.[9][10]

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

7. 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.
8. 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 Behavior, 63, 473–489.
9. 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.
10. 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.

and be dissatisfied. One way of preventing such problems is for companies to provide realistic job previews to their employees.[11][12][13]

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.[14][15][16]

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.[17][18][19][20][21] A review and meta-analysis of the antecedents,

11. Premack, S. L., & Wanous, J. P. (1985). A meta-analysis of realistic job preview experiments. Journal of Applied Psychology, 70, 706–719.
12. Wanous, J. P., Poland, T. D., Premack, S. L., & Davis, K. S. (1992). The effects of met expectations on newcomer attitudes and behaviours: A review and meta-analysis. Journal of Applied Psychology, 77, 288–297.
13. 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.
14. Cohen-Charash, Y., & Spector, P. E. (2001). The role of justice in organizations: A meta-analysis. Organizational Behavior and Human Decision Processes, 86, 278–321
15. 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.
16. Meyer, J. P., Stanley, D. J., Herscivitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. Journal of Vocational Behavior, 61, 20–52.
17. 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.
18. 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.
19. 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.
20. 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.
21. [22]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.
22.

correlates, and consequences of organizational commitment. Psychological Bulletin, 108, 171–194.[/footnote][23]

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. For example, Hotel Carlton in San Francisco was recently taken over by a new management group. One of the small things the new management did created dramatic results. In response to an employee attitude survey, they replaced the old vacuum cleaners housekeepers were using and established a policy of replacing them every year. This simple act of listening to employee problems and taking action went a long way to making employees feel that the management cares about them.[24]

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.[25][26][27][28]

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.

23. Meyer, J. P., Stanley, D. J., Herscivitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. Journal of Vocational Behavior, 61, 20–52.

24. Dvorak, P. (2007, December 17). Theory and practice: Hotelier finds happiness keeps staff checked in: Focus on morale boosts Joie de Vivre's grades from workers, guests. Wall Street Journal, p. B3.

25. 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.

26. Meyer, J. P., Stanley, D. J., Herscivitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. Journal of Vocational Behavior, 61, 20–52.

27. 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.

28. 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.

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. For example, the medical resources group of the pharmaceutical company AstraZeneca International does not have fixed working hours, and employees can work any hours they choose. Motorola's technological acceleration group also has flexible hours and can work from anywhere (home, office, or a coffee shop) at anytime.[29][30][31]

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?

Work attitudes are often good predictors of work behaviour, such as performance, citizenship behaviours, absenteeism, and turnover. Credit: [Pixabay.com](https://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

29. Kossek, E., & Ozeki, C. (1998). Work-family conflict, policies, and the job-life satisfaction relationship: A review and directions for organizational behaviour-human resources research. Journal of Applied Psychology, 83, 139–149.

30. 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.

31. Shellenbarger, S. (2007, October 4). What makes a company a great place to work today. Wall Street Journal, p. D1.

others show higher correlations, what researchers would call “medium-sized” correlations of 0.30.[32][33][34][35] The correlation between commitment and performance tends to be even weaker.[36][37]Attitudinal organizational commitment and job performance: A meta-analysis. Journal of Organizational Behavior, 23, 257–266.[/footnote][38]

Even with a correlation of 0.30 though, 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.[39]

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.

Work attitudes are even more strongly related to organizational citizenship behaviours (behaviours that are not part of our job but are valuable to the organization, such as helping new employees or working voluntary overtime). Satisfied and committed people are absent less frequently and for shorter duration, are likely to stay with a company longer, and demonstrate less aggression at work. Just as important, people who are happy at work are happier with their lives overall.

32. Iaffaldano, M. T., & Muchinsky, P. M. (1985). Job satisfaction and job performance: A meta-analysis. Psychological Bulletin, 97, 251–273.
33. 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.
34. 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.
35. Riketta, M. (2008). The causal relation between job attitudes and performance: A meta-analysis of panel studies. Journal of Applied Psychology, 93, 472–481.
36. 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.
37. Riketta, M. (2002). Attitudinal organizational commitment and job performance: A meta-analysis. Journal of Organizational Behavior, 23, 257–266.
38. 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.
39. Riketta, M. (2002). Attitudinal organizational commitment and job performance: A meta-analysis. Journal of Organizational Behavior, 23, 257–266.

Given that we spend so much of our waking hours at work, it is no surprise that our satisfaction with our job is a big part of how satisfied we feel about life in general.[40][41][42][43][44][45][46][47][48][49][50][51][52][53][54][55][56]

40. Brush, D. H., Moch, M. K., & Pooyan, A. (1987). Individual demographic differences and job satisfaction. Journal of Occupational Behaviour, 8, 139–156.

41. Carsten, J. M., & Spector, P. E. (1987). Unemployment, job satisfaction, and employee turnover: A meta-analytic test of the Muchinsky model. Journal of Applied Psychology, 72, 374–381.

42. Cohen, A. (1991). Career stage as a moderator of the relationships between organizational commitment and its outcomes: A meta-analysis. Journal of Occupational Psychology, 64, 253–268.

43. Cohen, A. (1993). Organizational commitment and turnover: A meta-analysis. Academy of Management Journal, 36, 1140–1157.

44. Cohen, A., & Hudecek, N. (1993). Organizational commitment—turnover relationship across occupational groups: A meta-analysis. Group & Organization Management, 18, 188–213.

45. Fassina, N. E., Jones, D. A., & Uggerslev, K. L. (2008). Relationship clean-up time: Using meta-analysis and path analysis to clarify relationships among job satisfaction, perceived fairness, and citizenship behaviours. Journal of Management, 34, 161–188.

46. Herschcovis, M. S., Turner, N., Barling, J., Arnold, K. A., Dupre, K., E., Innes, M., et al. (2007). Predicting workplace aggression: A meta-analysis. Journal of Applied Psychology, 92, 228–238.

47. 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.

48. LePine, J. A., Erez, A., & Johnson, D. E. (2002). The nature and dimensionality of organizational citizenship behaviour: A critical review and meta-analysis. Journal of Applied Psychology, 87, 52–65.

49. 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.

50. Meyer, J. P., Stanley, D. J., Herscivitch, L., & Topolnytsky, L. (2002). Affective, continuance, and normative commitment to the organization: A meta-analysis of antecedents, correlates, and consequences. Journal of Vocational Behavior, 61, 20–52.

51. Organ, D. W., & Ryan, K. (1995). A meta-analytic review of attitudinal and dispositional predictors of organizational citizenship behaviour. Personnel Psychology, 48, 775–802.

52. Randall, D. M. (1990). The consequences of organizational commitment: Methodological investigation. Journal of Organizational Behavior, 11, 361–378.

53. Scott, K. D., & Taylor, G. S. (1985). An examination of conflicting findings on the relationship between job satisfaction and absenteeism: A meta-analysis. Academy of Management Journal, 28, 599–612.

54. Tait, M., Padgett, M. Y., & Baldwin, T. T. (1989). Job and life satisfaction: A reevaluation of the strength of the relationship and gender effects as a function of the date of the study. Journal of Applied Psychology, 74, 502–507.

55. Tett, R. P., & Meyer, J. P. (1993). Job satisfaction, organizational commitment, turnover intentions, and turnover: Path analyses based on meta-analytic findings. Personnel Psychology, 46, 259–293.

56. Zimmerman, R. D. (2008). Understanding the impact of personality traits on individuals' turnover decisions: A meta-analytic path model. Personnel Psychology, 61, 309–348.

Finally, a satisfied workforce seems to be related to positive firm-level outcomes, such as customer satisfaction and loyalty, profitability, and safety in the workplace.[57]

Assessing Work Attitudes in the Workplace

Given that work attitudes may give us clues as to who will leave or stay, who will perform better, and who will be more engaged, tracking satisfaction and commitment levels is a helpful step for companies. If there are companywide issues that make employees unhappy and disengaged, then these issues need to be resolved. There are at least two systematic ways in which companies can track work attitudes: through attitude surveys and exit interviews. Companies such as KFC Corporation and Long John Silver's Inc. restaurants, the SAS Institute, Google, and others give periodic surveys to employees to track their work attitudes. Companies can get more out of these surveys if responses are held confidential.

If employees become concerned that their individual responses will be shared with their immediate manager, they are less likely to respond honestly. Moreover, the success of these surveys depends on the credibility of management in the eyes of employees. If management periodically collects these surveys but no action comes out of them, employees may adopt a more cynical attitude and start ignoring these surveys, hampering the success of future efforts.

An exit interview involves a meeting with the departing employee. This meeting is often conducted by a member of the human resource management department. The departing employee's manager is the worst person to conduct the interview, because managers are often one of the primary reasons an employee is leaving in the first place. If conducted well, this meeting may reveal what makes employees dissatisfied at work and give management clues about areas for improvement.

Key Takeaways

- Work attitudes are the feelings we have toward different aspects of the work environment. Job satisfaction and organizational commitment are two key attitudes that are the most relevant to important outcomes.
- Attitudes create an intention to behave in a certain way and may predict actual behaviour under certain conditions.
- People develop positive work attitudes as a result of their personality, fit with their environment, stress levels they experience, relationships they develop, perceived fairness of their pay, company policies, interpersonal treatment, whether their psychological contract is violated, and the presence of policies addressing work–life conflict.
- When people have more positive work attitudes, they may have the inclination to perform better, display citizenship behaviours, and be absent less often and for shorter periods of time, and they are less likely to quit their jobs within a short period of time.
- When workplace attitudes are more positive, companies benefit in the form of higher safety and

57. Harter, J. K., Schmidt, F. L., & Hayes, T. L. (2002). Business-unit-level relationship between employee satisfaction, employee engagement, and business outcomes: A meta-analysis. Journal of Applied Psychology, 87, 268–279.

better customer service, as well as higher company performance.

Exercises

1. What is the difference between job satisfaction and organizational commitment? Which do you think would be more strongly related to performance? Which would be more strongly related to turnover?
2. Do you think making employees happier at work is a good way of motivating people? When would high satisfaction not be related to high performance?
3. In your opinion, what are the three most important factors that make people dissatisfied with their job? What are the three most important factors relating to organizational commitment?
4. How important is pay in making people attached to a company and making employees satisfied?
5. Do you think younger and older people are similar in what makes them happier at work and committed to their companies? Do you think there are male–female differences? Explain your answers.

3.5 Work Behaviors

Learning Objectives

1. Define job performance, organizational citizenship, absenteeism, and turnover.
2. Explain factors associated with each type of work behaviour.

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 about, but understanding what is meant by these terms and understanding the major influences over each type of behaviour will give you more clarity about analyzing the behaviours of others in the workplace. We summarize the major research findings about the causes of each type of behaviour in the following figure.

Summary of Factors That Have the Strongest Influence Over Work Behaviors. Note: Negative relationships are indicated with (–).

Job Performance	Citizenship	Absenteeism	Turnover
General mental abilities	How we are treated at work	Health problems	Poor performance
Howe 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 (-)

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 received 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 labour 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, 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, are constantly worrying about mortgage or tuition payments, or are having trouble paying for essentials such as gas and food, their performance will suffer (Financial stress, 2008).

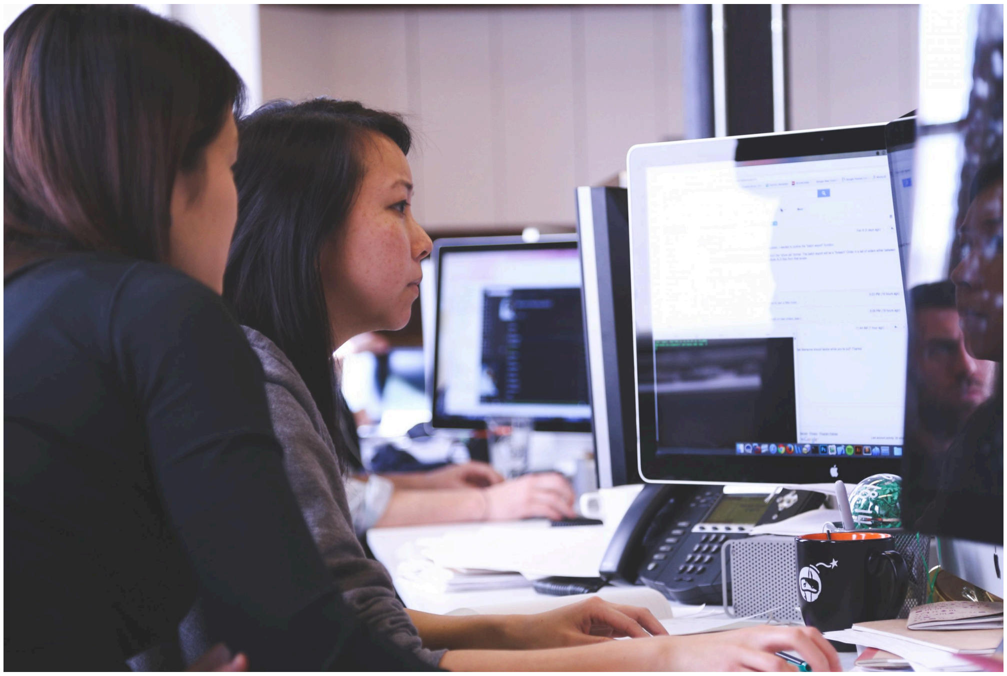
Our *work attitudes*, specifically job satisfaction, are moderate correlates of job performance. When we are satisfied with the job, we may perform better. This relationship seems to exist in jobs with greater levels of complexity and weakens in simpler and less complicated jobs. It is possible that 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).

Finally, job performance has a modest relationship with *personality*, particularly conscientiousness. People who are organized, reliable, dependable, and achievement-oriented seem to outperform others in various contexts (Barrick & Mount, 1991; Dudley et al., 2006; Vinchur et al., 1998).

Organizational Citizenship Behaviors

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, someone being motivated 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.



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. Credit: Pexels.com – public domain.

Perhaps the most important factor explaining our citizenship behaviours is *how we are treated* by the people around us. When we have a good relationship with our manager and we are supported by management staff, when we are treated fairly, when we are attached to our peers, and when we trust the people around us, we are more likely to engage in citizenship behaviours. A high-quality relationship with people we work with will mean that simply doing our job will not be enough to maintain the relationship. In a high-quality relationship, we feel the obligation to reciprocate and do extra things to help those around us (Cohen-Charash & Spector, 2001; Colquitt et al., 2001; Colquitt, Scott, & LePine, 2007; Fassina, Jones, & Uggerslev, 2008; Hoffman et al., 2007; Ilies, Nahrgang, & Morgeson, 2007; LePine, Erez, & Johnson, 2002; Organ & Ryan, 1995; Podsakoff, MacKenzie, & Bommer, 1996; Riketta & Van Dick, 2005).

Our *personality* is yet another explanation for why we perform citizenship behaviours. Personality is a modest predictor of actual job performance but a much better predictor of citizenship. People who are conscientious, agreeable, and have positive affectivity tend to perform citizenship behaviours more often than others (Borman et al., 2001; Dalal, 2005; Diefendorff et al., 2002; Organ & Ryan, 1995).

Job attitudes are also moderately related to citizenship behaviours. People who are happier at work, those who are more committed to their companies, and those who have overall positive attitudes toward their work situation tend to perform citizenship behaviours more often than others. When people are unhappy, they tend to be disengaged from their jobs and rarely go beyond the minimum that is expected of them (Dalal, 2005; Diefendorff et al., 2002; Hoffman, 2007; LePine, Erez, & Johnson, 2002; Organ & Ryan, 1995; Riketta, 2002; Riketta & Van Dick, 2005).

Interestingly, age seems to be related to the frequency with which we demonstrate citizenship behaviours. People who are older are better citizens. It is possible that with age, we gain more experiences to share. It becomes easier to help others because we have more accumulated company and life experiences to draw from (Ng & Feldman, 2008).

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 type 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 absenteeism 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 them exercise, and reward them for healthy habits are related to reduced absenteeism (Parks & Steelman, 2008).

U.S. Army Corps of Engineers Europe District – USACE employees receive flu protection – CC BY 2.0.

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.

Work–life balance is another common reason for absences. Staying home to care for a sick child or relative, attending the wedding of a friend or relative, or skipping work to study for an exam are all common reasons for unscheduled absences. Companies may deal with these by giving employees more flexibility in work hours. If employees can manage their own time, they are less likely to be absent. Organizations such as Lahey Clinic Foundation Inc. at Burlington, Massachusetts, find that instead of separating sick leave and paid time off, merging them is effective in dealing with unscheduled absences. When a company has "sick leave" but no other leave for social and family obligations, employees may fake being sick and use their "sick leave." Instead, having a single paid time off policy would allow workers to balance work and life, and allow companies to avoid unscheduled absences. Some companies such as IBM Corporation got rid of sick leave altogether and instead allow employees to take as much time as they need, as long as their work gets done (Cole, 2002; Conlin, 2007; Baltes et al., 1999).

Sometimes, absenteeism is a form of work withdrawal and can lead to resignation from the job. In other words, *poor work attitudes* lead to absenteeism. When employees are dissatisfied with their work or have low organizational commitment, they are likely to be absent more often. In other words, absenteeism is caused by the desire to avoid an unpleasant work environment in addition to related factors such as problems in job design, lack of organizational justice, extreme levels of stress, and ineffective relations with coworkers and supervisors. In this case, management may deal with absenteeism by investigating the causes of dissatisfaction and dealing with them (Farrell & Stamm, 1988; Hackett, 1989; Scott & Taylor, 1985).

Are there personal factors contributing to absenteeism? Research does not reveal a consistent link between personality and absenteeism. One demographic criterion that predicts absenteeism is age. Interestingly, and counter to the stereotype that increased age would bring more health problems, research shows that age is negatively related to both frequency and duration of absenteeism. Because of reasons including higher loyalty to their company and a stronger work ethic, older employees are less likely be absent from work (Martocchio, 1989; Ng & Feldman, 2008).

OB Toolbox: Dealing with Late Coworkers[1]

Do you have team members that are chronically late to group meetings? Are your coworkers driving you crazy because they are perpetually late? Here are some suggestions that may help.

- Try to get to the root cause and find out what is making your coworker unhappy. Often, lateness is an extension of dissatisfaction one feels toward the job or tasks at hand. If there are ways in which you can solve these issues, such as by giving the person more responsibility or listening to the opinions of the person and showing more respect, you can minimize lateness.
- Make sure that lateness does not go without any negative consequences. Do not ignore it, and do not remain silent. Mention carefully and constructively that one person's lateness slows down everyone.
  Make an effort to schedule meetings around everyone's schedules. When scheduling, emphasize the importance of everyone's being there on time and pick a time when everyone can comfortably attend.
- When people are late, be sure to ask them to compensate, such as by doing extra work. Negative consequences tend to discourage future lateness.
  Shortly before the meeting starts, send everyone a reminder. Yes, you are dealing with adults and they should keep their own schedules, but some people's schedules may be busier than others, and some are better at keeping track of their time. Reminders may ensure that they arrive on time.
- Reward timeliness. When everyone shows up on time, verbally recognize the effort everyone made to be there on time.
- Be on time yourself! Creating a culture of timeliness within your group requires everyone's effort, including yours.

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

1. Adapted from information in DeLonzor, D. (2005, November). Running late. HR Magazine, 50(11), 109–112; Grainge, Z. (2006, November 21). Spotlight on…lateness. Personnel Today, p. 33.

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.

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.

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. For this reason, when national and regional unemployment is high, many people who are unhappy will still continue to work for their current company. When the economy is doing well, people will start moving to other companies in response to being unhappy. Many companies make an effort to keep employees happy because of an understanding of the connection between employee happiness and turnover. As illustrated in the opening case, at the SAS Institute, employees enjoy amenities such as a swimming pool, child care at work, and a 35-hour workweek. The company's turnover is around 4%–5%. This percentage is a stark contrast to the industry average, which is in the range of 12%–20% (Carsten & Spector, 1987; Cohen, 1991; Cohen, 1993; Cohen, 1993; Cohen & Hudecek, 1993; Griffeth, Hom, & Gaertner, 2000; Hom et al., 1992; Karlgaard, 2005; Meyer et al., 2002; Steel & Ovalle, 1984; Tell & Meyer, 1993).

People are more likely to quit their jobs if they experience *stress* at work as well. Stressors such as role conflict and role ambiguity drain energy and motivate people to seek alternatives. For example, call-center employees experience a great deal of stress in the form of poor treatment from customers, long work hours, and constant monitoring of their every action. Companies such as EchoStar Corporation realize that one method for effectively retaining their best employees is to give employees opportunities to move to higher responsibility jobs elsewhere in the company. When a stressful job is a step toward a more desirable job, employees seem to stick around longer (Badal, 2006; Griffeth, Hom, & Gaertner, 2000; Podsakoff, LePine, & LePine, 2007).

There are also individual differences in whether people leave or stay. For example, *personality* is a factor in the decision to quit one's job. People who are conscientious, agreeable, and emotionally stable are less likely to quit their jobs. Many explanations are possible. People with these personality traits may perform better at work, which leads to lower quit rates. Additionally, they may have better relations with coworkers and managers, which is a factor in their retention. Whatever the reason, it seems that some people are likely to stay longer at any given job regardless of the circumstances (Salgado, 2002; Zimmerman, 2008).

Whether we leave a job or stay also depends on our *age and how long we have been there*. It seems that younger employees are more likely to leave. This is not surprising, because people who are younger will have fewer responsibilities such as supporting a household or dependents. As a result, they can quit a job they don't like much more easily. Similarly, people who have been with a company for a short period of time may quit more easily. New employees experience a lot of stress at work, and there is usually not much keeping them in the company, such as established bonds to a manager or colleagues.

New employees may even have ongoing job interviews with other companies when they start working; therefore, they may leave more easily. For example, Sprint Nextel Corporation found that many of their new hires were quitting within 45 days of their hiring dates. When they investigated, they found that newly hired employees were experiencing a lot of stress from avoidable problems such as unclear job descriptions or problems hooking up their computers. Sprint was able to solve the turnover problem by paying special attention to orienting new hires (Cohen, 1991; Cohen, 1993; Ebeling, 2007).

OB Toolbox: Tips for Leaving Your Job Gracefully

Few people work in one company forever, and someday you may decide that your current job is no longer right for you. Here are tips on how to leave without burning any bridges.

- *Don't quit on an impulse*. We all have bad days and feel the temptation to walk away from the job right away. Yet, this is unproductive for your own career. Plan your exit in advance, look for a better job over an extended period of time, and leave when the moment is right.
- *Don't quit too often*. While trading jobs in an upward fashion is good, leaving one place and getting another job that is just like the previous one in pay, responsibilities, and position does not help you move forward in your career, and makes you look like a quitter. Companies are often wary of hiring job hoppers.
- *When you decide to leave, tell your boss first, and be nice*. Don't discuss all the things your manager may have done wrong. Explain your reasons without blaming anyone and frame it as an issue of poor job fit.
- *Do not badmouth your employer*. It is best not to bash the organization you are leaving in front of coworkers. Do not tell them how happy you are to be quitting or how much better your new job looks. There is really no point in making any remaining employees feel bad.
- *Guard your professional reputation*. You must realize that the world is a small place. People know others and tales of unprofessional behaviour travel quickly to unlikely places.
- *Finish your ongoing work and don't leave your team in a bad spot*. Right before a major deadline is probably a bad time to quit. Offer to stay at least 2 weeks to finish your work, and to help hire and train your replacement.
- *Don't steal from the company!* Give back all office supplies, keys, ID cards, and other materials. Don't give them any reason to blemish their memory of you. Who knows…you may even want to come back one day.

Sources: Adapted from information in Challenger, J. E. (1992, November–December), How to leave your job without burning bridges. *Women in Business*, *44*(6), 29; Daniels, C., & Vinzant, C. (2000, February 7). The joy of quitting, *Fortune*, *141*(3), 199–202; Schroeder, J. (2005, November). Leaving your job without burning bridges. *Public Relations Tactics*, *12*(11), 4; Woolnough, R. (2003, May 27). The right and wrong ways to leave your job. *Computer Weekly*, 55.

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 the 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 at work, 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 behaviours? How would you increase someone's performance? How would you increase citizenship behaviours?
2. Are citizenship behaviours always beneficial to the company? If not, why not? Can you think of any citizenship behaviours 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?

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3.6 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of diversity for ethical behaviour.
2. Consider the role of national culture on diversity.

Diversity and Ethics

When managing a diverse group of employees, ensuring the ethicality of organizational behaviour will require special effort. This is because employees with different backgrounds or demographic traits may vary in their standards of ethics. For example, research shows that there are some gender differences when it comes to evaluating the degree of ethicality of hypothetical scenarios, with women utilizing higher standards.

Men and women seem to have similar standards when judging the ethicality of monetary issues but differ on issues such as the ethicality of breaking organizational rules. Interestingly, gender differences seem to disappear as people grow older. Age is another demographic trait that influences the standards of ethics people use, with older employees being bothered more by unethical behaviours compared to younger employees. Similarly, one study showed that older respondents found some questionable negotiation behaviours such as misrepresenting information and bluffing to be more unethical compared to younger respondents.[1234]

In addition to demographic diversity, cultural diversity introduces challenges to managing ethical behaviour, given that cultures differ in the actions they view as ethical. Cultural differences are particularly important when doing cross-cultural business. For example, one study compared Russian and American subjects on their reactions to ethics scenarios. Americans viewed scenarios such as

1. Deshpande, S. P. (1997). Manager's perception of proper ethical conduct: The effect of sex, age, and level of education. Journal of Business Ethics, 16, 79–85.

2. Franke, G. R., Crown, D. F., & Spake, D. F. (1997). Gender differences in ethical perceptions of business practices: A social role theory perspective. Journal of Applied Psychology, 82, 920–934.

3. Peterson, D., Rhoads, A., & Vaught, B. C. (2001). Ethical beliefs of business professionals: A study of gender, age, and external factors. Journal of Business Ethics, 31, 225–231.

4. Volkema, R. J. (2004). Demographic, cultural, and economic predictors of perceived ethicality of negotiation behaviour: A nine-country analysis. Journal of Business Research, 57, 69–78.

an auditing company sharing information regarding one client with another client as more unethical compared to how Russian subjects viewed the same scenarios.[5]

A study comparing U.S., Korean, and Indian managers found differences in attitudes toward business ethics, particularly with Koreans thinking that being ethical was against the goal of being profitable. Indian and Korean subjects viewed questionable practices such as software piracy, nepotism, or the sharing of insider information as relatively more ethical compared to subjects in the United States. At the same time, Korean and Indian subjects viewed injury to the environment as more unethical compared to the U.S. subjects.[6] In other words, the ethical standards held in different societies may emphasize different behaviours as ethical or unethical.

When dealing with unethical behaviour overseas, companies will need to consider the ethical context. Having internal reporting mechanisms may help, but research shows that in very high power distant societies, these mechanisms often go unused.[7] Even when a multinational company has ethical standards that are different from local standards, using the headquarters' standards in all cross-cultural interactions will not be possible or suitable.

The right action often depends on the specifics of the situation and a consideration of the local culture. For example, in the 1990s, Levi-Strauss & Company found that some of its contractors in Bangladesh were using child labour consisting of children under 14 years old in its factories. One option they had was to demand that their contractors fire those children immediately. Yet, when they looked at the situation more closely, they found that it was common for young children to be employed in factories, and in many cases these children were the sole breadwinners in the family.

Firing these children would have caused significant hardship for the families and could have pushed the children into more dangerous working conditions. Therefore, Levi-Strauss reached an agreement to send the children back to school while continuing to receive their wages partly from the contractor companies and partly from Levi-Strauss. The school expenses were met by Levi-Strauss and the children were promised work when they were older. In short, the diverse ethical standards of the world's cultures make it unlikely that one approach can lead to fair outcomes in all circumstances.

Diversity Around the Globe

Demographic diversity is a fact of life in the United States. The situation is somewhat different in other parts of the world. Attitudes toward gender, race, disabilities, or sexual orientation differ around the world, and each country approaches the topic of diversity differently.

As a case in point, Japan is a relatively homogeneous society that sees the need to diversify itself. With the increasing age of the population, the country expects to lose 650,000 workers per year. At the same

5. Beekun, R. I., Stedham, Y., Yamamura, J. H., & Barghouti, J. A. (2003). Comparing business ethics in Russia and the U.S. International Journal of Human Resource Management, 14, 1333–1349.

6. Christie, P. J., Kwon, I. W., Stoeberl, P. A., & Baumhart, R. (2003). A cross-cultural comparison of ethical attitudes of business managers. Journal of Business Ethics, 46, 263–287.

7. MacNab, B., MacLean, J., Brislin, R., Aguilera, G. M., Worthley, R., Ravlin, E., et al. (2007). Culture and ethics management: Whistle-blowing and internal reporting within a NAFTA country context. International Journal of Cross-Cultural Management, 7, 5–28.

time, the country famously underutilizes female employees. Overt sexism is rampant, and stereotypes about female employees as unable to lead are part of the culture. While there is antidiscrimination legislation and the desire of the Japanese government to deal with this issue, women are seriously underrepresented in management.

For example, while 25% of all Hewlett-Packard Development Company managers in the United States are female, in Japan this number is around 4%. Some companies such as Sanyo Electric Co. Ltd. have female CEOs, but these companies are generally considered exceptions. Because of the labour shortage, the country is attracting immigrants from South America, thereby increasing the level of diversity of the country and increasing awareness of diversity-related issues.[8][9]

Attitudes toward concepts such as affirmative action are also culturally determined. For example, France experiences different employment situations for employees with different backgrounds. According to one study conducted by a University of Paris professor in which fake résumés were sent to a large number of companies, even when all qualifications were the same, candidates with French-sounding names were three times more likely to get a callback compared to those with North African–sounding names.

However, affirmative action is viewed as unfair in French society, leaving the situation in the hands of corporations. Some companies such as PSA Peugeot Citroën started utilizing human resource management systems in which candidate names are automatically stripped from résumés before HR professionals personally investigate them.[10] In summary, due to differences in the legal environment as well as cultural context, "managing diversity effectively" may carry a different meaning across the globe.

Key Takeaways

- Ethical behaviour is affected by the demographic and cultural composition of the workforce.
- Studies indicate that men and women, as well as younger and older employees, differ in the types of behaviours they view as ethical.
- Different cultures also hold different ethical standards, which become important when managing a diverse workforce or doing business within different cultures.
- Around the globe, diversity has a different meaning and different overtones.
- In addition to different legal frameworks protecting employee classes, the types of stereotypes that exist in different cultures and whether and how the society tackles prejudice against different demographic categories vary from region to region.

8. Kelly, T. (2008). Rio de Japano. Forbes Asia, 4(13), 39–40.
9. Woods, G. P. (2005, October 24). Japan's diversity problem: Women are 41% of work force but command few top posts; A "waste," says Carlos Ghosn. Wall Street Journal, p. B1.
10. Valla, M. (2007, January 3). France seeks path to workplace diversity: Employers, politicians wrestle with traditions that make integration a difficult process. Wall Street Journal, p. A2.

Exercises

1. Do you believe that multinational companies should have an ethics code that they enforce around the world? Why or why not?
2. How can organizations manage a workforce with diverse personal ethical values?

3.7 Managing Diversity for Success

The Case of IBM[1]

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

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.

1. 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.

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 Web site 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 weeklong 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 no longer are 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 LBGT 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.

Exercises – 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 underrepresented 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?

3.8 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.

3.9 Exercises

Exercise – Ethical Question

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 Exercises

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 as a cashier. 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.

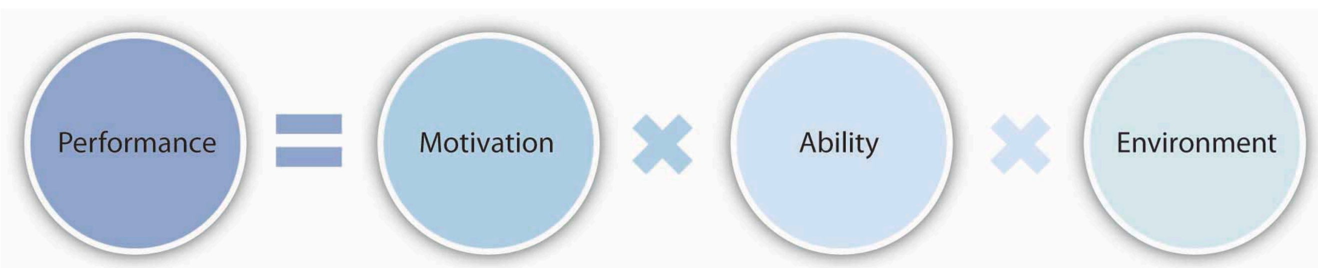
Chapter 4: Theories of Motivation

Learning Objectives

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.

What inspires employees to provide excellent service, market a company's products effectively, or achieve the goals set for them? Answering this question is of utmost importance if we are to understand and manage the work behaviour of our peers, subordinates, and even supervisors. Put a different way, if someone is not performing well, what could be the reason?

Job performance is viewed as a function of three factors and is expressed with the equation below.[1,2] According to this equation, motivation, ability, and environment are the major influences over employee performance.



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

1. Mitchell, T. R. (1982). Motivation: New directions for theory, research, and practice. Academy of Management Review, 7, 80–88.

2. Porter, L. W., & Lawler, E. E. (1968). Managerial attitudes and performance. Homewood, IL: Dorsey Press.

the skills and knowledge required to perform the job—is also important and is sometimes the key determinant of effectiveness.

Finally, environmental factors such as having the resources, information, and support one needs 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.

4.1 A Motivating Place to Work

The Case of Zappos[1234]

Robert Sinnett – [Zappos!]() – CC BY 2.0.

1. Based on information from the following sources: Robischon, N. (2009, July 22). Amazon buys Zappos for $847 million. Fast Company. Retrieved February 28, 2010, from http://www.fastcompany.com/blog/noah-robischon/editors-desk/amazon-buys-zappos-807-million
2. Walker, A. (2009, March 14). Zappos' Tony Hsieh on Twitter, phone calls and the pursuit of happiness. Fast Company. Retrieved February 27, 2010, from http://www.fastcompany.com/blog/alissa-walker/member-blog/tony-hsiehs-zapposcom
3. Happy feet—Inside the online shoe utopia. (2009, September 14)New Yorker. Retrieved February 28, 2010, from http://about.zappos.com/press-center/media-coverage/happy-feet-inside-online-shoe-utopia
4. 100 best companies to work for. (2010, February 8). Fortune. Retrieved February 26, 2010, from http://money.cnn.com/magazines/fortune/bestcompanies/2010/snapshots/15.html.

It is unique to hear about a CEO who studies happiness and motivation and builds those principles into the company's core values or about a company with a 5-week training course and an offer of $2,000 to quit anytime during that 5 weeks if you feel the company is not a good fit. Top that off with an on-site life coach who also happens to be a chiropractor, and you are really talking about something you don't hear about every day. Zappos is known as much for its 365-day return policy and free shipping as it is for its innovative corporate culture. Although acquired in 2009 by Amazon (NASDAQ: AMZN), Zappos managed to move from number 23 in 2009 on *Fortune* magazine's "100 Best Companies to Work For" list to 15 in 2010.

Performance is a function of motivation, ability, and the environment in which you work. Zappos seems to be creating an environment that encourages motivation and builds inclusiveness. The company delivers above and beyond basic workplace needs and addresses the self-actualization needs that most individuals desire from their work experience. CEO Tony Hsieh believes that the secret to customer loyalty is to make a corporate culture of caring a priority. This is reflected in the company's 10 core values and its emphasis on building a team and a family. During the interview process, applicants are asked questions relating to the company's values, such as gauging their own weirdness, open-mindedness, and sense of family. Although the offer to be paid to quit during the training process has increased from its original number of $400, only 1% of trainees take the offer. Work is structured differently at Zappos as well. For example, there is no limit to the time customer service representatives spend on a phone call, and they are encouraged to make personal connections with the individuals on the other end rather than try to get rid of them.

Although Zappos has over 1,300 employees, the company has been able to maintain a relatively flat organizational structure and prides itself on its extreme transparency. In an exceptionally detailed and lengthy letter to employees, Hsieh spelled out what the new partnership with Amazon would mean for the company, what would change, and more important, what would remain the same. As a result of this type of company structure, individuals have more freedom, which can lead to greater satisfaction.

Although Zappos pays its employees well and offers attractive benefits such as employees receiving full health-care coverage and a compressed workweek, the desire to work at Zappos seems to go beyond that. As Hsieh would say, happiness is the driving force behind almost any action an individual takes. Whether your goals are for achievement, affiliation, or simply to find an enjoyable environment in which to work, Zappos strives to address these needs.

Discussion Questions

1. What potential organizational changes might result from the acquisition by Amazon?
2. Why do you think Zappos' approach is not utilized more often? In other words, what are the challenges to these techniques?
3. Why do you think Zappos offers a $2,000 incentive to quit?
4. Would you be motivated to work at Zappos? Why or why not?

4.2 Need-Based Theories of Motivation

Learning Objectives

1. Explain how employees are motivated according to Maslow's hierarchy of needs.
2. Explain how the ERG (existence, relatedness, growth) theory addresses the limitations of Maslow's hierarchy.
3. Describe the differences among factors contributing to employee motivation and how these differ from factors contributing to dissatisfaction.
4. Describe need for achievement, power, and affiliation, and identify how these acquired needs affect work behaviour.

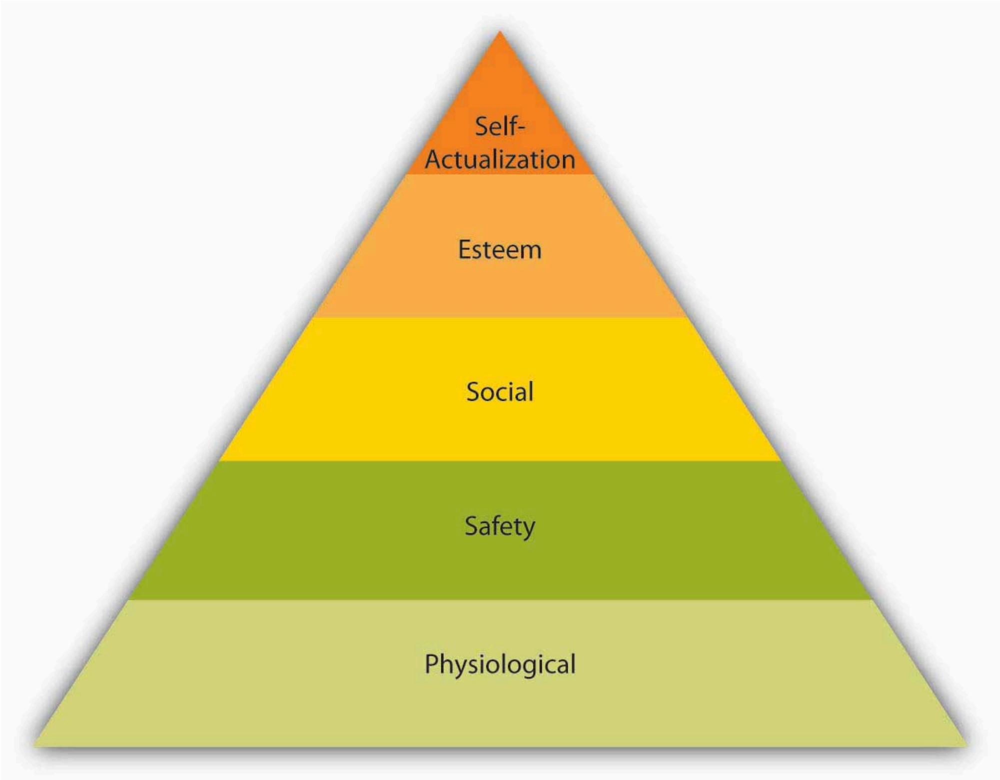
The earliest studies of motivation involved an examination of individual needs. Specifically, early researchers thought that employees try hard and demonstrate goal-driven behaviour in order to satisfy needs. For example, an employee who is always walking around the office talking to people may have a need for companionship, and his behaviour may be a way of satisfying this need. At the time, researchers developed theories to understand what people need. Four theories may be placed under this category: Maslow's hierarchy of needs, ERG theory, Herzberg's two-factor theory, 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 premise: Human beings have needs that are hierarchically ranked.[1][2] 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.

1. Maslow, A. H. (1943). A theory of human motivation. Psychological Review, 50, 370–396.

2. Maslow, A. H. (1954). Motivation and personality. New York: Harper.



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.[3] The satisfaction of social needs makes esteem needs more salient. Esteem need refers 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.

Maslow was a clinical psychologist, and his theory was not originally designed for work settings. In fact, his theory was based on his observations of individuals in clinical settings; some of the individual components of the theory found little empirical support. One criticism relates to the order in which the needs are ranked.

3. 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.

It is possible to imagine that individuals who go hungry and are in fear of their lives might retain strong bonds to others, suggesting a different order of needs. Moreover, researchers failed to support the arguments that once a need is satisfied it no longer serves as a motivator and that only one need is dominant at a given time.[4,5]

Despite the lack of strong research support, Maslow's theory found obvious applications in business settings. Understanding what people need gives us clues to understanding them. The hierarchy is a systematic way of thinking about the different needs employees may have at any given point and explains different reactions they may have to similar treatment. An employee who is trying to satisfy esteem needs may feel gratified when her supervisor praises an accomplishment. However, another employee who is trying to satisfy social needs may resent being praised by upper management in front of peers if the praise sets the individual apart from

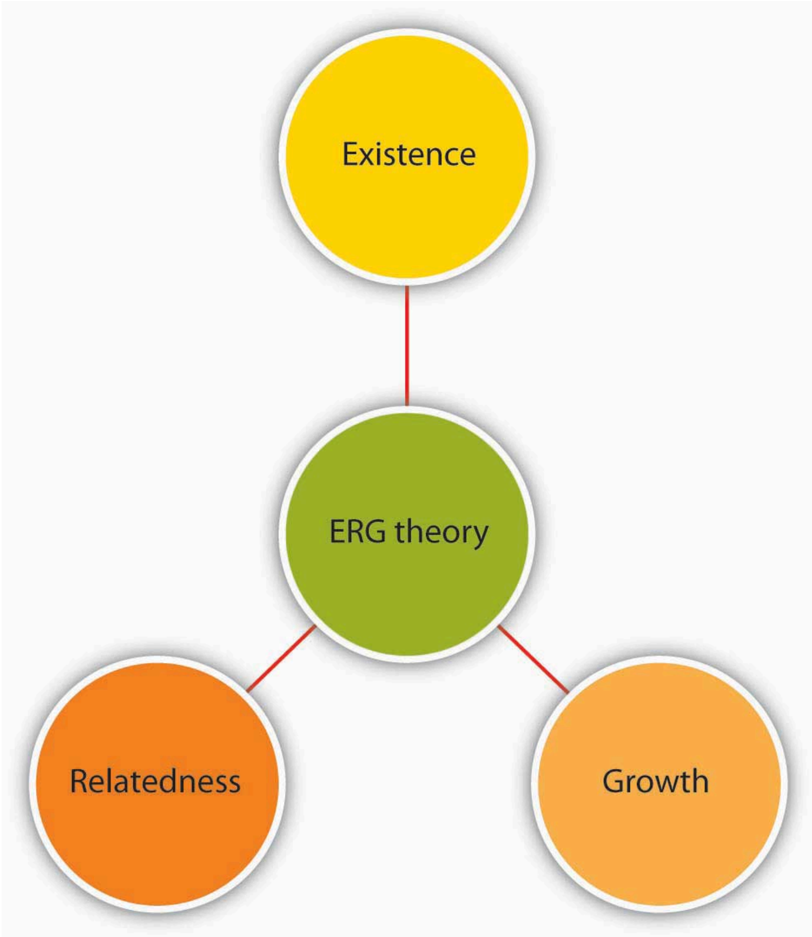
How can an organization satisfy its employees' various needs? In the long run, physiological needs may be satisfied by the person's paycheck, but it is important to remember that pay may satisfy other needs such as safety and esteem as well. Providing generous benefits that include health insurance and 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 collabouration and communication with others. 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 highly motivated workforce.

4. Neher, A. (1991). Maslow's theory of motivation: A critique. Journal of Humanistic Psychology, 31, 89–112.

5. Rauschenberger, J., Schmitt, N., & Hunter, J. E. (1980). A test of the need hierarchy concept by a Markov model of change in need strength. Administrative Science Quarterly, 25, 654–670.

ERG Theory



ERG theory includes existence, relatedness, and growth. Based on Alderfer, C. P. (1969). An empirical test of a new theory of human needs. Organizational Behavior and Human Performance, 4, 142–175.

ERG theory, developed by Clayton Alderfer, is a modification of Maslow's hierarchy of needs.[6] Instead of the five needs that are hierarchically organized, Alderfer proposed that basic human needs may be grouped under three categories, namely, existence, relatedness, and growth. Existence corresponds to Maslow's physiological and safety needs, relatedness corresponds to social needs, and growth refers to Maslow's esteem and self-actualization.

ERG theory's main contribution to the literature is its relaxation of Maslow's assumptions. For example, ERG theory does not rank needs in any particular order and explicitly recognizes that more than one need may operate at a given time. Moreover, the theory has a "frustration-regression" hypothesis suggesting that individuals who are frustrated in their attempts to satisfy one need may regress to another. For example, someone who is frustrated by the growth opportunities in his job and progress toward career goals may regress to relatedness need and start spending more time socializing with coworkers. The implication of this theory is that we need to recognize the multiple needs that may be driving individuals at a given point to understand their behaviour and properly motivate them.

6. Alderfer, C. P. (1969). An empirical test of a new theory of human needs. Organizational Behavior and Human Performance, 4, 142–175.

Two-Factor Theory

Frederick Herzberg approached the question of motivation in a different way. By asking individuals what satisfies them on the job and what dissatisfies them, Herzberg came to the conclusion that aspects of the work environment that satisfy employees are very different from aspects that dissatisfy them.[7] Herzberg labeled factors causing dissatisfaction of workers as "hygiene" factors because these factors were part of the context in which the job was performed, as opposed to the job itself.

Hygiene factors included company policies, supervision, working conditions, salary, safety, and security on the job. To illustrate, imagine that you are working in an unpleasant work environment. Your office is too hot in the summer and too cold in the winter. You are being harassed and mistreated. You would certainly be miserable in such a work environment. However, if these problems were solved (your office temperature is just right and you are not harassed at all), would you be motivated? Most likely, you would take the situation for granted. In fact, many factors in our work environment are things that we miss when they are absent but take for granted if they are present.

In contrast, motivators are factors that are intrinsic to the job, such as achievement, recognition, interesting work, increased responsibilities, advancement, and growth opportunities. According to Herzberg's research, motivators are the conditions that truly encourage employees to try harder.

The two-factor theory of motivation includes hygiene factors and motivators.[8]

Hygiene Factors

- Company policy
- Supervision and relationships
- Working conditions
- Salary
- Security

Motivators

- Achievement
- Recognition
- Interesting work
- Increased responsibility
- Advancement and growth

Herzberg's research is far from being universally accepted.[9][10] One criticism relates to the primary research methodology employed when arriving at hygiene versus motivators. When people are asked why they are satisfied, they may attribute the causes of satisfaction to themselves, whereas when explaining what dissatisfies them, they may blame the situation. The classification of the factors as hygiene or motivator is not that simple either.

7. Herzberg, F. (1965). The motivation to work among Finnish supervisors. Personnel Psychology, 18, 393–402.
8. Based on Herzberg, F., Mausner, B., & Snyderman, B. (1959). The motivation to work. New York: John Wiley and Sons; Herzberg, F. (1965). The motivation to work among Finnish supervisors. Personnel Psychology, 18, 393–402.
9. Cummings, L. L., & Elsalmi, A. M. (1968). Empirical research on the bases and correlates of managerial motivation. Psychological Bulletin, 70, 127–144.
10. House, R. J., & Wigdor, L. A. (1967) Herzberg's dual-factor theory of job satisfaction and motivation: A review of the evidence and a criticism. Personnel Psychology, 20, 369–389.

For example, the theory views pay as a hygiene factor. However, pay may have symbolic value by showing employees that they are being recognized for their contributions as well as communicating that they are advancing within the company. Similarly, the quality of supervision or the types of relationships employees form with their supervisors may determine whether they are assigned interesting work, whether they are recognized for their potential, and whether they take on more responsibilities.

Despite its limitations, the theory can be a valuable aid to managers because it points out that improving the environment in which the job is performed goes only so far in motivating employees. Undoubtedly, contextual factors matter because their absence causes dissatisfaction. However, solely focusing on hygiene factors will not be enough, and managers should also enrich jobs by giving employees opportunities for challenging work, greater responsibilities, advancement opportunities, and a job in which their subordinates can feel successful.

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.[11] This method entails presenting research subjects an ambiguous picture 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.

11. Spangler, W. D. (1992). Validity of questionnaire and TAT measures of need for achievement: Two meta-analyses. Psychological Bulletin, 112, 140–154.

The type of story you tell by looking at this picture may give away the dominant need that motivates you. [Wikimedia Commons](#) – CC BY 2.0.

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.[12] 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.[13] They are particularly suited to positions such as sales, where there are explicit goals, feedback is immediately available, and their effort often leads to success. In fact, they are more attracted to organizations that are merit-based and reward performance rather than seniority. They also do particularly well as entrepreneurs, scientists, and engineers.[14][15][16]

12. 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.

13. 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.

14. Harrell, A. M., & Stahl, M. J. (1981). A behavioural decision theory approach for measuring McClelland's trichotomy of needs. Journal of Applied Psychology, 66, 242–247.

15. Trevis, C. S., & Certo, S. C. (2005). Spotlight on entrepreneurship. Business Horizons, 48, 271–274.

16. Turban, D. B., & Keon, T. L. (1993). Organizational attractiveness: An interactionist perspective. Journal of Applied Psychology, 78, 184–193.

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.[17]

However, a high need for achievement has significant disadvantages in management positions. Management involves getting work done by motivating others. When a salesperson is promoted to be a sales manager, the job description changes from actively selling to recruiting, motivating, and training salespeople. Those who are high in need for achievement may view managerial activities such as coaching, communicating, and meeting with subordinates as a waste of time and may neglect these aspects of their jobs.

Moreover, those high in need for achievement enjoy doing things themselves and may find it difficult to delegate any meaningful authority to their subordinates. These individuals often micromanage, expecting others to approach tasks a particular way, and may become overbearing bosses by expecting everyone to display high levels of dedication.[18]

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.[19]

Their emphasis on harmonious interpersonal relationships may be an advantage in jobs and occupations requiring frequent interpersonal interaction, such as a social worker or teacher. In managerial positions, a high need for affiliation may again serve as a disadvantage because these individuals tend to be overly concerned about how they are perceived by others. They may find it difficult to perform some aspects of a manager’s job such as giving employees critical feedback or disciplining poor performers. Thus, the work environment may be characterized by mediocrity and may even lead to high performers leaving the team.

Finally, if your story contains elements of getting work done by influencing other people or desiring 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.

However, when it manifests itself in more altruistic forms such as changing the way things are done so that the work environment is more positive, or negotiating more resources for one’s department, it tends

17. McClelland, D. C., & Boyatzis, R. E. (1982). Leadership motive pattern and long-term success in management. Journal of Applied Psychology, 67, 737–743.

18. McClelland, D. C., & Burnham, D. H. (1976). Power is the great motivator. Harvard Business Review, 25, 159–166.

19. 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.

to lead to positive outcomes. In fact, the need for power is viewed as an important trait for effectiveness in managerial and leadership positions.[20][21][22]

McClelland's theory of acquired needs has important implications for the motivation of employees. Managers need to understand the dominant needs of their employees to be able to motivate them. While people who have a high need for achievement may respond to goals, those with a high need for power may attempt to gain influence over those they work with, and individuals high in their need for affiliation may be motivated to gain the approval of their peers and supervisors. Finally, those who have a high drive for success may experience difficulties in managerial positions, and making them aware of common pitfalls may increase their effectiveness.

Key Takeaways

- Need-based theories describe motivated behaviour as individuals' efforts to meet their needs.
- ccording to this perspective, the manager's job is to identify what people need and make the work environment a means of satisfying these needs.
- Maslow's hierarchy describes five categories of basic human needs, including physiological, safety, social, esteem, and self-actualization needs.
- These needs are hierarchically ranked, and as a lower level need is satisfied, it no longer serves as a motivator. ERG theory is a modification of
- Maslow's hierarchy, in which the five needs are collapsed into three categories (existence, relatedness, and growth). The theory recognizes that when employees are frustrated while attempting to satisfy higher level needs, they may regress.
- The two-factor theory differentiates between factors that make people dissatisfied on the job (hygiene factors) and factors that truly motivate employees (motivators).
- Finally, acquired-needs theory argues that individuals possess stable and dominant motives to achieve, acquire power, or affiliate with others.
- The type of need that is dominant will drive behaviour. Each of these theories explains characteristics of a work environment that motivates employees.
- These theories paved the way to process-based theories that explain the mental calculations employees make to decide how to behave.

Exercises

20. McClelland, D. C., & Burnham, D. H. (1976). Power is the great motivator. Harvard Business Review, 25, 159–166.
21. Spangler, W. D., & House, R. J. (1991). Presidential effectiveness and the leadership motive profile. Journal of Personality and Social Psychology, 60, 439–455.
22. Spreier, S. W. (2006). Leadership run amok. Harvard Business Review, 84, 72–82.

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 organization 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. Review the hygiene and motivators in the two-factor theory of motivation. Do you agree with the distinction between hygiene factors and motivators? Are there any hygiene factors that you would consider to be motivators?
6. A friend of yours demonstrates the traits of achievement motivation: This person is competitive, requires frequent and immediate feedback, and enjoys accomplishing things and doing things better than she did before. She has recently been promoted to a managerial position and seeks your advice. What would you tell her?

4.3 Process-Based Theories

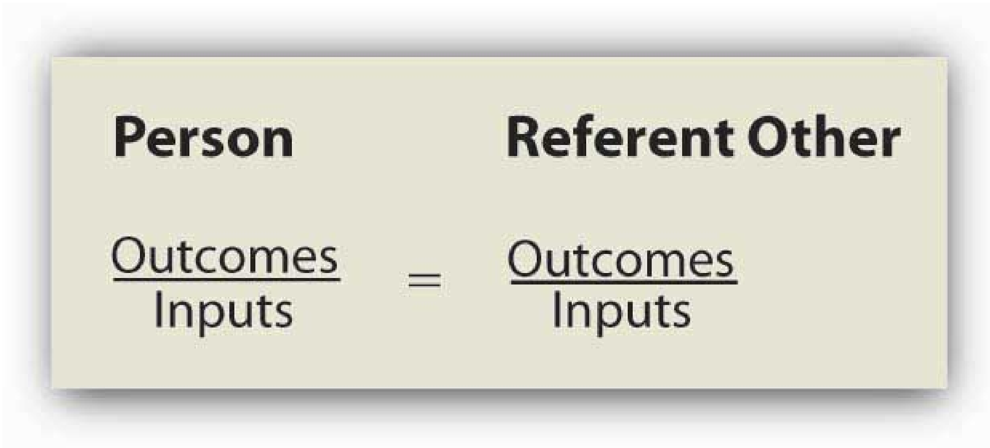
Learning Objectives

1. Explain how employees evaluate the fairness of reward distributions.
2. Describe the three types of fairness that affect employee attitudes and behaviours.
3. List the three questions individuals consider when deciding whether to put forth effort at work.
4. Describe how managers can use learning and reinforcement principles to motivate employees.

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 rational process. Individuals analyze their 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? How would you describe what you would be feeling?



Equity is determined by comparing one's input-outcome ratio with the input-outcome ratio of a referent. When the two ratios are equal, equity exists. Based on 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.

If your reaction to this scenario is along the lines of "this would be unfair," your behaviour may be explained using equity theory.[1] 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 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.

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.

We should emphasize that equity perceptions develop as a result of a subjective process. Different people may look at the same situation and perceive different levels of equity. For example, another person may

1. 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.

look at the same scenario and decide that the situation is fair because the newcomer has computer skills and the company is paying extra for those skills.

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.

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.[23]

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.[4]

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 the United States.

2. Carrell, M. R., & Dittrich, J. E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. Academy of Management Review, 3, 202–210.
3. Goodman, P. S., & Friedman, A. (1971). An examination of Adams' theory of inequity. Administrative Science Quarterly, 16, 271–288.
4. Greenberg, J. (2006). Losing sleep over organizational injustice: Attenuating insomniac reactions to underpayment inequity with supervisory training in interactional justice. Journal of Applied Psychology, 91, 58–69.

Table: Potential Responses to Inequity[5]

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

Overpayment Inequity

What would you do if you felt you were over-rewarded? In other words, how would you feel if you were the new employee in our student-worker scenario? Originally, equity theory proposed that over-rewarded individuals would experience guilt and would increase their effort to restore perceptions of equity. However, research does not provide support for this argument. Instead, it seems that individuals experience less distress as a result of being over-rewarded.[6]

It is not hard to imagine that individuals find perceptual ways to deal with a situation like this, such as believing they have more skills and bring more to the situation compared to the referent person. Therefore, research does not support equity theory's predictions with respect to people who are overpaid.[7]

5. Based on research findings reported in Carrell, M. R., & Dittrich, J. E. (1978). Equity theory: The recent literature, methodological considerations, and new directions. Academy of Management Review, 3, 202–210; Goodman, P. S., & Friedman, A. (1971). An examination of Adams's 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. Organizational Behavior and Human Decision Processes, 54, 81–103; Schmidt, D. R., & Marwell, G. (1972). Withdrawal and reward reallocation as responses to inequity. Journal of Experimental Social Psychology, 8, 207–211.

6. Austin, W., & Walster, E. (1974). Reactions to confirmations and disconfirmations of expectancies of equity. and inequity. *Journal of Personality and Social Psychology*, *30*, 208–216.

7. Evan, W. M., & Simmons, R. G. (1969). Organizational effects of inequitable rewards: Two experiments in status inconsistency. IEEE Engineering Management Review, 1, 95–108.

Individual Differences in Reactions to Inequity

So far, we have assumed that once people feel a situation is inequitable, they will be motivated to react. However, does inequity disturb everyone equally? Researchers have identified a personality trait that explains different reactions to inequity and named this trait as equity sensitivity.[8] Equity-sensitive individuals expect to maintain equitable relationships, and they experience distress when they feel they are over-rewarded or under-rewarded. At the same time, there are some individuals who are benevolents, those who give without waiting to receive much in return, and entitleds, who expect to receive substantial compensation for relatively little input. Therefore, the theory is more useful in explaining the behaviour of equity-sensitive individuals, and organizations will need to pay particular attention to how these individuals view their relationships.

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.

8. Huseman, R. C., Hatfield, J. D., & Miles, E. W. (1987). A new perspective on equity theory: The equity sensitivity construct. Academy of Management Review, 12, 222–234.

Dimensions of Organizational 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 (your getting the 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.[9][10][11] People also tend to care more

9. Alge, B. J. (2001). Effects of computer surveillance on perceptions of privacy and procedural justice. Journal of Applied Psychology, 86, 797–804.

10. 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.

11. Kidwell, R. E. (1995). Pink slips without tears. Academy of Management Executive, 9, 69–70.

about procedural justice in situations in which they do not get the outcome they feel they deserve.[12] 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.[13]

Why do employees care about procedural justice? There are three potential reasons.[14][15][16] First, people tend to believe that fairness is an end in itself and it is the right thing to do. Second, fair processes guarantee future rewards.

If your name was picked out of a hat, you have no control over the process, and there is no guarantee that you will get future promotions. If the procedures are fair, you are more likely to believe that things will work out in the future. Third, fairness communicates that the organization values its employees and cares about their well-being.

Research has identified many ways of achieving procedural justice. For example, giving employees *advance notice* before laying them off, firing them, or disciplining them is perceived as fair (Kidwell, 1995). Advance notice helps employees get ready for the changes facing them or gives them an opportunity to change their behaviour before it is too late. *Allowing employees voice in decision making* is also important.[17][18][19]

When designing a performance-appraisal system or implementing a reorganization, it may be a good idea to ask people for their input because it increases perceptions of fairness. Even when it is not possible to have employees participate, providing *explanations* to employees is helpful in fostering procedural justice.[20]

12. 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.
13. 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.
14. Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The management of organizational justice. Academy of Management Perspectives, 21, 34–48.
15. Tyler, T. R. (1994). Psychological models of the justice motive: Antecedents of distributive and procedural justice. Journal of Personality and Social Psychology, 67, 850–863.
16. Tyler, T., Degoey, P., & Smith, H. (1996). Understanding why the justice of group procedures matters: A test of the psychological dynamics of the group-value model. Journal of Personality and Social Psychology, 70, 913–930.
17. Alge, B. J. (2001). Effects of computer surveillance on perceptions of privacy and procedural justice. Journal of Applied Psychology, 86, 797–804.
18. Kernan, M. C., & Hanges, P. J. (2002). Survivor reactions to reorganization: Antecedents and consequences of procedural, interpersonal, and informational justice. Journal of Applied Psychology, 87, 916–928.
19. Lind, E. A., Kanfer, R., & Earley, C. P. (1990). Voice, control, and procedural justice: Instrumental and noninstrumental concerns in fairness judgments. Journal of Personality and Social Psychology, 59, 952–959.
20. Schaubroeck, J., May, D. R., & William, B. F. (1994). Procedural justice explanations and employee reactions to economic hardship: A field experiment. Journal of Applied Psychology, 79, 455–460.

Finally, people expect *consistency* in treatment.[21] If one person is given extra time when taking a test while another is not, individuals would perceive decision making as unfair.

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.[22]

OB Toolbox: Be a Fair Person![23]

- When distributing rewards, make sure you pay attention to different contribution levels of employees. Treating everyone equally could be unfair if they participated and contributed at different levels. People who are more qualified, skilled, or those who did more than others expect to receive a greater share of rewards.
- Sometimes you may have to disregard people's contributions to distribute certain rewards. Some rewards or privileges may be better distributed equally (e.g., health insurance) or based on the particular employee's needs (such as unpaid leave for health reasons).
- Pay attention to how you make decisions. Before making a decision, ask people to give you their opinions if possible. Explain your decisions to people who are affected by it. Before implementing a change, give people advance notice. Enforce rules consistently among employees.
- Pay attention to how you talk to people. Treat others the way you want to be treated. Be kind, courteous, and considerate of their feelings.
- Remember that justice is in the eye of the beholder. Even when you feel you are being fair, others may not feel the same way, and it is their perception that counts.
- Therefore, pay attention to being perceived as fair. People do not care only about their own justice level. They also pay attention to how others are treated as well.
- Therefore, in addition to paying attention to how specific employees feel, creating a sense of justice in the entire organization is important.

21. 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.

22. Greenberg, J. (2006). Losing sleep over organizational injustice: Attenuating insomniac reactions to underpayment inequity with supervisory training in interactional justice. Journal of Applied Psychology, 91, 58–69.

23. Adapted from ideas in 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; Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The management of organizational justice. Academy of Management Perspectives, 21, 34–48.

Employers would benefit from paying attention to all three types of justice perceptions. In addition to being the right thing to do, paying attention to justice perceptions leads to outcomes companies care about. Injustice is directly harmful to employees' psychological health and well-being and contributes to stress.[24][25]

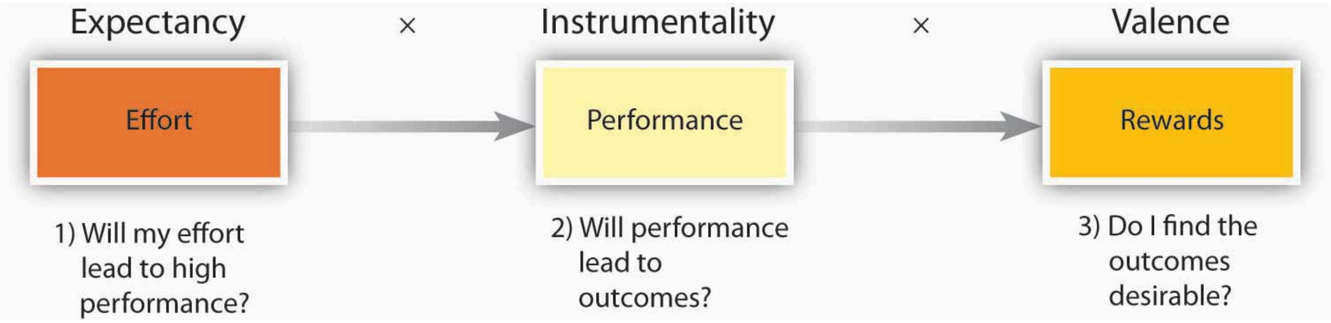
High levels of justice create higher levels of employee commitment to organizations, and they are related to higher job performance, higher levels of organizational citizenship (behaviours that are not part of one's job description but help the organization in other ways, such as speaking positively about the company and helping others), and higher levels of customer satisfaction. Conversely, low levels of justice lead to retaliation and support of unionization.[26][27][28][29][30][31][32][33]

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.[34] Vroom, 1964). According to this theory, individuals ask themselves three questions.

24. Greenberg, J. (2004). Managing workplace stress by promoting organizational justice. Organizational Dynamics, 33, 352–365.
25. Tepper, B. J. (2001). Health consequences of organizational injustice: Tests of main and interactive effects. Organizational Behavior and Human Decision Processes, 86, 197–215.
26. Blader, S. L. (2007).

    What leads organizational members to collectivize? Injustice and identification as precursors of union certification. Organization Science, 18, 108–126.
27. Cohen-Charash, Y., & Spector, P. E. (2001). The role of justice in organizations: A meta-analysis. Organizational Behavior and Human Decision Processes, 86, 278–321.
28. 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.
29. Cropanzano, R., Bowen, D. E., & Gilliland, S. W. (2007). The management of organizational justice. Academy of Management Perspectives, 21, 34–48.
30. Masterson, S. S. (2001). A trickle-down model of organizational justice: Relating employees' and customers' perceptions of and reactions to fairness. Journal of Applied Psychology, 86, 594–604.
31. Masterson, S. S., Lewis, K., Goldman, B. M., & Taylor, S. M. (2000). Integrating justice and social exchange: The differing effects of fair procedures and treatment on work relationships. *Academy of Management Journal, 43*, 738–748.
32. Moorman, R. H. (1991). Relationship between organizational justice and organizational citizenship behaviours: Do fairness perceptions influence employee citizenship? Journal of Applied Psychology, 76, 845–855.
33. Skarlicki, D. P., & Folger, R. (1997). Retaliation in the workplace: The roles of distributive, procedural, and interactional justice. Journal of Applied Psychology, 82, 434–443.
34. Porter, L. W., & Lawler, E. E. (1968). Managerial attitudes and performance. Homewood, IL: Irwin.



Summary of Expectancy Theory. Based on Porter, L. W., & Lawler, E. E. (1968). Managerial attitudes and performance. Homewood, IL: Irwin; Vroom, V. H. (1964). Work and motivation. New York: Wiley.

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.[35][36] 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

35. Heneman, H. G., & Schwab, D. P. (1972). Evaluation of research on expectancy theory predictions of employee performance. Psychological Bulletin, 78, 1–9.

36. Van Eerde, W., & Thierry, H. (1996). Vroom's expectancy models and work-related criteria: A meta-analysis. Journal of Applied Psychology, 81, 575–586.

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.[37]

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 (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.

Influencing Instrumentality Perceptions

Showing employees that their performance is rewarded is going to increase instrumentality perceptions. Therefore, the first step in influencing instrumentality is to connect pay and other rewards to performance using bonuses, award systems, and merit pay. However, this is not always sufficient, because people may not be aware of some of the rewards awaiting high performers. Publicizing any contests or award programs is needed to bring rewards to the awareness of employees. It is also important to highlight that performance, not something else, is being rewarded.

For example, if a company has an employee of the month award that is rotated among employees, employees are unlikely to believe that performance is being rewarded. This type of meritless reward system may actually hamper the motivation of the highest performing employees by eroding instrumentality.

37. Cook, C. W. (1980). Guidelines for managing motivation. Business Horizons, 23, 61–69.

Influencing Valence

Employees are more likely to be motivated if they find the reward to be attractive. This process involves managers finding what their employees value. Desirable rewards tend to be fair and satisfy different employees' diverging needs. Ensuring high valence involves getting to know a company's employees. Talking to employees and surveying them about what rewards they find valuable are some methods to gain understanding. Finally, giving employees a choice between multiple rewards may be a good idea to increase valence.

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

Expectancy	Instrumentality	Valence
• Make sure employees have proper skills, abilities, and knowledge • Ensure that the environment facilitates performance • Provide encouragement to make people believe that their effort makes a difference	• Reward employee performance • Inform people in advance about the rewards • Try to eliminate non-performance influence over rewards	• Find rewards that are desirable to employees • Make sure that the rewards are viewed as fair • Give employees choice over rewards

Reinforcement Theory

Reinforcement theory is based on the work of Ivan Pavlov on behavioural conditioning and the later work of B. F. Skinner on operant conditioning.[38] According to reinforcement theory, behaviour is a function of its outcomes. Imagine that even though no one asked you to, you stayed late and drafted a report.

When the manager found out, she was ecstatic and took you out to lunch and thanked you genuinely. The consequences following your good deed were favourable, and therefore you are more likely to demonstrate similar behaviours in the future. In other words, your taking initiative was reinforced. Instead, if your manager had said nothing about it and everyone ignored the sacrifice you made, you are less likely to demonstrate similar behaviours in the future.

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

38. Skinner, B. F. (1953). Science and human behaviour. New York: Free Press.

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.

Moreover, it is common for people to be rewarded for the wrong kind of behaviour. Steven Kerr has labeled this phenomenon "the folly of rewarding A while hoping for B".[39] For example, a company may make public statements about the importance of quality. Yet, if they choose to reward shipments on time regardless of the amount of defects contained in the shipments, employees are more likely to ignore quality and focus on hurrying the delivery process. Because people learn to repeat their behaviours based on the consequences following their prior activities, managers will need to systematically examine the consequences of employee behaviour and make interventions when needed.

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.

Reinforcement Methods

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)

Positive reinforcement is a method of increasing the desired behaviour.[40] 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.

39. Kerr, S. (1995). On the folly of rewarding A while hoping for B. Academy of Management Executive, 9, 7–14.

40. Beatty, R. W., & Schneier, C. E. (1975). A case for positive reinforcement. Business Horizons, 18, 57–66

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.[41] 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.

Reinforcement Schedules

In addition to types of reinforcements, researchers have focused their attention on schedules of reinforcement as well (Beatty & Schneier, 1975). Reinforcement is presented on a continuous schedule if reinforcers follow all instances of positive behaviour. An example of a continuous schedule would be giving an employee a sales commission every time he makes a sale. In many instances, continuous schedules are impractical. For example, it would be difficult to praise an employee every time he shows up to work on time. Fixed-ratio schedules involve providing rewards every *nth* time the right behaviour is demonstrated.

An example of this would be giving the employee a bonus for every tenth sale he makes. Variable ratio involves providing the reinforcement on a random pattern, such as praising the employee occasionally when the person shows up on time. In the case of continuous schedules, behavioural change is more temporary. Once the reward is withdrawn, the person may stop performing the desired behaviour. The most durable results occur under variable ratios, but there is also some evidence that continuous schedules produce higher performance than do variable schedules (Beatty & Schneier, 1975[42][43][44]

OB Toolbox: Be Effective in Your Use of Discipline[45]

41. Harvey, H. W., & Sims, H. P. (1978).

 Some determinants of unethical decision behaviour: An experiment. Journal of Applied Psychology, 63, 451–457.

42. Cherrington, D. J., & Cherrington, J. O. (1974). Participation, performance, and appraisal. Business Horizons, 17, 35–44.

43. Saari, L. M., & Latham, G. P. (1982). Employee reactions to continuous and variable ratio reinforcement schedules involving a monetary incentive. Journal of Applied Psychology, 67, 506–508.

44. Yukl, G. A., & Latham, G. P. (1975). Consequences of reinforcement schedules and incentive magnitudes for employee performance: Problems encountered in an industrial setting. Journal of Applied Psychology, 60, 294–298.

45. Adapted from ideas in Ambrose, M. L., & Kulik, C. T. (1999). Old friends, new faces: Motivation research in the 1990s. Journal of Management, 25, 231–292; Guffey, C. J., & Helms, M. M. (2001). Effective employee discipline: A case of the Internal Revenue Service. Public Personnel Management, 30, 111–128.

- As a manager, sometimes you may have to discipline an employee to eliminate unwanted behaviour. Here are some tips to make this process more effective.
- Consider whether punishment is the most effective way to modify behaviour. Sometimes catching people in the act of doing good things and praising or rewarding them is preferable to punishing negative behaviour. Instead of criticizing them for being late, consider praising them when they are on time. Carrots may be more effective than sticks. You can also make the behaviour extinct by removing any rewards that follow undesirable behaviour.
- Be sure that the punishment fits the crime. If a punishment is too harsh, both the employee in question and coworkers who will learn about the punishment will feel it is unfair. Unfair punishment may not change unwanted behaviour.
- Be consistent in your treatment of employees. Have disciplinary procedures and apply them in the same way to everyone. It is unfair to enforce a rule for one particular employee but then give others a free pass.
- Document the behaviour in question. If an employee is going to be disciplined, the evidence must go beyond hearsay.
- Be timely with discipline. When a long period of time passes between behaviour and punishment, it is less effective in reducing undesired behaviour because the connection between the behaviour and punishment is weaker.

A systematic way in which reinforcement theory principles are applied is called Organizational Behavior Modification (or OB Mod).[46] This is a systematic application of reinforcement theory to modify employee behaviours in the workplace. The model consists of five stages. The process starts with identifying the behaviour that will be modified. Let's assume that we are interested in reducing absenteeism among employees.

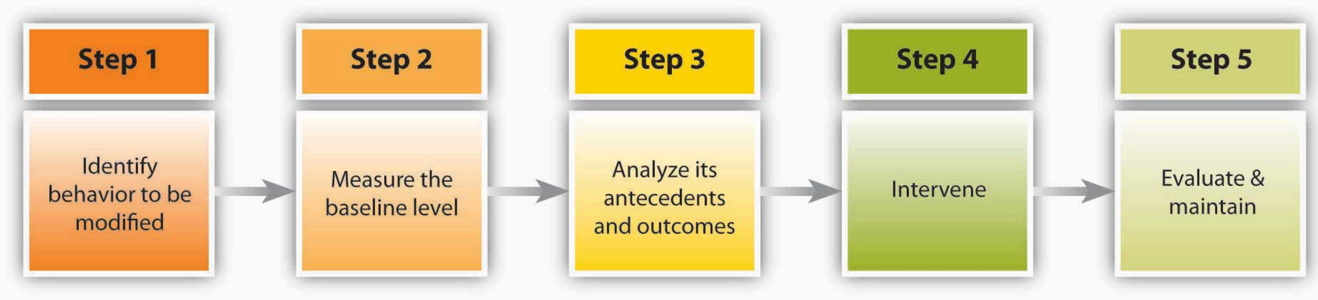
In step 2, we need to measure the baseline level of absenteeism. How many times a month is a particular employee absent? In step 3, the behaviour's antecedents and consequences are determined. Why is this employee absent? More importantly, what is happening when the employee is absent? If the behaviour is being unintentionally rewarded (e.g., the person is still getting paid or is able to avoid unpleasant assignments because someone else is doing them), we may expect these positive consequences to reinforce the absenteeism.

Instead, to reduce the frequency of absenteeism, it will be necessary to think of financial or social incentives to follow positive behaviour and negative consequences to follow negative behaviour. In step 4, an intervention is implemented. Removing the positive consequences of negative behaviour may be an effective way of dealing with the situation, or, in persistent situations, punishments may be used. Finally, in step 5 the behaviour is measured periodically and maintained.

Studies examining the effectiveness of OB Mod have been supportive of the model in general. A review of the literature found that OB Mod interventions resulted in 17% improvement in performance

46. 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.

(Stajkovic & Luthans, 1997). Particularly in manufacturing settings, OB Mod was an effective way of increasing performance, although positive effects were observed in service organizations as well.



Stages of Organizational Behavior Modification. Source: Based on information presented in Stajkovic, A. D., & Luthans, F. (1997). A meta-analysis of the effects of organizational behaviour modification on task performance, 1975–1995. Academy of Management Journal, 40, 1122–1149.

Key Takeaways

- 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 effort 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?

4.4 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of motivation for ethical behaviour.
2. Consider the role of national culture on motivation theories.

Motivation and Ethics

What motivates individuals to behave unethically? Motivation theories have been applied to explain this interesting and important question. One theory that has been particularly successful in explaining ethical behaviour is reinforcement theory. Just like any other behaviour such as performance or cooperation, ethical behaviour is one that is learned as a result of the consequences following one's actions. For example, in an experiment simulating the job of a sales manager, participants made a series of decisions using a computer.

Partway through the simulation, subjects were informed that salespeople reporting to them were giving kickbacks to customers. Subjects in this experiment were more likely to cut the kickbacks if there was a threat of punishment to the manager. On the other hand, subjects playing the sales manager were more likely to continue giving away the kickbacks if they made a profit after providing the kickbacks.[1]

In a separate study highlighting the importance of rewards and punishments, researchers found that the severity of expected punishment was the primary predictor of whether subjects reported inclination to behave unethically. In addition to the severity of the punishment, the perceived likelihood of punishment was also a major influence of ethical behaviour.[2] These findings highlight the importance of rewards and punishments for motivating unethical behaviours.

There are many organizational situations in which individuals may do unethical things but then experience positive consequences such as being awarded promotions for meeting their sales quotas. For example, in many hotels, staff members routinely receive kickbacks from restaurants or bars if they refer customers to those locations.[3] Similarly, sales staff rewarded with spiffs (product-specific sales

1. Hegarty, W. H., & Sims, H. P. (1978). Some determinants of unethical decision behaviour: An experiment. Journal of Applied Psychology, 63, 451–457.
2. Rettig, S., & Rawson, H. E. (1963). The risk hypothesis in predictive judgments of unethical behaviour. Journal of Abnormal and Social Psychology, 66, 243–248.
3. Elliott, C. (2007). Is your bellhop on the take? National Geographic Traveler, 24(3), 18–20.

incentives) may give customers advice that goes against their own personal beliefs and in this sense act unethically.[4]

As long as unethical behaviour is followed by positive consequences for the person in question, we would expect unethical behaviour to continue. Thus, in order to minimize the occurrence of unethical behaviour (and in some instances legal problems), it seems important to examine the rewards and punishments that follow unethical behaviour and remove rewards following unethical behaviour while increasing the severity and likelihood of punishment.

Motivation Around the Globe

Motivation is a culturally bound topic. In other words, the factors that motivate employees in different cultures may not be equivalent. The motivation theories we cover in this chapter are likely to be culturally bound because they were developed by Western researchers and the majority of the research supporting each theory was conducted on Western subjects.

Based on the cultural context, Maslow's hierarchy of needs may require modification because the ranking of the needs may differ across cultures. For example, a study conducted in 39 countries showed that financial satisfaction was a stronger predictor of overall life satisfaction in developing nations compared to industrialized nations. In industrialized nations, satisfaction with esteem needs was a more powerful motivator than it was in developing nations.[5]

People around the world value justice and fairness. However, what is perceived as fair may be culturally dependent. Moreover, people in different cultures may react differently to perceived unfairness.[6][7] For example, in cross-cultural studies, it was found that participants in low power distance cultures such as the United States and Germany valued voice into the process (the opportunities for explanation and appealing a decision) more than those in high power distance cultures such as China and Mexico.

At the same time, interactional justice was valued more by the Chinese subjects.[8][9] There is also some evidence indicating that equity (rewarding employees based on their contributions to a group) may be a culture-specific method of achieving fairness. One study shows that Japanese subjects viewed equity as less fair and equality-based distributions as more fair than did Australian subjects (Kashima et al., 1988). Similarly, subjects in different cultures varied in their inclination to distribute rewards based on

4. Radin, T. J., & Predmore, C. E. (2002). The myth of the salesperson: Intended and unintended consequences of product-specific sales incentives. Journal of Business Ethics, 36, 79–92.

5. Oishi, S., Diener, E. F., & Suh, E. M. (1999). Cross-cultural variations in predictors of life satisfaction: Perspectives from needs and values. Personality and Social Psychology Bulletin, 25, 980–990.

6. Erdogan, B., & Liden, R. C. (2006). Collectivism as a moderator of responses to organizational justice: Implications for leader-member exchange and ingratiation. Journal of Organizational Behavior, 27, 1–17.

7. Mueller, C. W., & Wynn, T. (2000). The degree to which justice is valued in the workplace. Social Justice Research, 13, 1–24.

8. Brockner, J., Ackerman, G., Greenberg, J., Gelfand, M. J., Francesco, A. M., Chen, Z. X., et al. (2001). Culture and procedural justice: The influence of power distance on reactions to voice. Journal of Experimental Social Psychology, 37, 300–315.

9. Tata, J. (2005). The influence of national culture on the perceived fairness of grading procedures: A comparison of the United States and China. Journal of Psychology, 139, 401–412.

subjects' need or age, and in cultures such as Japan and India, a person's need may be a relevant factor in reward distributions.[10][11]

Key Takeaways

- Motivation theories are particularly useful for understanding why employees behave unethically.
- Based on reinforcement theory, people will demonstrate higher unethical behaviours if their unethical behaviours are followed by rewards or go unpunished.
- Similarly, according to expectancy theory, if people believe that their unethical actions will be rewarded with desirable outcomes, they are more likely to demonstrate unethical behaviours.
- In terms of culture, some of the motivation theories are likely to be culture-bound, whereas others may more readily apply to other cultures.
- Existing research shows that what is viewed as fair or unfair tends to be culturally defined.

Exercises

1. What is the connection between a company's reward system and the level of ethical behaviours?
2. Which of the motivation theories do you think would be more applicable to many different cultures?

10. Kashima, Y., Siegal, M., Tanaka, K., & Isaka, H. (1988). Universalism in lay conceptions of distributive justice: A cross-cultural examination. International Journal of Psychology, 23, 51–64.

11. Murphy-Berman, V., Berman, J., Singh, P., Pachauri, A., & Kumar, P. (1984). Factors affecting allocation to needy and meritorious recipients: A cross-cultural comparison. Journal of Personality and Social Psychology, 46, 1267–1272.

4.5 Motivation in Action

The Case of Trader Joe's[1]

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

1. Based on information from Lewis, L. (2005). Trader Joe's adventure. Chicago: Dearborn Trade; McGregor, J., Salter, C., Conley, L., Haley, F., Sacks, D., & Prospero, M. (2004). Customers first. Fast Company, 87, 79–88; Speizer, I. (2004). Shopper's special. Workforce Management, 83, 51–55.

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 collabourative, 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.

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 organization. This means that if you are a good, dedicated worker, you can rise up within the company.
4. 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 were not as good?

4.6 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.

4.7 Exercises

Exercise – Ethical Dilemma

Companies are interested in motivating employees: Work hard, be productive, behave ethically—and stay healthy. Health care costs are rising, and employers are finding that unhealthy habits such as smoking or being overweight are costing companies big bucks.

Your company is concerned about the rising health care costs and decides to motivate employees to adopt healthy habits. Therefore, employees are given a year to quit smoking. If they do not quit by then, they are going to lose their jobs. New employees will be given nicotine tests, and the company will avoid hiring new smokers in the future. The company also wants to encourage employees to stay healthy. For this purpose, employees will get cash incentives for weight loss. If they do not meet the weight, cholesterol, and blood pressure standards to be issued by the company, they will be charged extra fees for health insurance.

Is this plan ethical? Why or why not? Can you think of alternative ways to motivate employees to adopt healthy habits?

Individual Exercise

Your company provides diversity training programs to ensure that employees realize the importance of working with a diverse workforce, are aware of the equal employment opportunity legislation, and are capable of addressing the challenges of working in a multicultural workforce.

- Participation in these programs is mandatory, and employees are required to take the training as many times as needed until they pass.
- The training program lasts one day and is usually conducted in a nice hotel outside the workplace.
- Employees are paid for the time they spend in the training program. You realize that employees are not really motivated to perform well in this program.
- During the training, they put in the minimum level of effort, and most participants fail the exam given at the conclusion of the training program and then have to retake the training.

Using expectancy and reinforcement theories, explain why they may not be motivated to perform well in the training program. Then suggest improvements in the program so that employees are motivated to understand the material, pass the exam, and apply the material in the workplace.

Group Exercise

A Reward Allocation Decision

You are in charge of allocating a $12,000 bonus to a team that recently met an important deadline. The team was in charge of designing a Web-based product for a client. The project lasted a year. There were five people in the team. Your job is to determine each person's share from the bonus.

Devin: Project manager. He was instrumental in securing the client, coordinating everyone's effort, and managing relationships with the client. He put in a lot of extra hours for this project. His annual salary is $80,000. He is independently wealthy, drives an expensive car, and does not have any debt. He has worked for the company for 5 years and worked for the project from the beginning.

Alice: Technical lead. She oversaw the technical aspects of the project. She resolved many important technical issues. During the project, while some members worked extra hours, she refused to stay at the office outside regular hours. However, she was productive during regular work hours, and she was accessible via e-mail in the evenings. Her salary is $50,000. She is a single mother and has a lot of debt. She has worked for the company for 4 years and worked for the project for 8 months.

Erin: Graphic designer. She was in charge of the creative aspects of the project. She experimented with many looks, and while doing that she slowed down the entire team. Brice and Carrie were mad at her because of the many mistakes she made during the project, but the look and feel of the project eventually appealed to the client, which resulted in repeat business. Her salary is $30,000. She is single and lives to party. She has worked for the company for 2 years and worked for this project from the beginning.

Brice: Tester. He was in charge of finding the bugs in the project and ensuring that it worked. He found many bugs, but he was not very aggressive in his testing. He misunderstood many things, and many of the bugs he found were not really bugs but his misuse of the system. He had a negative attitude toward the whole project, acted very pessimistically regarding the likelihood of success, and demoralized the team. His salary is $40,000. He has accumulated a large credit card debt. He has worked for the company for 3 years and worked for the project in the last 6 months.

Carrie: Web developer. She was in charge of writing the code. She was frustrated when Erin slowed down the entire project because of her experimentation. Carrie was primarily responsible for meeting the project deadline because she put in a lot of extra work hours. Her salary is $50,000. Her mother has ongoing health issues, and Carrie needs money to help her. She worked for the company for the past year and was involved in this project for 6 months.

Chapter 5: Managing Groups and Teams

Learning Objectives

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.
5. Explore ideas around teams and ethics.
6. Understand cross-cultural influences on teams.

5.1 Teamwork Takes to the Sky

The Case of General Electric[1][2][3]

Credit: [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 workplaces where workers are more like cogs in a vast machine than self-determining team members.

1. Based on information from Fishman, C. (1999, September). How teamwork took flight. Fast Company. Retrieved August 1, 2008, from http://www.fastcompany.com/node/38322/print
2. Lear, R. (1998, July–August). Jack Welch speaks: Wisdom from the world's greatest business leader. Chief Executive
3. 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.

In the name of teamwork and profitability, Henderson traveled to other factories looking for places where worker autonomy was high. He implemented his favourite ideas at the factory at 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.

Exercises

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 organization?

5.2 Group Dynamics

Learning Objectives

1. Understand the difference between informal and formal groups.
2. Learn the stages of group development.
3. Identify examples of the punctuated equilibrium model.
4. Learn how group cohesion affects groups.
5. Learn how social loafing affects groups.
6. Learn how collective efficacy affects groups.

Types of Groups: Formal and Informal

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.[1] 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. Generally, this is accomplished by first being more directive, eventually serving as a coach, and later, once the group is able to assume more power and responsibility for itself, shifting to a delegator. While research has not confirmed that this is descriptive of how groups progress, knowing and following these steps can help groups be more effective.

For example, groups that do not go through the storming phase early on will often return to this stage toward the end of the group process to address unresolved issues. Another example of the validity of the group development model involves groups that take the time to get to know each other socially in the forming stage. When this occurs, groups tend to handle future challenges better because the individuals have an understanding of each other's needs.

Stages of the Group Development Model

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. At this point, group members are also discovering how the group will work in terms of what needs to be done and who will be responsible for each task. This stage is often characterized by abstract discussions about issues to be addressed by the group; those who like to get moving can become impatient with this part of the process. This phase is usually short in duration, perhaps a meeting or two.

1. Tuckman, B. (1965). Developmental sequence in small groups. Psychological Bulletin, 63, 384–399.

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.

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.

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.

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. They may even begin to form friendships and share more personal information with each other.

At this point, the leader should become more of a facilitator by stepping back and letting the group assume more responsibility for its goal. Since the group's energy is running high, this is an ideal time to host a social or team-building event.

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 to be 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?"

By now, the group has matured, becoming more competent, autonomous, and insightful. Group leaders can finally move into coaching roles and help members grow in skill and leadership.

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. For those who like routine and bond closely with fellow group members, this transition can be particularly challenging. Group leaders and members alike should be sensitive to handling these endings respectfully and compassionately.

An ideal way to close a group is to set aside time to debrief ("How did it all go? What did we learn?"), acknowledge each other, and celebrate a job well done.

The Punctuated-Equilibrium Model

As you may have noted, the five-stage model we have just reviewed is a linear process. According to the model, a group progresses to the performing stage, at which point it finds itself in an ongoing, smooth-sailing situation until the group dissolves. In reality, subsequent researchers, most notably Joy H. Karriker, have found that the life of a group is much more dynamic and cyclical in nature.[2] For example, a group may operate in the performing stage for several months. Then, because of a disruption, such as a competing emerging technology that changes the rules of the game or the introduction of a new CEO, the group may move back into the storming phase before returning to performing.

Ideally, any regression in the linear group progression will ultimately result in a higher level of functioning. Proponents of this cyclical model draw from behavioural scientist Connie Gersick's study of punctuated equilibrium.[3]

The concept of punctuated equilibrium was first proposed in 1972 by paleontologists Niles Eldredge and Stephen Jay Gould, who both believed that evolution occurred in rapid, radical spurts rather than gradually over time.

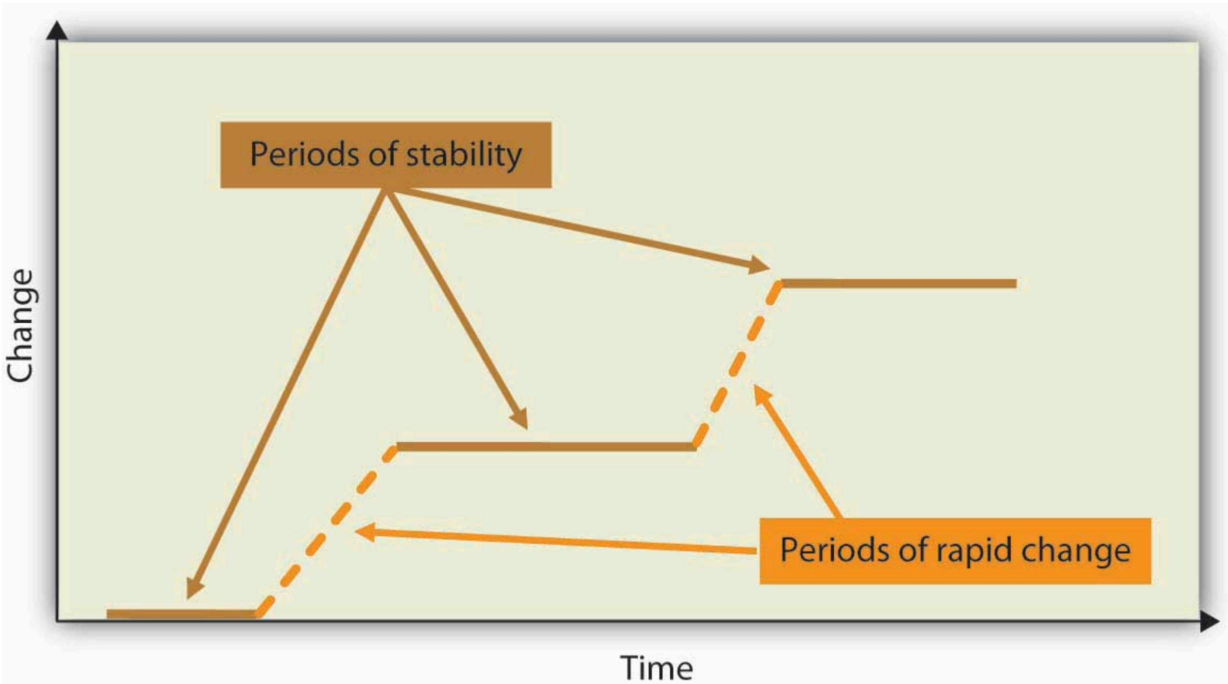
Identifying numerous examples of this pattern in social behaviour, Gersick found that the concept applied to organizational change. She proposed that groups remain fairly static, maintaining a certain equilibrium for long periods of time. Change during these periods is incremental, largely due to the resistance to change that arises when systems take root and processes become institutionalized.

In this model, revolutionary change occurs in brief, punctuated bursts, generally catalyzed by a crisis or problem that breaks through the systemic inertia and shakes up the deep organizational structures in place. At this point, the organization or group has the opportunity to learn and create new structures that are better aligned with current realities. Whether the group does this is not guaranteed.

In sum, in Gersick's model, groups can repeatedly cycle through the storming and performing stages, with revolutionary change taking place during short transitional windows. For organizations and groups who understand that disruption, conflict, and chaos are inevitable in the life of a social system, these disruptions represent opportunities for innovation and creativity.

2. Karriker, J. H. (2005). Cyclical group development and interaction-based leadership emergence in autonomous teams: An integrated model. Journal of Leadership & Organizational Studies, 11, 54–64.

3. Gersick, C. J. G. (1991). Revolutionary change theories: A multilevel exploration of the punctuated equilibrium paradigm. Academy of Management Review, 16, 10–36.



The Punctuated Equilibrium Model

Cohesion

Cohesion can be thought of as a kind of social glue. It refers to the degree of camaraderie within the group. Cohesive groups are those in which members are attached to each other and act as one unit. Generally speaking, the more cohesive a group is, the more productive it will be and the more rewarding the experience will be for the group's members.[4,5]

Members of cohesive groups tend to have the following characteristics: They have a collective identity; they experience a moral bond and a desire to remain part of the group; they share a sense of purpose, working together on a meaningful task or cause; and they establish a structured pattern of communication.

The fundamental factors affecting group cohesion include the following:

- *Similarity*. The more similar group members are in terms of age, sex, education, skills, attitudes, values, and beliefs, the more likely the group will bond.
- *Stability*. The longer a group stays together, the more cohesive it becomes.
- *Size*. Smaller groups tend to have higher levels of cohesion.
- *Support*. When group members receive coaching and are encouraged to support their fellow team members, group identity strengthens.
- *Satisfaction*. Cohesion is correlated with how pleased group members are with each other's

4. Beal, D. J., Cohen, R. R., Burke, M. J., & McLendon, C. L. (2003). Cohesion and performance in groups: A meta-analytic clarification of construct relations. Journal of Applied Psychology, 88, 989–1004.

5. Evans, C. R., & Dion, K. L. (1991). Group cohesion and performance: A meta-analysis. Small Group Research, 22, 175–186.

performance, behaviour, and conformity to group norms.

As you might imagine, there are many benefits in creating a cohesive group. Members are generally more personally satisfied and feel greater self-confidence and self-esteem when in a group where they feel they belong. For many, membership in such a group can be a buffer against stress, which can improve mental and physical well-being.

Because members are invested in the group and its work, they are more likely to regularly attend and actively participate in the group, taking more responsibility for the group's functioning. In addition, members can draw on the strength of the group to persevere through challenging situations that might otherwise be too hard to tackle alone.

OB Toolbox: Steps to Creating and Maintaining a Cohesive Team

- *Align the group with the greater organization*. Establish common objectives in which members can get involved.
- *Let members have choices in setting their own goals*. Include them in decision making at the organizational level.
- *Define clear roles*. Demonstrate how each person's contribution furthers the group goal—everyone is responsible for a special piece of the puzzle.
- *Situate group members in close proximity to each other*. This builds familiarity.
- *Give frequent praise*. Both individuals and groups benefit from praise. Also encourage them to praise each other. This builds individual self-confidence, reaffirms positive behaviour, and creates an overall positive atmosphere.
- *Treat all members with dignity and respect*. This demonstrates that there are no favourites and everyone is valued.
- *Celebrate differences*. This highlights each individual's contribution while also making diversity a norm.
- *Establish common rituals*. Thursday morning coffee, monthly potlucks—these reaffirm group identity and create shared experience

Can a Group Have Too Much Cohesion?

Keep in mind that groups can have too much cohesion. Because members can come to value belonging over all else, an internal pressure to conform may arise, causing some members to modify their behaviour to adhere to group norms. Members may become conflict avoidant, focusing more on trying to please each other so as not to be ostracized.

In some cases, members might censor themselves to maintain the party line. As such, there is a superficial sense of harmony and less diversity of thought. Having less tolerance for deviants, who threaten the group's static identity, cohesive groups will often excommunicate members who dare to disagree. Members attempting to make a change may even be criticized or undermined by other members, who perceive this as a threat to the status quo. The painful possibility of being marginalized can keep many members in line with the majority.

The more strongly members identify with the group, the easier it is to see outsiders as inferior, or enemies in extreme cases, which can lead to increased insularity. This form of prejudice can have a downward spiral effect. Not only is the group not getting corrective feedback from within its own confines, it is also closing itself off from input and a cross-fertilization of ideas from the outside. In such an environment, groups can easily adopt extreme ideas that will not be challenged. Denial increases as problems are ignored and failures are blamed on external factors.

With limited, often biased, information and no internal or external opposition, groups like these can make disastrous decisions. Groupthink is a group pressure phenomenon that increases the risk of the group making flawed decisions by allowing reductions in mental efficiency, reality testing, and moral judgment. Groupthink is most common in highly cohesive groups.[6]

Cohesive groups can go awry in much milder ways. For example, group members can value their social interactions so much that they have fun together but spend little time on accomplishing their assigned task. Or a group's goal may begin to diverge from the larger organization's goal and those trying to uphold the organization's goal may be ostracized (e.g., teasing the class "brain" for doing well in school).

In addition, research shows that cohesion leads to acceptance of group norms.[7] Groups with high task commitment do well, but imagine a group where the norms are to work as little as possible? As you might imagine, these groups get little accomplished and can actually work together against the organization's goals.

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.[8]

6. Janis, I. L. (1972). Victims of Groupthink. New York: Houghton Mifflin.

7. Goodman, P. S., Ravlin, E., & Schminke, M. (1987). Understanding groups in organizations. Research in Organizational Behavior, 9, 121–173.

8. 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.

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.[9][10][11][12]

Research also shows that perceptions of fairness are related to less social loafing.[13] 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, here 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

9. Gabrenya, W. L., Latane, B., & Wang, Y. (1983). Social loafing in cross-cultural perspective. Journal of Cross-Cultural Perspective, 14, 368–384.
10. 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.
11. 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.
12. Ziller, R. C. (1957). Four techniques of group decision-making under uncertainty. Journal of Applied Psychology, 41, 384–388.
13. 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.

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 organization, 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 favourite 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.

Collective Efficacy

Collective efficacy refers to a group's perception of its ability to successfully perform well.[14] Collective efficacy is influenced by a number of factors, including watching others ("that group did it and we're better than them"), verbal persuasion ("we can do this"), and how a person feels ("this is a good group").

Research shows that a group's collective efficacy is related to its performance.[15][16][17] In addition, this relationship is higher when task interdependence (the degree an individual's task is linked to someone else's work) is high rather than low.

14. Bandura, A. (1997). Self-efficacy: The exercise of control. San Francisco: Jossey-Bass.

15. Gully, S. M., Incalcaterra, K. A., Joshi, A., & Beaubien, J. M. (2002). A meta-analysis of team-efficacy, potency, and performance: Interdependence and level of analysis as moderators of observed relationships. Journal of Applied Psychology, 87, 819–832.

16. Porter, C. O. L. H. (2005). Goal orientation: Effects on backing up behaviour, performance, efficacy, and commitment in teams. Journal of Applied Psychology, 90, 811–818.

17. Tasa, K., Taggar, S., & Seijts, G. H. (2007). The development of collective efficacy in teams: A multilevel and longitudinal perspective. Journal of Applied Psychology, 92, 17–27.

Key Takeaways

- Groups may be either formal or informal. Groups go through developmental stages much like individuals do.
- The forming-storming-norming-performing-adjourning model is useful in prescribing stages that groups should pay attention to as they develop.
- The punctuated-equilibrium model of group development argues that groups often move forward during bursts of change after long periods without change.
- Groups that are similar, stable, small, supportive, and satisfied tend to be more cohesive than groups that are not.
- Cohesion can help support group performance if the group values task completion.
- Too much cohesion can also be a concern for groups. Social loafing increases as groups become larger.
- When collective efficacy is high, groups tend to perform better.

Exercises

1. If you believe the punctuated-equilibrium model is true about groups, how can you use this knowledge to help your own group?
2. Think about the most cohesive group you have ever been in. How did it compare in terms of similarity, stability, size, support, and satisfaction?
3. Why do you think social loafing occurs within groups?
4. What can be done to combat social loafing?
5. Have you seen instances of collective efficacy helping or hurting a team? Please explain your answer.

5.3 Understanding Team Design Characteristics

Learning Objectives

1. Understand the difference between groups and teams.
2. Understand the factors leading to the rise in the use of teams.
3. Understand how tasks and roles affect teams.
4. Identify different types of teams.
5. Identify team design considerations.

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”.[1]

The purpose of assembling a team is to accomplish larger, more complex goals than what would be possible for an individual working alone or even the simple sum of several individuals’ working independently. Teamwork is also needed in cases in which multiple skills are tapped or where buy-in is required from several individuals. Teams can, but do not always, provide improved performance. Working together to further a team agenda seems to increase mutual cooperation between what are often competing factions. The aim and purpose of a team is to perform, get results, and achieve victory in the workplace. The best managers are those who can gather together a group of individuals and mold them into an effective team.

The key properties of a true team include collabourative action in which, along with a common goal, teams have collabourative tasks. Conversely, in a group, individuals are responsible only for their own area. They also share the rewards of strong team performance with their compensation based on shared outcomes. Compensation of individuals must be based primarily on a shared outcome, not individual performance. Members are also willing to sacrifice for the common good, in which individuals give up scarce resources for the common good instead of competing for those resources. For example, in soccer and basketball teams, the individuals actively help each other, forgo their own chance to score by passing the ball, and win or lose collectively as a team.

1. Katzenbach, J. R., & Smith, D. K. (1993). *The wisdom of teams: Creating the high-performance organization*. Boston: Harvard Business School.

Teams are only as good as their weakest link. While Michael Phelps has been dubbed "the world's greatest swimmer" and received a great deal of personal attention, he could not have achieved his record eight gold medals in one Olympic games without the help of his teammates Aaron Peirsol, Brendan Hansen, and Jason Lezak. Credit: Wikimedia Commons – public domain.

The early 1990s saw a dramatic rise in the use of teams within organizations, along with dramatic results such as the Miller Brewing Company increasing productivity 30% in the plants that used self-directed teams compared to those that used the traditional organization. This same method allowed Texas Instruments Inc. in Malaysia to reduce defects from 100 parts per million to 20 parts per million. In addition, Westinghouse Electric Corporation reduced its cycle time from 12 to 2 weeks and Harris Corporation was able to achieve an 18% reduction in costs.[2] The team method has served countless companies over the years through both quantifiable improvements and more subtle individual worker-related benefits.

Companies like Schneider Electric, maker of Square D circuit breakers, switched to self-directed teams and found that overtime on machines such as the punch-press dropped 70%. Productivity increased

2. Welins, R., Byham, W., & Dixon, G. (1994). Inside teams. San Francisco: Jossey-Bass.

because the set-up operators themselves were able to manipulate the work in much more effective ways than a supervisor could dictate.[3]

In 2001, clothing retailer Chico's Retailer Services Inc. was looking to grow its business. The company hired Scott Edmonds as president, and 2 years later revenues had almost doubled from $378 million to $760 million. By 2006, revenues were $1.6 billion and Chico's had 9 years of double-digit same-store sales growth. What did Edmonds do to get these results? He created a horizontal organization with high-performance teams that were empowered with decision-making ability and accountability for results.

The use of teams also began to increase because advances in technology have resulted in more complex systems that require contributions from multiple people across the organization. Overall, team-based organizations have more motivation and involvement, and teams can often accomplish more than individuals.[4] It is no wonder organizations are relying on teams more and more.

It is important to keep in mind that teams are not a cure-all for organizations. To determine whether a team is needed, organizations should consider whether a variety of knowledge, skills, and abilities are needed, whether ideas and feedback are needed from different groups within the organization, how interdependent the tasks are, if wide cooperation is needed to get things done, and whether the organization would benefit from shared goals.[5]

If the answer to these questions is yes, then a team or teams might make sense. For example, research shows that the more team members perceive that outcomes are interdependent, the better they share information and the better they perform.[6] Let's take a closer look at the different team characteristics, types of teams companies use, and how to design effective teams.

Team Tasks

Teams differ in terms of the tasks they are trying to accomplish. Richard Hackman identified three major classes of tasks: production tasks, idea-generation tasks, and problem-solving tasks.[7] Production tasks include actually making something, such as a building, product, or a marketing plan. Idea-generation tasks deal with creative tasks, such as brainstorming a new direction or creating a new process.

Problem-solving tasks refer to coming up with plans for actions and making decisions. For example, a team may be charged with coming up with a new marketing slogan, which is an idea-generation task, while another team might be asked to manage an entire line of products, including making decisions

3. Moskal, B. (1988, June 20). Supervisors, begone! Industry Week Newsletter

4. Cannon-Bowers, J. A., & Salas, E. (2001, February). Team effectiveness and competencies. In W. Karwowski (Ed.), International encyclopedia of ergonomics and human factors (p. 1383). Boca Raton, FL: CRC Press.

5. Rees, F. (1997). Teamwork from start to finish. San Francisco: Jossey-Bass.

6. De Dreu, C. K. W. (2007). Cooperative outcome interdependence, task reflexivity, and team effectiveness: A motivated information processing perspective. Journal of Applied Psychology, 92, 628–638.

7. Hackman, J. R. (1976). Group influences on individuals. In M. D. Dunnette (Ed.), Handbook of industrial and organizational psychology. Chicago, IL: Rand-McNally.

about products to produce, managing the production of the product lines, marketing them, and staffing their division. The second team has all three types of tasks to accomplish at different points in time.

Another key to understanding how tasks are related to teams is to understand their level of task interdependence. Task interdependence refers to the degree that team members are dependent on one another to get information, support, or materials from other team members to be effective. Research shows that self-managing teams are most effective when their tasks are highly interdependent.[8,9]

There are three types of task interdependence. Pooled interdependence exists when team members may work independently and simply combine their efforts to create the team's output. For example, when students meet to divide the section of a research paper and one person simply puts all the sections together to create one paper, the team is using the pooled interdependence model. However, they might decide that it makes more sense to start with one person writing the introduction of their research paper, then the second person reads what was written by the first person and, drawing from this section, writes about the findings within the paper. Using the findings section, the third person writes the conclusions. If one person's output becomes another person's input, the team would be experiencing sequential interdependence. And finally, if the student team decided that in order to create a top-notch research paper they should work together on each phase of the research paper so that their best ideas would be captured at each stage, they would be undertaking reciprocal interdependence. Another important type of interdependence that is not specific to the task itself is outcome interdependence, in which the rewards that an individual receives depend on the performance of others.

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.[10] 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. This is consistent with the research findings that effective teams divide up tasks so the best people are in the best positions.

8. 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.

9. Liden, R. C., Wayne, S. J., & Bradway, L. K. (1997). Task interdependence as a moderator of the relation between group control and performance. Human Relations, 50, 169–181.

10. 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.

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

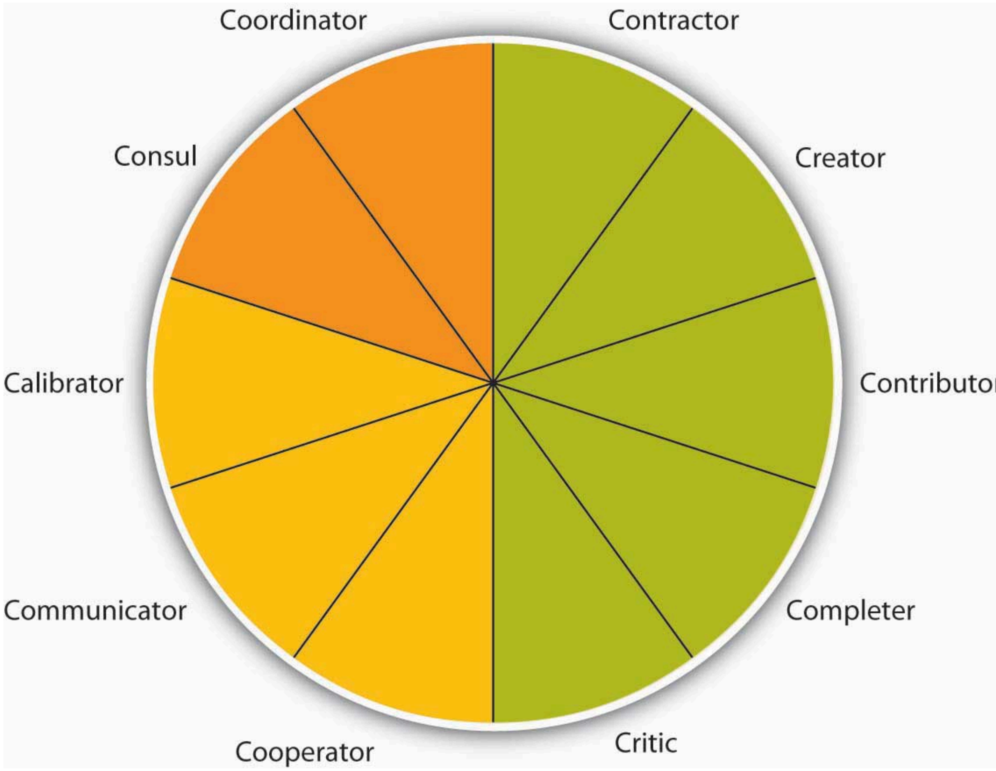
Studies show that individuals who are more aware of team roles and the behaviour required for each role perform better than individuals who do not. This fact remains true for both student project teams as well as work teams, even after accounting for intelligence and personality.[11]

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.[12][13]

11. 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.

12. Mumford, T. V., Van Iddekinge, C., 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

13. 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.



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).[12,13]

Based on decades of research on teams, 10 key roles have been identified[14][15][16] 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.[17][18] 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.

14. Bales, R. F. (1950). Interaction process analysis: A method for the study of small groups. Cambridge, MA: Addison-Wesley.

15. Benne, K. D., & Sheats, P. (1948). Functional roles of group members. Journal of Social Issues, 4, 41–49.

16. Belbin, R. M. (1993). Management teams: Why they succeed or fail. Oxford, England: Butterworth-Heinemann.

17. 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. A. Johnson, & S. T. Beyerlein (Eds.), Advances in interdisciplinary studies of work teams, vol. 3 (pp. 253–291). Greenwich, CT: JAI Press.

18. 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.

1. The contractor role includes behaviours that serve to organize the team's work, including creating team timelines, production schedules, and task sequencing.
2. 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.
3. 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.[19]
4. The completer role is also important, as it transforms ideas into action. Behaviors associated with this role include following up on tasks, such as gathering needed background information or summarizing the team's ideas into reports.
5. 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 collabouration, 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.[20][21][22] Teams that engage in a greater level of boundary-spanning behaviours increase their

19. 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.

20. Anacona, D. G. (1992). Bridging the boundary: External activity and performance in organizational teams. Administrative Science Quarterly, 37, 634–665.

21. Anacona, D. G. (1990). Outward bound: Strategies for team survival in an organization. Academy of Management Journal, 33, 334–365.

22. 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.

team effectiveness.[23] 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.

Types of Teams

There are several types of temporary teams. In fact, one-third of all teams in the United States are temporary in nature.[24] An example of a temporary team is a task force that is asked to address a specific issue or problem until it is resolved. Other teams may be temporary or ongoing, such as product development teams. In addition, matrix organizations have cross-functional teams in which individuals from different parts of the organization staff the team, which may be temporary or long-standing in nature.

Virtual teams are teams in which members are not located in the same physical place. They may be in different cities, states, or even different countries. Some virtual teams are formed by necessity, such as to take advantage of lower labour costs in different countries with upwards of 8.4 million individuals working virtually in at least one team.[25]

Often, virtual teams are formed to take advantage of distributed expertise or time—the needed experts may be living in different cities. A company that sells products around the world, for example, may need technologists who can solve customer problems at any hour of the day or night. It may be difficult to find the caliber of people needed who would be willing to work at 2:00 a.m. on a Saturday, for example. So companies organize virtual technical support teams. BakBone Software Inc., for example, has a 13-member technical support team. All members have degrees in computer science and are divided among offices in California, Maryland, England, and Tokyo. BakBone believes it has been able to hire stronger candidates by drawing from a diverse talent pool and hiring in different geographic regions rather than being limited to one region or time zone.[26]

Despite potential benefits, virtual teams present special management challenges. Managers often think that they have to see team members working in order to believe that work is being done. Because this kind of oversight is impossible in virtual team situations, it is important to devise evaluation schemes that focus on deliverables. Are team members delivering what they said they would? In self-managed teams, are team members producing the results the team decided to measure itself on?

Another special challenge of virtual teams is building trust. Will team members deliver results just as they would in face-to-face teams? Can members trust each other to do what they said they would do?

23. 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.

24. Gordon, J. (1992). Work teams: How far have they come? Training, 29, 59–62.

25. Ahuja, M., & Galvin, J. (2003). Socialization in virtual group. Journal of Management, 29, 161–185.

26. Alexander, S. (2000, November 10). Virtual teams going global. Infoworld. Retrieved August 1, 2008, from http://www.infoworld.com/articles/ca/xml/00/11/13/001113cavirtual.html.

Companies often invest in bringing a virtual team together at least once so members can get to know each other and build trust.[27] In manager-led virtual teams, managers should be held accountable for their team's results and evaluated on their ability as a team leader.

Finally, communication is especially important in virtual teams, be it through e-mail, phone calls, conference calls, or project management tools that help organize work. If individuals in a virtual team are not fully engaged and tend to avoid conflict, team performance can suffer.[28] Massey, & Song, 2001). A wiki is an Internet-based method for many people to collabourate and contribute to a document or discussion. Essentially, the document remains available for team members to access and amend at any time.

The most famous example is Wikipedia, which is gaining traction as a way to structure project work globally and get information into the hands of those that need it. Empowered organizations put information into everyone's hands.[29] Research shows that empowered teams are more effective than those that are not empowered.[30]

Top management teams are appointed by the chief executive officer (CEO) and, ideally, reflect the skills and areas that the CEO considers vital for the company. There are no formal rules about top management team design or structure. The top team often includes representatives from functional areas, such as finance, human resources, and marketing, or key geographic areas, such as Europe, Asia, and North America. Depending on the company, other areas may be represented, such as legal counsel or the company's chief technologist. Typical top management team member titles include chief operating officer (COO), chief financial officer (CFO), chief marketing officer (CMO), or chief technology officer (CTO). Because CEOs spend an increasing amount of time outside their companies (e.g., with suppliers, customers, and regulators), the role of the COO has taken on a much higher level of internal operating responsibilities. In most American companies, the CEO also serves as chairman of the board and can have the additional title of president.

Companies have top teams to help set the company's vision and strategic direction. Top teams make decisions on new markets, expansions, acquisitions, or divestitures. The top team is also important for its symbolic role: How the top team behaves dictates the organization's culture and priorities by allocating resources and by modeling behaviours that will likely be emulated lower down in the organization. Importantly, the top team is most effective when team composition is diverse—functionally and demographically—and when it can truly operate as a *team*, not just as a *group* of individual executives.[31]

27. Kirkman, B. L., Rosen, B., Gibson, C. B., Tesluk, P. E., & McPherson, S. O. (2002). Five challenges to virtual team success: Lessons from Sabre, Inc. Academy of Management Executive, 16, 67–79.

28. Montoya-Weiss, M. M., Massey, A. P., & Song, M. (2001). Getting it together: Temporal coordination and conflict management in global virtual teams. Academy of Management Journal, 44, 1251–1262.

29. Kirkman, B. L., & Rosen, B. (2000). Powering up teams. Organizational Dynamics, 48–66

30. Mathieu, J. E., Gilson, L. L., & Ruddy, T. M. (2006). Empowerment and team effectiveness: An empirical test of an integrated model. Journal of Applied Psychology, 91, 97–108.

31. Carpenter, M. A., Geletkanycz, M. A., & Sanders, W. G. (2004). The upper echelons revisited: The antecedents, elements, and consequences of TMT composition. Journal of Management, 30, 749–778.

The people make the place holds especially true for members of the top management team. In a study of 15 firms that demonstrated excellence, defined as sustained performance over a 15-year period, leadership researcher Jim Collins noted that those firms attended to people first and strategy second. "They got the right people on the bus, moved the wrong people off the bus, ushered the right people to the right seats—then they figured out where to drive it".[32] The best teams plan for turnover. Succession planning is the process of identifying future members of the top management team. Effective succession planning allows the best top teams to achieve high performance today and create a legacy of high performance for the future.

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.

Organizations began to use self-managed teams as a way to reduce hierarchy by allowing team members to complete tasks and solve problems on their own. The benefits of self-managed teams extend much further. Research has shown that employees in self-managed teams have higher job satisfaction, increased self-esteem, and grow more on the job. The benefits to the organization include increased productivity, increased flexibility, and lower turnover. Self-managed teams can be found at all levels of the organization, and they bring particular benefits to lower level employees by giving them a sense of ownership of their jobs that they may not otherwise have. The increased satisfaction can also reduce absenteeism, because employees do not want to let their team members down.

Typical team goals are improving quality, reducing costs, and meeting deadlines. Teams also have a "stretch" goal—a goal that is difficult to reach but important to the business unit. Many teams also have special project goals. Texas Instruments (TI), a company that makes semiconductors, used self-directed teams to make improvements in work processes (Welins, Byham, & Dixon, 1994). Teams were allowed to set their own goals in conjunction with managers and other teams. TI also added an individual component to the typical team compensation system.

This individual component rewarded team members for learning new skills that added to their knowledge. These "knowledge blocks" include topics such as leadership, administration, and problem solving. The team decides what additional skills people might need to help the team meet its objectives. Team members would then take classes and/or otherwise demonstrate their proficiency in that new skill on the job in order to get certification for mastery of the skill. Individuals could then be evaluated based on their contribution to the team and how they are building skills to support the team.

32. Collins, J. (2001, July–August). Level leadership. Harvard Business Review, 66–76.

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.[33][34] Self-managed teams may still have a leader who helps them coordinate with the larger organization.[35]

For a product team composed of engineering, production, and marketing employees, being empowered means that the team can decide everything about a product's appearance, production, and cost without having to get permission or sign-off from higher management. As a result, empowered teams can more effectively meet tighter deadlines. At AT&T Inc., for example, the model-4200 phone team cut development time in half while lowering costs and improving quality by using the empowered team approach.[36] A special form of self-managed teams are self-directed teams, which also determine who will lead them with no external oversight.

Traditionally managed teams	**Self-managed teams**	**Self-directed team**
• Leader resides outside the team • Potential for low autonomy	• The team manages itself but still has a team leader • Potential for low, medium, or high autonomy	• The team makes all decisions internally about leadership and how work is done • Potential for high autonomy

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.

33. Alper, S., Tjosvold, D., & Law, K. S. (2000). Conflict management, efficacy, and performance in organizational teams. Personnel Psychology, 53, 625–642.
34. Langfred, C. W. (2005). Autonomy and performance in teams: The multilevel moderating effect of task interdependence. Journal of Management, 31, 513–529.
35. 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.
36. Parker, G. (1994). Crossfunctional teams. San Francisco: Jossey-Bass.

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.[37]

When talking to potential team members, be sure to communicate the job requirements and norms of the team. To the degree that this is not possible, such as when already existing groups are utilized, think of ways to train the team members as much as possible to help ensure success. 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.[38][39]

37. 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.

38. 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.

39. 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.

How Large Should My Team Be?

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. credit: RSNY – Team – CC BY-NC-ND 2.0.

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.[40][41] When deciding team size, a good rule of thumb is a size of two to 20 members. Research shows that groups with more than 20 members have less cooperation.[42] 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 (remember social loafing?). Some tasks, however, require larger team sizes because of the need for diverse skills or because of the complexity of the task.

40. McGrath, J. E. (1984). Groups: Interaction and performance. Englewood Cliffs, NJ: Prentice Hall.

41. Solomon, H. (1960). Mathematical thinking in the measurement of behaviour. Glencoe, IL: Free Press.

42. Gratton, L., & Erickson, T. J. (2007, November). 8 ways to build collabourative teams. Harvard Business Review, 101–109.

In those cases, the best solution is to create subteams in which one member from each subteam 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.[43][44] 1991;[45] 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.[46][47] 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.[48] 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.[49] 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.[50][51]

43. 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.
44. Magjuka, R. J., & Baldwin, T. T. (1991). Team-based employee involvement programs: Effects of design and administration. Personnel Psychology, 44, 793–812.
45. 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 Behavioral Science, 31, 303–327
46. Jackson, S. E., Joshi, A., & Erhardt, N. L. (2003). Recent research on team and organizational diversity: SWOT analysis and implications. Journal of Management, 29, 801–830.
47. 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.
48. Homan, A. C., van Knippenberg, D., Van Kleef, G. A., & De Dreu, C. K. W. (2007). Bridging faultlines by valuing diversity: Diversity beliefs, information elabouration, and performance in diverse work groups. Journal of Applied Psychology, 92, 1189–1199.
49. Surowiecki, J. (2005). The wisdom of crowds. New York: Anchor Books.
50. Eisenhardt, K. M., & Tabrizi, B. N. (1995). Accelerating adaptive processes: Product innovation in the global computer industry. Science Quarterly, 4, 84–110.
51. 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.

Members will be more inclined to make different kinds of mistakes, which means that they'll be able to catch and correct those mistakes.

Key Takeaways

- Groups and teams are not the same thing. Organizations have moved toward the extensive use of teams within organizations.
- The tasks a team is charged with accomplishing affect how they perform.
- In general, task interdependence works well for self-managing teams.
- Team roles consist of task, social, and boundary-spanning roles.
- Different types of teams include task forces, product development teams, cross-functional teams, and top management teams.
- Team leadership and autonomy varies, depending on whether the team is traditionally managed, self-managed, or self-directed.
- Teams are most effective when they comprise members with the right skills for the tasks at hand, are not too large, and contain diversity across team members.

Exercises

1. Think of the last team you were in. Did the task you were asked to do affect the team? Why or why not?
2. Which of the 10 work roles do you normally take in a team? How difficult or easy do you think it would be for you to take on a different role?
3. Have you ever worked in a virtual team? If so, what were the challenges and advantages of working virtually?
4. How large do you think teams should be and why?

5.4 Management of Teams

Learning Objectives

1. Understand how to create team norms, roles, and expectations.
2. Identify keys to running effective team meetings.

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 organization'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.

Exercise -Square Wheels Exercise and Group Discussion

Sometimes it can be challenging to start a conversation around team ground rules and performance. The following exercise can be used to get individuals talking about what works and what doesn't work in teams they've worked in and how your team can be designed most effectively.

Credit: Michael Vroegop – [a bike that can only run on special roads.] – CC BY 2.0.

1. What is happening in this picture represents how many organizations seem to operate.
2. On a piece of paper have everyone in your team write on this form and identify as many of the key issues and opportunities for improvement as you can.
3. Following this, have a conversation around what this illustration might mean for your own team.

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.[12] 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?

1. Katzenback, J. R., & Smith, D. K. (1993). The wisdom of teams. Boston, MA: Harvard Business School.

2. 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.

- *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.[3]

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,

3. Haynes, M. E. (1997). Effective meeting skills. Menlo Park, CA: Crisp.

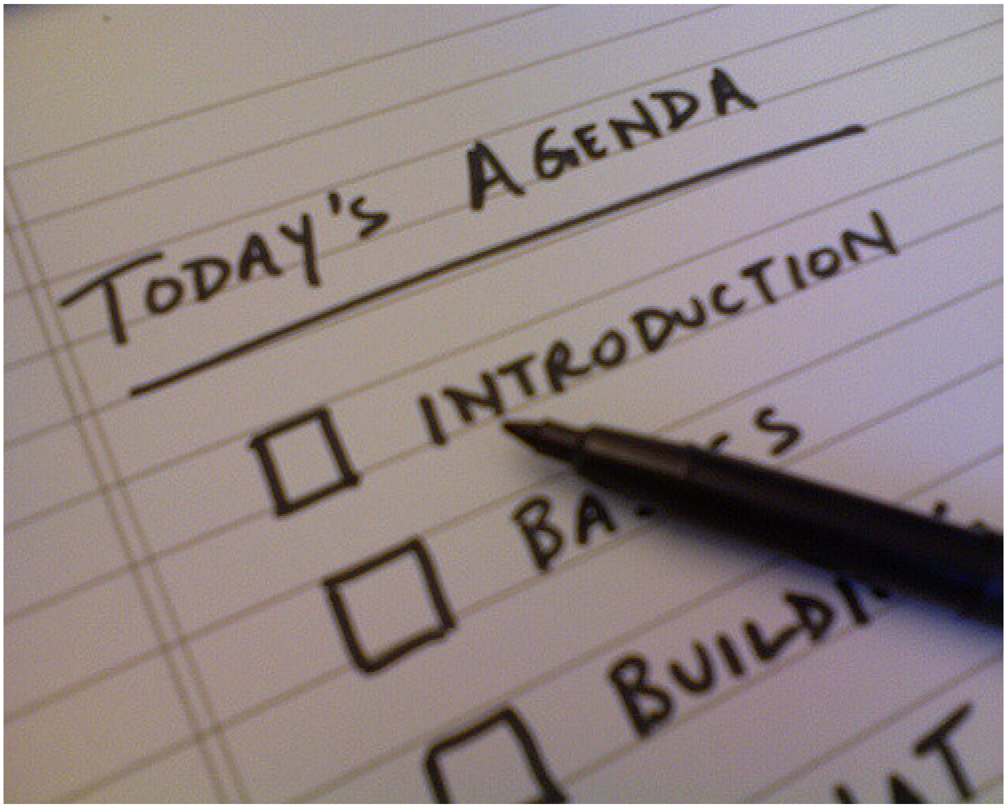
team performance or morale can be negatively impacted. Follow up to make sure everyone is prepared. As a team member, inform others immediately if you will not be ready with your tasks so that they can determine whether the meeting should be postponed.

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.



Credit: Rajiv Patel – Todays Agenda – CC BY-NC 2.0.

Conducting meetings standing up saves time yet keeps information flowing across the team. This technique is used by Johnson & Johnson Services Inc., Ritz-Carlton Company LLC, ThoughtWorks Inc., Agile Software, and Corning Inc. Credit: Karlis Dambrans – [Meetings](#) – CC BY 2.0.

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 vitality 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 Takeaways

- 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?

5.5 Barriers to Effective Teams

Learning Objectives

1. Recognize common barriers to effective teams.
2. Learn how to address some of the most common barriers and maintain group effectiveness.

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 air time 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.[1] 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.[2] 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.[3]

Key Takeaways

- 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. 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.
2. 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.
3. Scholtes, P. (1988). The team handbook. Madison, WI: Joiner Associates.

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.

5.6 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of ethics and teams.
2. Consider teams around the globe.

Ethics and Teams

The use of teams, especially self-managing teams, has been seen as a way to overcome the negatives of bureaucracy and hierarchical control. Giving teams the authority and responsibility to make their own decisions seems to empower individuals and the team alike by distributing power more equitably. Interestingly, research by James Barker shows that sometimes replacing a hierarchy with self-managing teams can actually increase control over individual workers and constrain members more powerfully than a hierarchical system.[1] Studying a small manufacturing company that switched to self-managing teams, Barker interviewed team members and found an unexpected result: Team members felt more closely watched under self-managing teams than under the old system. Ronald, a technical worker, said, "I don't have to sit there and look for the boss to be around; and if the boss is not around, I can sit there and talk to my neighbour or do what I want. Now the whole team is around me and the whole team is observing what I'm doing." Ronald said that while his old supervisor might tolerate someone coming in a few minutes late, his team had adopted a "no tolerance" policy on tardiness, and members carefully monitored their own behaviours.

Team pressure can harm a company as well. Consider a sales team whose motto of "sales above all" hurts the ability of the company to gain loyal customers.[2] The sales team feels pressure to lie to customers to make sales. Their misrepresentations and unethical behaviour gets them the quick sale but curtails their ability to get future sales from repeat customers.

Teams Around the Globe

People from different cultures often have different beliefs, norms, and ways of viewing the world. These kinds of country-by-country differences have been studied by the GLOBE Project, in which 170 researchers collected and analyzed data on cultural values, practices, and leadership attributes from over

1. Barker, J. R. (1993, September). Tightening the iron cage: Concertive control in self-managing teams. Administrative Science Quarterly, 38, 408–437.

2. DiModica. P. (2008, March 13). Managing sales team ethics and sales morality. Value Forward Group. Retrieved August 1, 2008, from http://www.valueforward.com/20080313.html.

17,000 managers in 62 societal cultures.[3] GLOBE identified nine dimensions of culture. One of the identified dimensions is a measure called **collectivism**. Collectivism focuses on the degree to which the society reinforces collective over individual achievement. Collectivist societies value interpersonal relationships over individual achievement. Societies that rank high on collectivism show more close ties between individuals. The United States and Australia rank low on the collectivism dimension, whereas countries such as Mexico and Taiwan rank high on that dimension. High collectivism manifests itself in close, long-term commitment to the member group. In a collectivist culture, loyalty is paramount and overrides most other societal rules and regulations. The society fosters strong relationships in which everyone takes responsibility for fellow members of their group.

Harrison, McKinnon, Wu, and Chow explored the cultural factors that may influence how well employees adapt to fluid work groups.[4] The researchers studied groups in Taiwan and Australia. Taiwan ranks high on collectivism, while Australia ranks low. The results: Australian managers reported that employees adapted more readily to working in different teams, working under different leaders, and taking on leadership of project teams than the middle managers in Taiwan reported. The two samples were matched in terms of the functional background of the managers, size and industries of the firms, and local firms. These additional controls provided greater confidence in attributing the observed differences to cultural values.

In other research, researchers analyzed the evaluation of team member behaviour by part-time MBA students in the United States and Mexico.[5] The United States ranks low on collectivism while Mexico ranks high. They found that collectivism (measured at the individual level) had a positive relationship to the evaluation of a teammate. Furthermore, the evaluation was higher for in-group members among the Mexican respondents than among the U.S. respondents.

Power distance is another culture dimension. People in high power distance countries expect unequal power distribution and greater stratification, whether that stratification is economic, social, or political. An individual in a position of authority in these countries expects (and receives) obedience. Decision making is hierarchical, with limited participation and communication. Countries with a low power distance rating, such as Australia, value cooperative interaction across power levels. Individuals stress equality and opportunity for everyone.

Another study by researchers compared national differences in teamwork metaphors used by employees in six multinational corporations in four countries: the United States, France, Puerto Rico, and the Philippines.[6] They identified five metaphors: military, family, sports, associates, and community. Results showed national variation in the use of the five metaphors. Specifically, countries high in individualism (United States and France) tended to use the sports or associates metaphors, while countries high in

3. Javidan, M., Dorfman, P., Sully de Luque, M., & House, R. (2006, February). In the eye of the beholder: Cross cultural lessons in leadership from Project GLOBE. Academy of Management Perspectives, 20, 67–90.

4. Harrison, G. L., McKinnon, J. L., Wu, A., & Chow, C. W. (2000). Cultural influences on adaptation to fluid workgroups and teams. Journal of International Business Studies, 31(3), 489–505.

5. Gomez, C., Kirkman, B. L., & Shapiro, D. L. (2000). The impact of collectivism and in-group/out-group membership on the evaluation generosity of team members. Academy of Management Journal, 43(6), 1097–1106.

6. Gibson, C. B., & Zellmer-Bruhn, M. E. (2001). Metaphors and meaning: An intercultural analysis of the concept of teamwork. Administrative Science Quarterly, 46(2), 274–303.

power distance (Philippines and Puerto Rico) tended to use the military or family metaphors. Further, power distance and collectivistic values were negatively associated with the use of teamwork metaphors that emphasized clear roles and broad scope. These results suggest that the meaning of teamwork may differ across cultures and, in turn, imply potential differences in team norms and team-member behaviours.

Key Takeaways

- Self-managing teams shift the role of control from management to the team itself.
- This can be highly effective, but if team members put too much pressure on one another, problems can arise.
- It is also important to make sure teams work toward organizational goals as well as specific team-level goals.
- Teams around the globe vary in terms of collectivism and power distance.
- These differences can affect how teams operate in countries around the world.

Exercises

1. Have you ever felt pressure from team members to do something you didn’t want to do? If so, how did you handle it?
2. In what ways do you think culture can affect a team?

5.7 Green Teams at Work

The Case of New Seasons Market[1]

Credit: [Wikimedia Commons](#) – CC BY-SA 2.0.

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 neighbourhoods. Though the look and products of the stores are consistent, each store is predominantly staffed by individuals that live in the local neighbourhood, enabling each store to know the needs of its customers and create an internal identity all its own.

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

1. Based on information from Schmidt, H. (2010, March 12). Personal communication; Information retrieved March 20, 2010, from New Seasons Market Web site: http://www.newseasonsmarket.com; 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.

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 employees who participate with incentives. 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 Web site 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."

Discussion Questions

1. In what ways has New Seasons Market followed the steps for creating and maintaining a cohesive team?
2. What types of teams are the Green Teams?
3. How can we tell if the Green Teams are successful or not?
4. What types of problems might the Green Teams encounter?
5. How would you recommend Green Teams resolve potential conflicts?

5.8 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 organization'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.

5.9 Exercises

Ethical Question Exercise

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.

What Do You Think?

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 6: Conflict and Negotiations

Learning Objectives

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.
6. Understand how to avoid common negotiation mistakes.
7. Engage in conflict management and negotiation ethically.
8. Understand cross-cultural differences in conflict and negotiation

6.1 Negotiation Failure

The Case of PointCast[1]

Credit: 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.

1. Based on information from 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; 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.

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.

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?

6.2 Understanding Conflict

Learning Objectives

1. Define conflict.
2. Understand different types of conflict.
3. Address whether conflict is always negative.

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.[1] 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.[2] 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.

1. National Institute for Occupational Safety and Health. (1997). Violence in the workplace. Retrieved November 14, 2008, from http://www.cdc.gov/niosh/violfs.html.

2. Wall, J. A., & Callister, R. R. (1995). Conflict and its management. Journal of Management, 21, 515–558.

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.

1. 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.
2. 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.
3. 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

Of the conflict between Michael Dell (shown here) and Steve Jobs, David Yoffie, a professor at the Harvard Business School who closely follows the computer industry, notes that the conflict may stem from their differences in terms of being from different generations and having different management styles. [*Wikimedia Commons*](#) *– CC BY 2.0.*

Interpersonal conflict is among individuals such as coworkers, a manager and an employee, 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.[3]

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.[4] 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".[5][6]

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 values 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.

3. 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.

4. Whitehouse, K. (2008, January 14). Why CEOs need to be honest with their boards. Wall Street Journal, Eastern edition, pp. R1–R3.

5. 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.

6. 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.

Intergroup Conflict

Credit: Wikimedia Commons – CC BY-SA 3.0.

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.

Intergroup conflict is conflict that 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.[7] 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.

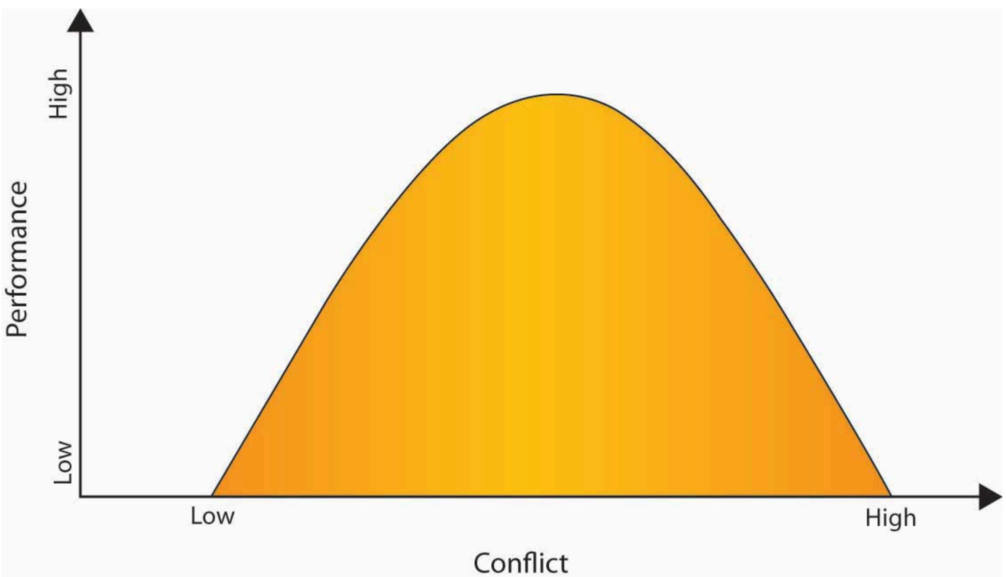
7. \Stoykewych, R. E. (2003, March 7). A note on the seniority resolutions arising out of the merger of Air Canada and Canadian Airlines. Paper presented at the American Bar Association Midwinter Meeting, Laguna Beach, CA.

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.[8]

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.

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.[9]

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

8. 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.

9. 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.

of that and get to the issues," notes a trainer from Intel University.[10] 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.[11]

Key Takeaways

- Conflict can be a problem for individuals and organizations.
- There are several different types of conflict, including intrapersonal, interpersonal, and intergroup conflict.
- Moderate conflict can be a healthy and necessary part of organizational 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. Dahle, C. (2001, June). Is the Internet second nature? Fast Company, 48, 144.

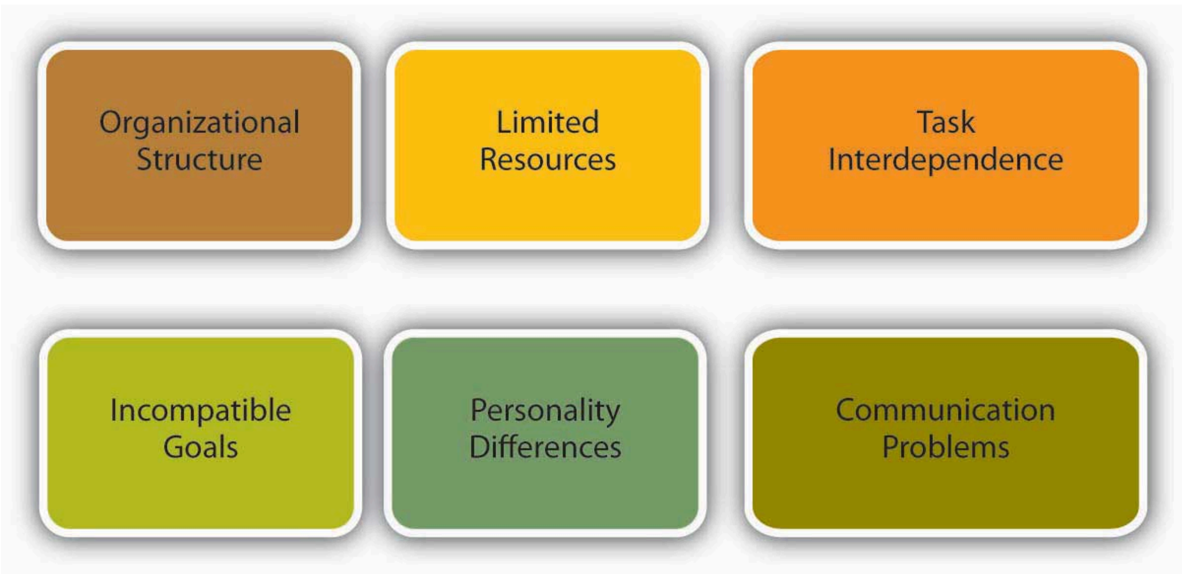
11. Jehn, K. A., & Mannix, E. A. (2001). The dynamic nature of conflict: A longitudinal study of intergroup conflict and group performance. Academy of Management Journal, 44, 238–251.

6.3 Causes and Outcomes of Conflict

Learning Objectives

1. Understand different causes of conflict.
2. Understand jobs at risk for conflict.
3. Learn the 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.



Potential Causes of Conflict

Causes of Conflict

Organizational Structure

Conflict tends to take different forms, depending upon the organizational structure.[1] For example, if a company uses a matrix
structure as its organizational form, it will have decisional conflict built in, because the structure

1. Jaffe, D. (2000). Organizational theory: Tension and change. New York: McGraw Hill.

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 .[2]

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 favour of the added expense.

2. Taylor, W. (1991, March–April). The logic of global business: An interview with ABB's Percy Barnevik. Harvard Business Review, 69, 90–105.

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 lets us 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.[3]

Communication Problems

Sometimes conflict arises simply out of a small, unintentional communication problem, such as lost e-mails 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.

In another example, the Hershey Company was engaged in talks behind closed doors with Cadbury Schweppes about a possible merger. No information about this deal was shared with Hershey's major stakeholder, the Hershey Trust. When Robert Vowler, CEO of the Hershey Trust, discovered that talks were underway without anyone consulting the Trust, tensions between the major stakeholders began to rise. As Hershey's continued to underperform, steps were taken in what is now called the "Sunday night massacre," in which several board members were forced to resign and Richard Lenny, Hershey's then current CEO, retired.[4] This example shows how a lack of communication can lead to an escalation of conflict. Time will tell what the lasting effects of this conflict will be, but in the short term, effective communication will be the key. Now, let's turn our attention to the outcomes of conflict.

Outcomes of Conflict

One of the most common outcomes of conflict is that it upsets parties in the short run.[5] 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:

3. Baron, R. A. (1989). Personality and organizational conflict: Type A behaviour pattern and self-monitoring. Organizational Behavior and Human Decision Processes, 44, 281–297.

4. Jargon, J., Karnitschnig, M., & Lublin, J. S. (2008, February 23). How Hershey went sour. Wall Street Journal, pp. B1, B5.

5. 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 organizations (pp. 7–19). Newbury Park, CA: Sage.

- 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

Is Your Job at Risk for Workplace Violence?[6]

You may be at increased risk for workplace violence if your job involves the following:

Dealing With People

- Caring for others either emotionally or physically, such as at a nursing home.
- Interacting with frustrated customers, such as with retail sales.
- Supervising others, such as being a manager.
- Denying requests others make of you, such as with customer service.

Being in High-Risk Situations

- Dealing with valuables or exchanging money, such as in banking.
- Handling weapons, such as in law enforcement.
- Working with drugs, alcohol, or those under the influence of them, such as bartending.
- Working nights or weekends, such as gas station attendants.

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.

6. Adapted from information in LeBlanc, M. M., & Kelloway, E. K. (2002). Predictors and outcomes of workplace violence and aggression. Journal of Applied Psychology, 87, 444–453; National Institute for Occupational Safety and Health. (1997). Violence in the workplace. Retrieved November 12, 2008, from http://www.cdc.gov/niosh/violfs.html; National Institute for Occupational Safety and Health. (2006). Workplace prevention strategies and research needs. Retrieved November 12, 2008, from http://www.cdc.gov/niosh/docs/2006-144/.

Key Takeaways

- Conflict has many causes, including organizational 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?
3. Which types of job are the most at risk for workplace violence?
4. Why do you think that is?
5. What outcomes have you observed from conflict?

6.4 Conflict Management

Learning Objectives

1. Understand different ways to manage conflict.
2. Understand your own communication style.
3. Learn to stimulate conflict if needed.

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.[1]

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.

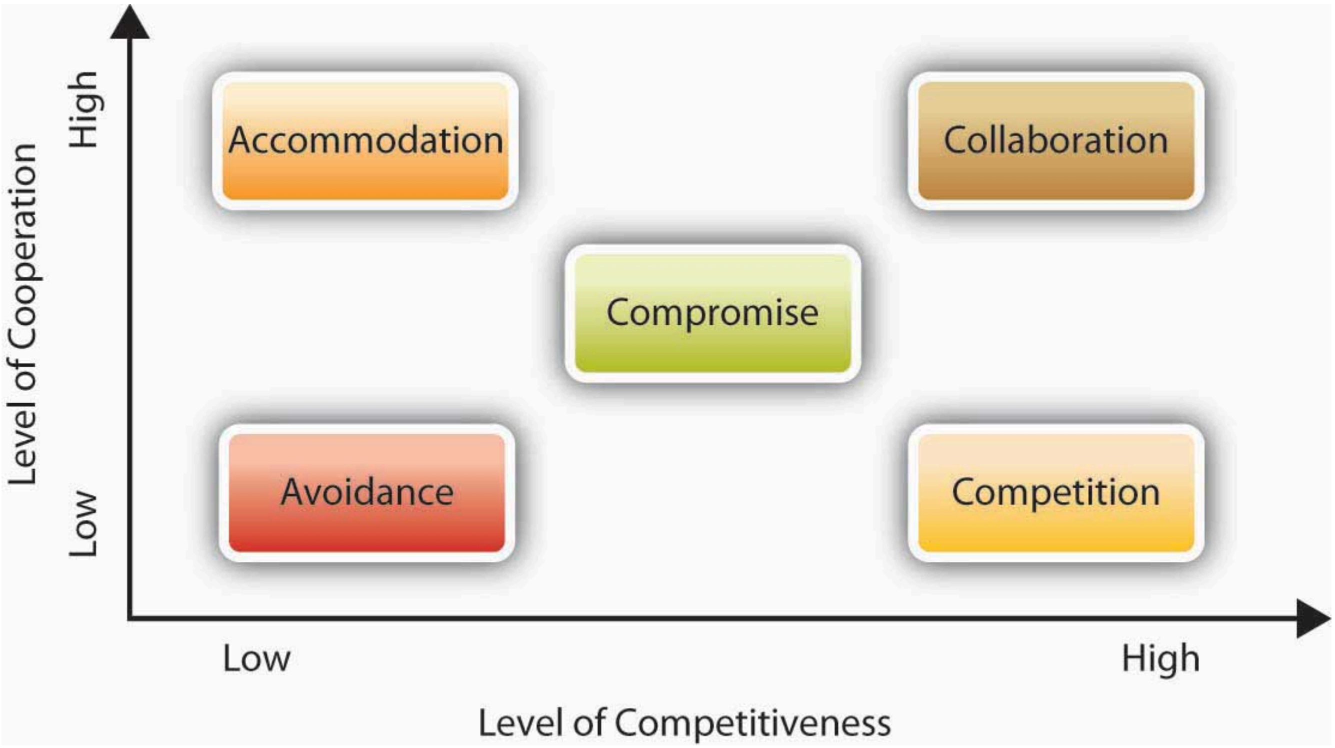
Problem Solve

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.

1. Gordon, J., Mondy, R. W., Sharplin, A., & Premeaux, S. R. (1990). Management and organizational behaviour. New York: Simon & Schuster, p. 540.



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.[2]

Competition

Body language can fuel a conflict. Credit: 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.

2. Horowitz, A., Jacobson, D., Lasswell, M., & Thomas, O. (2006, January–February). 101 dumbest moments in business. Business 2.0, 7(1), 98–136.

Collabouration

The collabourating 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 integrative 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 collabourative 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.[3] 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.

What If You Don't Have Enough Conflict Over Ideas?

Part of effective conflict management is knowing when proper stimulation is necessary. Many people think that conflict is inherently bad—that it undermines goals or shows that a group or meeting is not running smoothly. In fact, if there is no conflict, it may mean that people are silencing themselves and withholding their opinions. The reality is that within meaningful group discussions there are usually varying opinions about the best course of action. If people are suppressing their opinions, the final result may not be the best solution. During healthy debates, people point out difficulties or weaknesses in a proposed alternative and can work together to solve them. The key to keeping the disagreement healthy is to keep the discussion focused on the task, not the personalities. For example, a comment

3. Howat, G., & London, M. (1980). Attributions of conflict management strategies in supervisor-subordinate dyads. Journal of Applied Psychology, 65, 172–175.

such as “Jack’s ideas have never worked before. I doubt his current idea will be any better” is not constructive. Instead, a comment such as “This production step uses a degreaser that’s considered a hazardous material. Can we think of an alternative degreaser that’s nontoxic?” is more productive. It challenges the group to improve upon the existing idea.

Traditionally, Hewlett-Packard Development Company LP was known as a “nice” organization. Throughout its history, HP viewed itself as a scientific organization, and their culture valued teamwork and respect. But over time, HP learned that you can be “nice to death.” In fact, in the 1990s, HP found it difficult to partner with other organizations because of their culture differences. During role plays created to help HP managers be more dynamic, the trainers had to modify several role-plays, because participants simply said, “That would never happen at HP,” over the smallest conflict. All this probably played a role in the discomfort many felt with Carly Fiorina’s style as CEO and the merge she orchestrated with Compaq Computer Corporation, which ultimately caused the board of directors to fire Fiorina. On the other hand, no one is calling HP “too nice” anymore.

OB Toolbox: How Can You Stimulate Conflict?

- Encourage people to raise issues and disagree with you or the status quo without fear of reprisal. An issue festering beneath the surface, when brought out into the open, may turn out to be a minor issue that can be easily addressed and resolved.
- Assign a devil’s advocate to stimulate alternative viewpoints. If a business unit is getting stagnant, bring in new people to “shake things up.”
- Create a competition among teams, offering a bonus to the team that comes up with the best solution to a problem. For example, have two product development teams compete on designing a new product. Or, reward the team that has the fewest customer complaints or achieves the highest customer satisfaction rating.
- Build some ambiguity into the process. When individuals are free to come up with their own ideas about how to complete a task, the outcome may be surprising, and it allows for more healthy disagreements along the way.

Key Takeaways

- Conflict management techniques include changing organizational 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, collabourating, 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.

6.5 Negotiations

Learning Objectives

Learn the five phases of negotiation.

1. Learn negotiation strategies.
2. Avoid common mistakes in negotiations.
3. Learn about third-party 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

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".[1]

1. 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.

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".[2]

The party with the best BATNA has the best negotiating position, so try to improve your BATNA whenever possible by exploring possible alternatives.[3]

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?

2. Fisher, R., & Ury, W. (1981). Getting to yes: Negotiating agreement without giving in. New York: Penguin Books.

3. Pinkley, R. L. (1995). Impact of knowledge regarding alternatives to settlement in dyadic negotiations: Whose knowledge counts? Journal of Applied Psychology, 80, 403–417.

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.[4] Knowing this lets Greenpeace counter those arguments and puts Greenpeace in a stronger position to achieve its goals.

OB Toolbox: BATNA Best Practices[5]

1. Brainstorm a list of alternatives that you might conceivably take if the negotiation doesn't lead to a favorable outcome for you.
2. Improve on some of the more promising ideas and convert them into actionable alternatives.
3. Identify the most beneficial alternative to be kept in reserve as a fall-back during the negotiation.
4. Remember that your BATNA may evolve over time, so keep revising it to make sure it is still accurate.
5. Don't reveal your BATNA to the other party. If your BATNA turns out to be worse than what the other party expected, their offer may go down, as PointCast learned in the opening case.

4. 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.

5. Adapted from information in Spangler, B. (2003, June). Best Alternative to a Negotiated Agreement (BATNA). Retrieved November 12, 2008, from http://www.beyondintractability.org/essay/batna/; Conflict Research Consortium, University of Colorado. (1998). Limits to agreement: Better alternatives. Retrieved November 12, 2008, from http://www.colourado.edu/conflict/peace/problem/batna.htm; Venter, D. (2003). What is a BATNA? Retrieved January 14, 2008, from http://www.negotiationeurope.com/articles/batna.html.

Phase 3: Presentation

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. Credit: The Bush Center – Negotiations – CC BY-NC-ND 2.0.

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.

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.[6]

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 be walked away from. 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

6. Malhotra, D., & Bazerman, M. H. (2007, September). Investigative negotiation. Harvard Business Review, 85, 72.

most interested in obtaining the lowest price possible. In order 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.[7]

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.

Should You Negotiate for a Higher Salary?[8]

Yes! According to a survey conducted by CareerBuilder.com, 58% of hiring managers say they leave some negotiating room when extending initial job offers.

The survey also found that many of the hiring managers agree to a candidate’s request for a higher salary. “Salary negotiation has become a growing opportunity in the job acquisition process,” says Bill Hawkins, president and CEO of The Hawkins Company, a full-service executive search firm with offices in Los Angeles and Atlanta. “Candidates who fail to make a counteroffer could forfeit significant income.”

Negotiation Strategies

Distributive Approach

The distributive view of negotiation is the traditional fixed-pie approach. That is, negotiators see the situation as a pie that they have to divide between them. Each tries to get more of the pie and “win.” For example, managers may compete over shares of a budget. If marketing gets a 10% increase in its budget, another department such as R&D will need to decrease its budget by 10% to offset the marketing increase. Focusing on a fixed pie is a common mistake in negotiation, because this view limits the creative solutions possible.

Integrative Approach

A newer, more creative approach to negotiation is called the integrative approach. In this approach, both parties look for ways to integrate their goals under a larger umbrella. That is, they look for ways to *expand* the pie, so that each party gets more. This is also called a win–win approach. The first step of the integrative approach is to enter the negotiation from a cooperative rather than an adversarial stance. The second step is all about listening. Listening develops trust as each party learns what the other wants

7. Malhotra, D., & Bazerman, M. H. (2007, September). Investigative negotiation. Harvard Business Review, 85, 72.

8. Adapted from information in Reed-Woodard, M. (2007, April). Taking money off the table. Black Enterprise, 37(9), 60–61.

and everyone involved arrives at a mutual understanding. Then, all parties can explore ways to achieve the individual goals. The general idea is, “If we put our heads together, we can find a solution that addresses everybody’s needs.” Unfortunately, integrative outcomes are not the norm. A summary of 32 experiments on negotiations found that although they could have resulted in integrated outcomes, only 20% did so.[9] One key factor related to finding integrated solutions is the experience of the negotiators who were able to reach them.[10]

OB Toolbox: Seven Steps to Negotiating a Higher Salary[11]

Step 1: Overcome your fear.

The first step is to overcome your fears. Many people don’t even begin a salary negotiation. We may be afraid of angering the boss or think that because we are doing a good job, we’ll automatically be rewarded. But, just because you’re doing a good job doesn’t mean you’ll automatically get a raise. Why? If you don’t ask for one, the boss may believe you’re satisfied with what you’re getting. So why should he pay you more? Imagine going into a car dealership and being absolutely delighted with a car choice. The sticker price is $19,000. Would you pay the dealer $23,000 just because you really like the car? Of course not. You probably wouldn’t even offer $19,000. If the car was up for auction, however, and another bidder offered $20,000, you’d likely increase your offer, too.

That’s what salary negotiation is like. Your boss may be thrilled with you but at the same time is running a business. There’s no reason to pay an employee more if you seem satisfied with your current salary.

Step 2: Get the facts.

Before you enter into the negotiation, do some background research. What are other companies paying people in your position? Check sites such as Payscale.com, salary.com, and salaryexpert.com to get a feel for the market. Look at surveys conducted by your professional organization.

Step 3: Build your case.

How important are you to the organization? How have you contributed? Perhaps you contributed by increasing sales, winning over angry customers, getting feuding team members to cooperate, and so on. Make a list of your contributions. Be sure to focus on the contributions that your boss values most. Is it getting recognition for the department? Easing workload? If another employer has shown interest in you, mention that as a fact. However, don’t use this as a threat unless you’re prepared to take the other offer. Mentioning interest from another employer gets the boss to think, “If I don’t give this raise, I may lose the employee.” (By the way, if you don’t feel you have a strong case for your raise, perhaps this isn’t the time to ask for one.)

Step 4: Know what you want.

Set your target salary goal based on your research and the norms of what your organization will pay. Now ask yourself, if you don’t get this figure, would you quit? If not, are there other alternatives besides a salary

9. Thompson, L., & Hrebec, D. (1996). Lose-lose agreements in interdependent decision making. Psychological Bulletin, 120, 396–409.

10. Thompson, L. (1990). Negotiation behaviour and outcomes: Empirical evidence and theoretical issues. Psychological Bulletin, 108, 515–532.

11. Adapted from information in Brodow, E. (2006). Negotiation boot camp. New York: Currency/Doubleday; Nemko, M. (2007, December 31). The general way to get a raise. U.S. News & World Report, 57.

increase that you'd consider? For example, would you accept a higher title? More vacation time? Paid training to learn a new skill? Flexible hours?

Step 5: Begin assertively.

Start the discussion on a strong but friendly tone. "I think I'm worth more than I'm being paid." List the ways you've contributed to the company.

Step 6: Don't make the first offer.

Let your boss name the figure. You can do this by asking, "How much of a raise could you approve?" However, if the boss insists that you name a figure, ask for the most that you can reasonably expect to get. You want to be reasonable, but you need to allow room to make a concession. Your boss will assume your opening number was high and will offer you less, so asking for the actual figure you want may leave you feeling disappointed.

If the boss opens with, "The salary range for this position is $66,000 to 78,000," ask for the high end. If your goal was higher than that range, challenge the range by explaining how you are an exception and why you deserve more.

Step 7: Listen more than talk.

You'll learn more by listening rather than talking. The more you listen, the better the boss will feel about you—people tend to like and trust people who listen to them.

If you can't get a raise now, get your boss to agree to one in a few months if you meet agreed-upon objectives.

Avoiding Common Mistakes in Negotiations

Failing to Negotiate/Accepting the First Offer

You may have heard that women typically make less money than men. Researchers have established that about one-third of the gender differences observed in the salaries of men and women can be traced back to differences in starting salaries, with women making less, on average, when they start their jobs.[12] Some people are taught to feel that negotiation is a conflict situation, and these individuals may tend to avoid negotiations to avoid conflict. Research shows that this negotiation avoidance is especially prevalent among women. For example, one study looked at students from Carnegie-Mellon who were getting their first job after earning a master's degree. The study found that only 7% of the women negotiated their offer, while men negotiated 57% of the time.[13] The result had profound consequences. Researchers calculate that people who routinely negotiate salary increases will earn over $1 million more by retirement than people who accept an initial offer every time without asking for more.[14] The good

12. Gerhart, B. (1990). Gender differences in current and starting salaries: The role of performance, college major, and job title. Industrial and Labor Relations Review, 43, 418–433.

13. CNN. (2003, August 21). Interview with Linda Babcock. Retrieved November 14, 2008, from http://transcripts.cnn.com/TRANSCRIPTS/0308/21/se.04.html.

14. Babcock, L., & Lascheve, S. (2003). Women don't ask: Negotiation and the gender divide. Princeton, NJ: Princeton University Press.

news is that it appears that it is possible to increase negotiation efforts and confidence by training people to use effective negotiation skills.[15]

Letting Your Ego Get in the Way

Thinking only about yourself is a common mistake, as we saw in the opening case. People from the United States tend to fall into a self-serving bias in which they overinflate their own worth and discount the worth of others. This can be a disadvantage during negotiations. Instead, think about why the other person would want to accept the deal. People aren't likely to accept a deal that doesn't offer any benefit to them. Help them meet their own goals while you achieve yours. Integrative outcomes depend on having good listening skills, and if you are thinking only about your own needs, you may miss out on important opportunities. Remember that a good business relationship can only be created and maintained if both parties get a fair deal.

Having Unrealistic Expectations

Susan Podziba, a professor of mediation at Harvard and MIT, plays broker for some of the toughest negotiations around, from public policy to marital disputes. She takes an integrative approach in the negotiations, identifying goals that are large enough to encompass both sides. As she puts it, "We are never going to be able to sit at a table with the goal of creating peace and harmony between fishermen and conservationists. But we can establish goals big enough to include the key interests of each party and resolve the specific impasse we are currently facing. Setting reasonable goals at the outset that address each party's concerns will decrease the tension in the room, and will improve the chances of reaching an agreement".[16] Those who set unreasonable expectations are more likely to fail.

Getting Overly Emotional

Negotiations, by their very nature, are emotional. The findings regarding the outcomes of expressing anger during negotiations are mixed. Some researchers have found that those who express anger negotiate worse deals than those who do not[17], and that during online negotiations, those parties who encountered anger were more likely to compete than those who did not.[18] In a study of online negotiations, words such as *despise*, *disgusted*, *furious*, and *hate* were related to a reduced chance of reaching an agreement.[19] However, this finding may depend on individual personalities. Research has

15. Stevens, C. K., Bavetta, A. G., & Gist, M. E. (1993). Gender differences in the acquisition of salary negotiation skills: The role of goals, self-efficacy, and perceived control. Journal of Applied Psychology, 78, 723–735.

16. Rothenberger, C. (2008, September 11). Negotiation 201: Refine your skills. Fast Company. Retrieved January 11, 2008, from http://www.fastcompany.com/articles/team/prob_podziba.html.

17. Kopelman, S., Rosette, A. S., & Thompson, L. (2006). The three faces of Eve: An examination of the strategic display of positive, negative, and neutral emotions in negotiations. Organizational behaviour and human decision processes, 99, 81–101.

18. Friedman, R., Anderson, C., Brett, J., Olekalns, M., Goates, N., & Lisco, C. C. (2004). The positive and negative effects of anger on dispute resolution: Evidence from electronically mediated disputes. Journal of Applied Psychology, 89, 369–376.

19. Brett, J. M., Olekalns, M., Friedman, R., Goates, N., Anderson, C., & Lisco, C. C. (2007). Sticks and stones: Language, face, and online dispute resolution. Academy of Management Journal, 50, 85–99.

also shown that those with more power may be more effective when displaying anger. The weaker party may perceive the anger as potentially signaling that the deal is falling apart and may concede items to help move things along.[20] This holds for online negotiations as well. In a study of 355 eBay disputes in which mediation was requested by one or both of the parties, similar results were found. Overall, anger hurts the mediation process unless one of the parties was perceived as much more powerful than the other party, in which case anger hastened a deal.[21] Another aspect of getting overly emotional is forgetting that facial expressions are universal across cultures, and when your words and facial expressions don't match, you are less likely to be trusted.[22][23]

Letting Past Negative Outcomes Affect the Present Ones

Research shows that negotiators who had previously experienced ineffective negotiations were more likely to have failed negotiations in the future. Those who were unable to negotiate some type of deal in previous negotiation situations tended to have lower outcomes than those who had successfully negotiated deals in the past.[24] The key to remember is that there is a tendency to let the past repeat itself. Being aware of this tendency allows you to overcome it. Be vigilant to examine the issues at hand and not to be overly swayed by past experiences, especially while you are starting out as a negotiator and have limited experiences.

Tips for Negotiation Success[25]

- *Focus on agreement first*. If you reach an impasse during negotiations, sometimes the best recourse is to agree that you disagree on those topics and then focus only on the ones that you can reach an agreement on. Summarize what you've agreed on, so that everyone feels like they're agreeing, and leave out the points you don't agree on. Then take up those issues again in a different context, such as over dinner or coffee. Dealing with those issues separately may help the negotiation process.

20. Van Kleef, G. A., & Cote, S. (2007). Expressing anger in conflict: When it helps and when it hurts. Journal of Applied Psychology, 92, 1557–1569.
21. Friedman, R., Anderson, C., Brett, J., Olekalns, M., Goates, N., & Lisco, C. C. (2004). The positive and negative effects of anger on dispute resolution: Evidence from electronically mediated disputes. Journal of Applied Psychology, 89, 369–376.
22. Hill, D. (2007). Emotionomics: Winning hearts and minds. Edina, MN: Adams Business & Professional.
23. Holloway, L. (2007, December) Mixed signals: Are you saying one thing, while your face says otherwise? Entrepreneur, 35, 49.
24. O'Connor, K. M., Arnold, J. A., & Burris, E. R. (2005). Negotiators' bargaining histories and their effects on future negotiation performance. Journal of Applied Psychology, 90, 350–362.
25. Adapted from information in Stuhlmacher, A. F., Gillespie, T. L., & Champagne, M. V. (1998). The impact of time pressure in negotiation: A meta-analysis. International Journal of Conflict Management, 9, 97–116; Webber, A. (1998, October). How to get them to show you the money. Fast Company. Retrieved November 13, 2008 from http://www.fastcompany.com/magazine/19/showmoney.html.

- *Be patient*. If you don't have a deadline by which an agreement needs to be reached, use that flexibility to your advantage. The other party may be forced by circumstances to agree to your terms, so if you can be patient you may be able to get the best deal.
- *Whose reality*? During negotiations, each side is presenting their case—their version of reality. Whose version of reality will prevail? Leigh Steinberg offers this example from the NFL, when he was negotiating the salary of Warren Moon. Moon was 41 years old. That was a fact. Did that mean he was hanging on by a thread and lucky to be employed in the first place? "Should he be grateful for any money that the team pays him?" Steinberg posed, "Or is he a quarterback who was among the league leaders in completions and attempts last year? Is he a team leader who took a previously moribund group of players, united them, and helped them have the best record that they've had in recent years?" All those facts are true, and negotiation brings the relevant facts to the forefront and argues their merit.
- *Deadlines*. Research shows that negotiators are more likely to strike a deal by making more concessions and thinking more creatively as deadlines loom than at any other time in the negotiation process.
- *Be comfortable with silence*. After you have made an offer, allow the other party to respond. Many people become uncomfortable with silence and feel they need to say something. Wait and listen instead.

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.[26] 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.[27]

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. According to the U.S. Equal Employment Opportunity Commission, "Mediation

26. 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.

27. Deutsch, C. H. (2004, August 24). Race remains a difficult issue for many workers at Kodak. New York Times.

gives the parties the opportunity to discuss the issues raised in the charge, clear up misunderstandings, determine the underlying interests or concerns, find areas of agreement and, ultimately, to incorporate those areas of agreements into resolutions. A mediator does not resolve the charge or impose a decision on the parties. Instead, the mediator helps the parties to agree on a mutually acceptable resolution. The mediation process is strictly confidential".[28] One of the advantages of mediation is that the mediator helps the parties design their own solutions, including resolving issues that are important to both parties, not just the ones under specific dispute. Interestingly, sometimes mediation solves a conflict even if no resolution is reached. Here's a quote from Avis Ridley-Thomas, the founder and administrator of the Los Angeles City Attorney's Dispute Resolution Program, who explains, "Even if there is no agreement reached in mediation, people are happy that they engaged in the process. It often opens up the possibility for resolution in ways that people had not anticipated" (Layne, 1999). An independent survey showed 96% of all respondents and 91% of all charging parties who used mediation would use it again if offered (Layne, 1999).

You Know It's Time for a Mediator When…[29]

- The parties are unable to find a solution themselves.
- Personal differences are standing in the way of a successful solution.
- The parties have stopped talking with one another.
- Obtaining a quick resolution is important.

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.[30] Arbitration is often used in union-management grievance conflicts.

28. The U.S. Equal Employment Opportunity Commission. (2007, December 4). Mediation. Retrieved November 13, 2008, from http://www.eeoc.gov/mediate/index.html.

29. Adapted from information in Crawley, J. (1994). Constructive conflict management. San Diego: Pfeiffer; Mache, K. (1990). Handbook of dispute resolution: Alternative dispute resolution in action. London: Routledge.

30. American Arbitration Association. (2007). Arbitration and mediation. Retrieved November 11, 2008, from http://www.adr.org/arb_med.

Arbitration-Mediation

As a last resort, judges resolve conflicts. Credit: Wikimedia Commons – public domain.

It is common to see mediation followed by arbitration. An alternative technique is to follow the arbitration with mediation. The format of this conflict resolution approach is to have both sides formally make their cases before an arbitrator. The arbitrator then makes a decision and places it in a sealed envelope. Following this, the two parties work through mediation. If they are unable to reach an agreement on their own, the arbitration decisions become binding. Researchers using this technique found that it led to voluntary agreements between the two parties 71% of the time versus 50% for mediation followed by arbitration.[31]

Key Takeaways

- Negotiation consists of five phases that include investigation, determining your BATNA, presentation, bargaining, and closure.
- Different negotiation strategies include the distributive approach (fixed-pie approach) and the integrative approach (expanding-the-pie approach).

31. Conlon, D. E., Moon, H., & Ng, K. Y. (2002). Putting the cart before the horse: The benefits of arbitrating before mediating. Journal of Applied Psychology, 87, 978–984.

- Research shows that some common mistakes made during negotiations include accepting the first offer made, letting egos get in the way, having unrealistic expectations, getting overly emotional, and letting past negative outcomes affect the present ones.
- Third-party negotiators are sometimes needed when two sides cannot agree.

Exercises

1. What are the negotiation phases and what goes on during each of them?
2. When negotiating, is establishing a BATNA important? Why or why not?
3. What are the third-party conflict resolution options available?

6.6 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of ethics in negotiation.
2. Consider the role of national culture in negotiation.

Ethics and Negotiations

Are hardball tactics OK to use? Sometimes a course of action is legal but is questionable in terms of ethics. A good rule of thumb is that hardball tactics should not be used because the negotiation is likely not to be the last time you will interact with the other party. Therefore, finding a way to make a deal that works for both sides is preferable. Otherwise, if you have the complete upper hand and use it to "destroy" the other party, it's likely that at a future date the other party will have the upper hand and will use it to retaliate mercilessly against you. What's more, your reputation as a negotiator will suffer. As J. Paul Getty said, "My father said: 'You must never try to make all the money that's in a deal. Let the other fellow make some money too, because if you have a reputation for always making all the money, you won't have many deals.'"[1]

Ethics establish a way of doing what is right, fair, and honest. If your counterpart feels you are being unfair or dishonest, he or she is less likely to make any concessions—or even to negotiate with you in the first place.

Here are some tips for ethical negotiations:

- Be honest.
- Keep your promises.
- Follow the Platinum Rule. The Golden Rule tells us to treat others the way we want to be treated. Author Tony Alessandra goes a step further with the Platinum Rule: "Treat people the way they want to be treated." Caring about others enough to treat them the way they want to be treated helps build long-term relationships based on ethics and trust.[2]

1. Quote retrieved January 29, 2009, from http://www.saidwhat.co.uk/keywordquotes/money.
2. Stark, P. B., & Flaherty, J. (2003). Ethical negotiations: 10 tips to ensure win–win outcomes. Negotiator Magazine. Retrieved November 11, 2008, from http://www.negotiatormagazine.com/showarticle.php?file=article106&page=1.

Negotiation Around the Globe

Not understanding cultural differences is another common mistake. Some cultures have a higher or lower threshold for conflict. For example, in countries such as Japan or Korea, the preference is for harmony (called *wa* in Japan) rather than overt conflict.[3] Americans and Germans have a much higher tolerance for conflict as a way of working through issues. In a study of Japanese, German, and American cultures, it was found that almost half of the preference for different conflict management styles was related to the country in which participants were raised.[4]

In Japan, much like Pakistan, the tendency is not to trust what is heard from the other party until a strong relationship is formed. Similarly, in China, conversations start out with innocuous topics to set a mood of friendliness.[5] This differs a great deal from American negotiators who tend to like to "get down to business" and heavily weigh first offers as reference points that anchor the process as both sides make demands and later offers.

There are also differences in how individuals from different cultures use information and offers during the negotiation process. Observations show that Japanese negotiators tend to use offers as an information exchange process.[6] Research has found that American negotiators tend to reveal more information than their Japanese counterparts.[7] Japanese negotiators might learn little from a single offer, but patterns of offers over time are interpreted and factored into their negotiations. Since Japan is a high-context culture, information is learned from what is not said as well as from what is said.

Even the way that negotiations are viewed can differ across cultures. For example, the Western cultures tend to think of negotiations as a business activity rather than a social activity, but in other cultures, the first step in negotiations is to develop a trusting relationship. Negotiators in Brazil, for example, seriously damaged relationships when they tried to push negotiations to continue during the Carnival festival. "The local guys took that as a disrespectful action," said Oscar Lopez, commercial director for Hexaprint, S.A. De C.V. in Mexico. "It took several weeks to restore confidence and move on".[8]

Also keep in mind what agreement means in different cultures. For example, in China, nodding of the head does not mean that the Chinese counterpart is agreeing to what you are proposing, merely that they are listening and following what you are saying. "Culturally, Chinese companies and workers do not like to say no," says a buyer at a manufacturer based in the United States. Here's how to overcome the problem. Instead of phrasing a question as, "Can you do this for us?" which would put the Chinese

3. Lebra, T. S. (1976). Japanese patterns of behaviour. Honolulu, HI: University Press of Hawaii.

4. Tinsley, C. (1998). Models of conflict resolution in Japanese, German, and American cultures. Journal of Applied Psychology, 83, 316–323.

5. U.S. Commerce Department. (2007). Retrieved November 11, 2008, from http://www.Buyusa.gov.

6. Adair, W. L., Okumua, T., & Brett, J. M. (2001). Negotiation behaviour when cultures collide: The United States and Japan. Journal of Applied Psychology, 86, 371–385.

7. Ibid.

8. Teague, P. E. (2006, August 17). Collabouration trumps negotiations. Purchasing, 135(11), 58.

official in an uncomfortable position of saying no (which they likely would not do), rephrase the question as, "How will you do this for us and when will it be done?"[9]

Key Takeaways

- Being honest during negotiations, keeping your promises, and treating others as you would like to be treated all help you negotiate ethically.
- Not understanding the culture of a person or group of people you are negotiating with can be a major mistake.
- Try to learn as much as you can about the culture of others involved and be sure to clarify key points along the way.
- Also, keep in mind that agreement (e.g., nodding one's head up and down or saying "yes, yes") may not mean the same thing in all cultures.

Exercises

1. Is the goal of negotiation to maximize your economic outcome at all costs? Why or why not? Is it ethical to do so?
2. What are some similarities and differences in conflict management preference and negotiation practices among different countries around the globe? Have you had any experiences with individuals from other cultures? If so, how did it go? How might it have gone better?

9. Hannon, D. (2006, May 18). DO's and DON'Ts of doing business in China. Purchasing, 135(8), 52.

6.7 Avoiding Conflict at WorldCom

The Case of Bernard Ebbers[1][2][3][4][5]

Bernard Ebbers. Credit: [Wikimedia Commons]() – public domain.

1. Based on information from Markham, J. W. (2006). A financial history of modern U.S. corporate scandals: From Enron to reform. New York: M. E. Sharpe Inc.;
2. Pulliam, S., & Solomon, D. (2002, October 30). Uncooking the books. Wall Street Journal, Eastern edition. Retrieved April 4, 2010, from http://proquest.umi.com.proxy.lib.pdx.edu/pqdweb?RQT=318&pmid=7510&TS=1270430724&clientId=11319&VInst=PROD&VName=PQD&VType=PQD;
3. The big lie: Inside the rise and fraud of WorldCom. (2005). CNBC. Retrieved April 4, 2010, from http://www.hulu.com/watch/46528/cnbc-originals-the-big-lie#s-p9-so-i0;
4. When something is rotten: The best defence against "infectious greed" is a healthy corporate culture. (2002, July 25). Economist. Retrieved April 4, 2010, from http://www.economist.com;
5. Yesterday's man: WorldCom's Bernie Ebbers typified the lionised chief executive. Now he is an ex-lion. (2002, May 2). Economist. Retrieved April 4, 2010, from http://www.economist.com.

You could argue that Bernard Ebbers, of the now defunct WorldCom, was one of the biggest conflict avoiders in corporate history. As CEO, Ebbers avoided internal company conflict at all costs, and he ultimately avoided the reality that WorldCom, once the dominant company in the telecommunications industry, was in serious economic trouble. Notorious for his temper, employees were reluctant to present Ebbers with company information that he didn't like. A 2002 *Economist* article describes Ebbers as "parochial, stubborn, preoccupied with penny-pinching.…Mr. Ebbers was a difficult man to work for." Under Ebbers, WorldCom's $9 billion accounting fraud grew in order to avoid facing its worsening economic reality.

WorldCom's roots stem from a Mississippi telecom company called LDDS where Ebbers was CEO. Growing to over 80,000 employees through multiple acquisitions of other telecom businesses, WorldCom became the overwhelming industry leader. However, many of WorldCom's executives had worked with Ebbers since his start as CEO 2 decades before. Ebbers, who was regularly seen in cowboy boots and a 10-gallon hat, led his close-knit staff in a "shoot from the hip" style. He was resistant to new technology and famously refused to use e-mail to communicate with his employees. A well-known company mantra was "That's the way we did it at LDDS." Ebbers lead WorldCom through over 60 acquisitions over a period of 15 years. He grew annual revenues from $1 million in 1984 to over $17 billion in 1998. However, Ebbers had little regard for long-term plans and avoided making larger strategic decisions as his company accumulated increasing debt.

As WorldCom acquired new companies, its accounting procedures, computer systems, and customer service issues became increasingly more complex, and industry experts note that WorldCom struggled to keep up with the growth. Company employees who tried to bring initial problems to Ebbers's attention were discouraged, and Ebbers made it clear he only wanted to hear good news. This avoidance of problems created a company culture that demanded success at all costs. That ultimately included falsifying financial reports. For example, former employees admitted to registering "rolling revenue" to inflate earnings, recording a single sale multiple times. Another 2002 *Economist* article reports that this and other dishonest techniques were "endemic in the sales hierarchy of WorldCom.…Increasing reported revenues came above all else."

Despite efforts to inflate the books, WorldCom's stock prices dramatically declined, and Ebbers left the company in 2002 after pressure from WorldCom's board of directors. What came to light after his departure, however, highlighted the significant problems he avoided confronting. Under new CEO John Sidgmore, internal auditor Cynthia Cooper uncovered multiple instances of financial dishonesty and illegal activity overseen by CFO Scott Sullivan, a close confidant of Ebbers. A 2002 *Wall Street Journal* article reports, "As she pursued the trail of fraud, Ms. Cooper time and again was obstructed by fellow employees, some of whom disapproved of WorldCom's accounting methods but were unwilling to contradict their bosses or thwart the company's goals."

Ultimately Cooper's investigation revealed the fraud that took place under Sullivan and Ebbers. Sullivan later admitted to having booked $3.8 billion of costs as capital expenditures and that five quarters' worth of profits should have been recorded as losses. Ebbers's refusal to honestly face the harsh economic truth for WorldCom was ultimately highlighted to be a source of WorldCom's financial problems. In 2005, he was found guilty of fraud, conspiracy, and filing false documentation. WorldCom was purchased for $7.6 billion and subsequently integrated into Verizon (NYSE: VE) in 2006, and Ebbers began serving a 25-year jail sentence in 2005.

Discussion Questions

1. What potential causes of conflict existed at WorldCom during Bernard Ebbers' administration?
2. What might have happened if Ebbers had been prone to a different conflict-handling style, such as compromise or collabouration?
3. How did having a small "inner circle" of leadership affect the corporate culture at WorldCom?
4. If you were Cynthia Cooper, how might you have dealt with being ignored? What options did Cooper have to deal with the company conflict?
5. What responsibility did the board of directors have to detect and confront the problems at WorldCom?

6.8 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 intrapersonal 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 negation 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.

6.9 Exercises

Exercises

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 organizational 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 organizational 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?

Exercises

A Case of Listening: When Silence Is Golden[1]

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?

1. 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.

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 7: Organizational Culture

Learning Objectives

1. Describe organizational culture and why it is important for an organization.
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 organizational culture and ethics relate.
7. Understand cross-cultural differences in organizational 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.

7.1 Building a Customer Service Culture

The Case of Nordstrom[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 colour. 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.

1. Based on information from Chatman, J. A., & Eunyoung Cha, S. (2003). Leading by leveraging culture. California Management Review, 45, 19–34; McCarthy, P. D., & Spector, R. (2005). The Nordstrom way to customer service excellence: A handbook for implementing great service in your organization. Hoboken, NJ: John Wiley; Pfeffer, J. (2005). Producing sustainable competitive advantage through the effective management of people. Academy of Management Executive, 19, 95–106.

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.

Discussion Questions

1. Describe Nordstrom's organizational 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 organizational culture that has contributed to its success?
4. What type of organizational culture do you view as most important?
5. What attributes of Nordstrom's culture do you find most appealing?

7.2 Understanding Organizational Culture

Learning Objectives

1. Define organizational culture.
2. Understand why organizational culture is important.
3. Understand the different levels of 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.[1][2] 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 organization'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 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 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

1. Chatman, J. A., & Eunyoung Cha, S. (2003). Leading by leveraging culture. California Management Review, 45, 19–34.

2. Kerr, J., & Slocum, J. W., Jr. (2005). Managing corporate culture through reward systems. Academy of Management Executive, 19, 130–138.

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 organization'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.[3] 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.[4] This comes as no surprise to many leaders of successful businesses, who are quick to attribute their company's success to their organization'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.[5][6] 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.[7] 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 is an effective control mechanism for dictating 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.

3. Barney, J. B. (1986). Organizational culture: Can it be a source of sustained competitive advantage? Academy of Management Review, 11, 656–665.

4. Why culture can mean life or death for your organization. (2007, September). HR Focus, 84, 9.

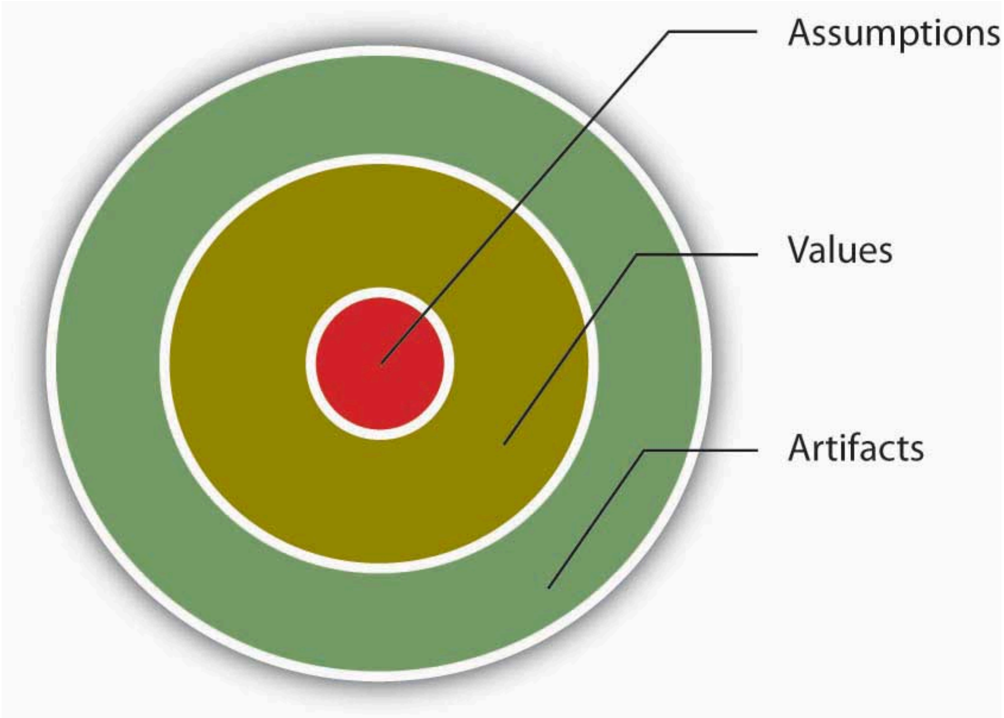
5. Kotter, J. P., & Heskett, J. L. (1992). Corporate culture and performance. New York: Free Press.

6. Marcoulides, G. A., & Heck, R. H. (1993, May). Organizational culture and performance: Proposing and testing a model. Organizational Science, 4, 209–225.

7. Arogyaswamy, B., & Byles, C. H. (1987). Organizational culture: Internal and external fits. Journal of Management, 13, 647–658.

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.[8]



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 collabouration.[9] In other words, understanding the organization'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

8. Schein, E. H. (1992). Organizational culture and leadership. San Francisco: Jossey-Bass.

9. Stegmeier, D. (2008). Innovations in office design: The critical influence approach to effective work environments. Hoboken, NJ: John Wiley.

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 organization'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 Takeaways

- Organizational culture is a system of shared assumptions, values, and beliefs that help individuals within an organization understand which behaviours are and are not appropriate within an organization.
- Cultures can be a source of competitive advantage for organizations.
- Strong organizational cultures can be an organizing as well as a controlling mechanism for organizations.
- And finally, organizational 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?

7.3 Organizational Change

Learning Objectives

1. Identify the external forces creating change on the part of organizations.
2. Understand how organizations respond to changes in the external environment.
3. Understand why people resist change.

Why Do Organizations Change?

Organizational change is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment. Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done. In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

Workforce Demographics

Organizations change in response to changes in their environment. One of the current changes is in the demographics of the workforce. Credit: Emilio Labrador – Business Meeting – CC BY 2.0.

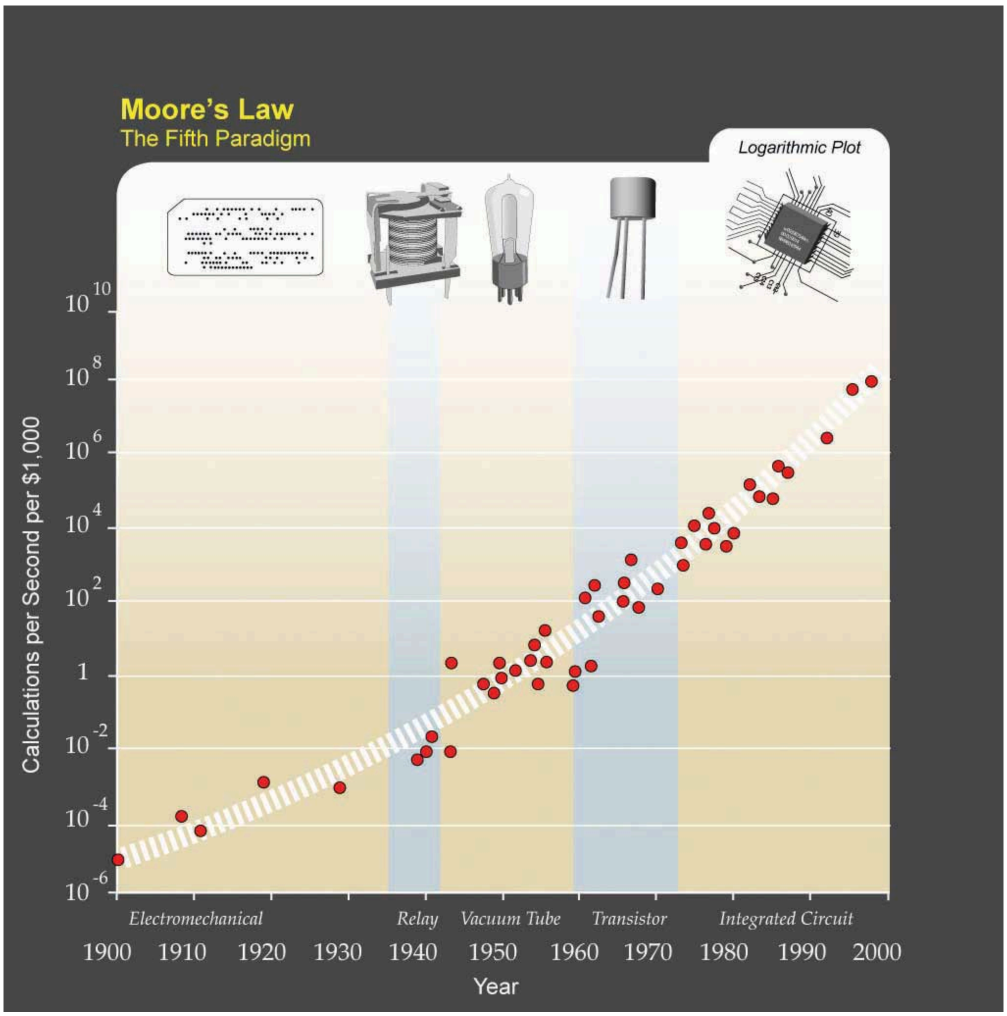
Organizational change is often a response to changes in the environment. For example, both the United States Department of Labor and Organization for Economic Co-operation and Development (OECD) estimate that the age of the workforce is on the rise.[1] What does this mean for companies? Organizations may realize that as the workforce gets older the types of benefits they prefer may change. Work arrangements such as flexible work hours and job sharing may become more popular as employees remain in the workforce even after retirement. As the workforce rapidly ages, it also becomes possible that employees who are unhappy with their current work situation will choose to retire, resulting in a sudden loss of valuable knowledge and expertise on the part of organizations. Therefore, organizations will have to devise strategies to retain these employees and plan for their retirement. Finally, a critical issue is finding ways of dealing with age-related stereotypes, which act as barriers in the retention of these employees.

Technology

Sometimes change is motivated by rapid developments in *technology*. Moore's law (a prediction by Gordon Moore, cofounder of Intel Corporation) dictates that the overall complexity of computer circuits

1. Lerman, R. I., & Schmidt, S. R. (2006). Trends and challenges for work in the 21st century. Retrieved September 10, 2008, from U.S. Department of Labor Web site: http://www.dol.gov/oasam/programs/history/herman/reports/futurework/conference/trends/trendsI.htm.

will double every 18 months with no increase in cost.[2] Such change is motivating corporations to rapidly change their technology. Sometimes technology produces such profound developments that companies struggle to adapt. A recent example is from the music industry. When CDs were first introduced in the 1980s, they were substantially more appealing than the traditional LPs. Record companies were easily able to double the prices, even though producing CDs cost a fraction of what it cost to produce LPs. For decades, record producing companies benefited from this status quo. Yet when peer-to-peer file sharing through software such as Napster and Kazaa threatened the core of their business, companies in the music industry found themselves completely unprepared for such disruptive technological changes. Their first response was to sue the users of file-sharing software, sometimes even underage kids. They also kept looking for a technology that would make it impossible to copy a CD or DVD, which has yet to emerge. Until Apple Inc.'s iTunes came up with a new way to sell music online, it was doubtful that consumers would ever be willing to pay for music that was otherwise available for free (albeit illegally so). Only time will tell if the industry will be able to adapt itself to the changes forced upon it.[3]



Ray Kurzweil expanded Moore's law from integrated circuits to earlier transistors, vacuum tubes, relays, and electromechanical computers to show that his trend holds there as well. Credit: [Wikimedia Commons](#) – public domain.

2. Moore's Law. Retrieved September 5, 2008, from Answers.com Web site: http://www.answers.com/topic/moore-s-law.

3. Lasica, J. D. (2005). Darknet: Hollywood's war against the digital generation. Hoboken, NJ: Wiley.

Globalization

Globalization is another threat and opportunity for organizations, depending on their ability to adapt to it. Organizations are finding that it is often cheaper to produce goods and deliver services in some countries compared to others. This led many companies to utilize manufacturing facilities overseas, with China as a popular destination. For a while, knowledge work was thought to be safe from outsourcing, but now we are also seeing many service operations moved to places with cheaper wages. For example, many companies have outsourced software development to India, with Indian companies such as Wipro Ltd. and Infosys Technologies Ltd. emerging as global giants. Given these changes, understanding how to manage a global workforce is a necessity. Many companies realize that outsourcing forces them to operate in an institutional environment that is radically different from what they are used to at home. Dealing with employee stress resulting from jobs being moved overseas, retraining the workforce, and learning to compete with a global workforce on a global scale are changes companies are trying to come to grips with.

Market Conditions

Changes in the market conditions may also create changes as companies struggle to adjust. For example, as of this writing, the airline industry in the United States is undergoing serious changes. Demand for air travel was affected after the September 11 terrorist attacks. Also, the widespread use of the Internet to book plane travels made it possible to compare airline prices much more efficiently and easily, encouraging airlines to compete primarily based on cost. This strategy seems to have backfired when coupled with the dramatic increases in the cost of fuel. As a result, airlines are cutting back on amenities that were taken for granted for decades, such as the price of a ticket including meals, beverages, and checking luggage. Some airlines, such as Delta Air Lines Inc. and Northwest Airlines Inc., have merged to deal with this climate, and talks involving other mergers in this industry continue.

Note that environmental change does not automatically change how business is done. Whether or not the organization changes in response to environmental challenges and threats depends on the decision makers’ reactions to what is happening in the environment.

Organizational Growth

In 1984, brothers Kurt and Rob Widmer founded Widmer Brothers, which is now the 11th largest brewery in the United States. Credit: Sarah McDevitt – [Widmer Family Photo](#) – CC BY 2.0.

It is natural for once small start-up companies to grow if they are successful. An example of this growth is the evolution of the Widmer Brothers Brewing Company, which started as two brothers brewing beer in their garage to become the 11th largest brewery in the United States. This growth happened over time as the popularity of their key product—Hefeweizen—grew in popularity; the company had to expand to meet demand, growing from the 2 founders to 400 employees in 2008 after Widmer Brothers merged with Redhook Ale Brewery to become Craft Brewers Alliance Inc. The newly formed company has five main departments, including Operations, Sales, Marketing, Finance, and Retail, who report to the CEO. Anheuser-Busch Companies Inc. continues to have a minority stake in both beer companies. So, while 50% of all new small businesses fail in their first year,[4] those that succeed often evolve into large, complex organizations over time.

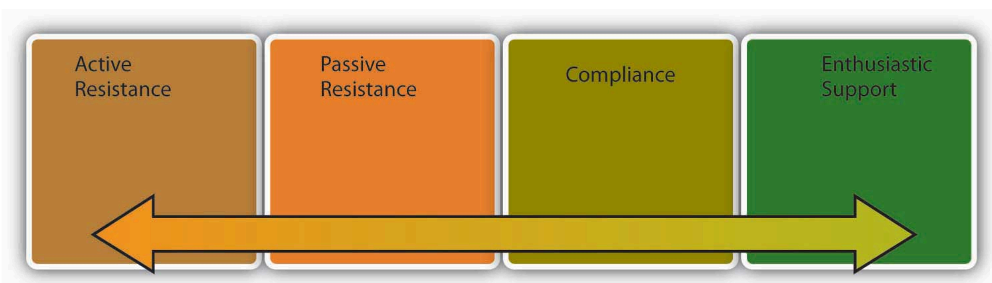
4. Get ready. United States Small Business Association. Retrieved November 21, 2008, from http://www.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNER_ ISENTFORU.html.

Poor Performance

Change is more likely to happen if the company is performing poorly and if there is a perceived threat from the environment. In fact, poorly performing companies often find it easier to change compared to successful companies. Why? High performance actually leads to overconfidence and inertia. As a result, successful companies often keep doing what made them a success in the first place. When it comes to the relationship between company performance and organizational change, the saying “nothing fails like success” may be fitting. For example, Polaroid Corporation was the number one producer of instant films and cameras in 1994. The company filed for bankruptcy in less than a decade, unable to adapt to the rapid advances in the 1-hour photo development and digital photography technologies. Successful companies that manage to change have special practices in place to keep the organization open to changes. As a case in point, Nokia finds that it is important to periodically change the perspective of key decision makers. For this purpose, they rotate heads of businesses to different posts to give them a fresh perspective. In addition to the success of a business, change in a company’s upper level management is a motivator for change at the organization level. Research shows that long-tenured CEOs are unlikely to change their formula for success. Instead, new CEOs and new top management teams create change in a company’s culture and structure.[5][6][7]

Resistance to Change

Changing an organization is often essential for a company to remain competitive. Failure to change may influence the ability of a company to survive. Yet, employees do not always welcome changes in methods. According to a 2007 survey conducted by the Society for Human Resource Management (SHRM), resistance to change is one of the top two reasons why change efforts fail. In fact, reactions to organizational change may range from resistance to compliance[8] to being an enthusiastic supporter of the change, with the latter being the exception rather than the norm.[9]



Reactions to change may take many forms.

5. Barnett, W. P., & Carroll, G. R. (1995). Modeling internal organizational change. Annual Review of Sociology, 21, 217–236.

6. Boeker, W. (1997). Strategic change: The influence of managerial characteristics and organizational growth. Academy of Management Journal, 40, 152–170.

7. Deutschman, A. (2005, March). Building a better skunk works. Fast Company, 92, 68–73.

8. Huy, Q. N. (1999). Emotional capability, emotional intelligence, and radical change. Academy of Management Review, 24, 325–345.

9. Change management: The HR strategic imperative as a business partner. (2007, December). HR Magazine, 52(12).

Active resistance is the most negative reaction to a proposed change attempt. Those who engage in active resistance may sabotage the change effort and be outspoken objectors to the new procedures. In contrast, passive resistance involves being disturbed by changes without necessarily voicing these opinions. Instead, passive resisters may quietly dislike the change, feel stressed and unhappy, and even look for an alternative job without necessarily bringing their point to the attention of decision makers. Compliance, on the other hand, involves going along with proposed changes with little enthusiasm. Finally, those who show enthusiastic support are defenders of the new way and actually encourage others around them to give support to the change effort as well.

Any change attempt will have to overcome the resistance on the part of people to be successful. Otherwise, the result will be loss of time and energy as well as an inability on the part of the organization to adapt to the changes in the environment and make its operations more efficient. Resistance to change also has negative consequences for the people in question. Research shows that when people negatively react to organizational change, they experience negative emotions, use sick time more often, and are more likely to voluntarily leave the company.[10]

The following is a dramatic example of how resistance to change may prevent improving the status quo. Have you ever wondered why the letters on keyboards are laid out the way they are? The QWERTY keyboard, named after the first six letters in the top row, was actually engineered to slow us down. The first prototypes of the typewriter keyboard would jam if the keys right next to each other were hit at the same time. Therefore, it was important for manufacturers to slow typers down. They achieved this by putting the most commonly used letters to the left-hand side, and scattering the most frequently used letters all over the keyboard. Later, the issue of letters being stuck was resolved. In fact, an alternative to the QWERTY named the Dvorak keyboard provides a much more efficient design and allows individuals to double traditional typing speeds. Yet the shift never occurred. The reasons? Large numbers of people resisted the change. Teachers and typists resisted, because they would lose their specialized knowledge. Manufacturers resisted because of costs inherent in making the switch and the initial inefficiencies in the learning curve.[11] In short, the best idea does not necessarily win, and changing people requires understanding why they resist.

10. Fugate, M., Kinicki, A. J., & Prussia, G. E. (2008). Employee coping with organizational change: An examination of alternative theoretical perspectives and models. Personnel Psychology, 61, 1–36.

11. Diamond, J. (2005). Guns, germs and steel: The fates of human societies. New York: W. W. Norton.

The Dvorak keyboard is a more efficient design compared to the QWERTY keyboard. Due to resistance from typists, manufacturers, and teachers, it never gained widespread adoption.

Why Do People Resist Change?

Disrupted Habits

People often resist change for the simple reason that change disrupts our habits. Do you think about how you are driving when you drive? Most of the time probably not, because driving generally becomes an automated activity after a while. You may sometimes even realize that you have reached your destination without noticing the roads you used or having consciously thought about any of your body movements. Now imagine you drive for a living, and even though you are used to driving an automatic car, you are now forced to use a stick shift. You can most likely figure out how to drive a stick, but it will take time, and until you figure it out, you cannot drive on auto pilot. You will have to reconfigure your body movements and practice shifting until you become good at it. You may find that for this simple reason, people sometimes are surprisingly outspoken when confronted with simple changes such as updating to a newer version of a particular software or a change in their voice mail system.

Personality

Some people are more resistant to change than others. Research shows that people who have a positive self-concept are better at coping with change, probably because those who have high self-esteem may feel that whatever the changes are, they are likely to adjust to it well and be successful in the new system. People with a more positive self-concept and those who are more optimistic may also view change as an opportunity to shine as opposed to a threat that is overwhelming. Finally, risk tolerance is another predictor of how resistant someone will be to stress. For people who are risk avoidant, the possibility of a change in technology or structure may be more threatening.[12][13]

Feelings of Uncertainty

Change inevitably brings feelings of uncertainty. You have just heard that your company is merging with another. What would be your reaction? Such change is often turbulent, and it is often unclear what is going to happen to each individual. Some positions may be eliminated. Some people may see a change in their job duties. Things can get better—or they may get worse. The feeling that the future is unclear is enough to create stress for people, because it leads to a sense of lost control.[14] Fugate, Kinicki, & Prussia, 2008).

12. Judge, T. A., Thoresen, C. J., Pucik, V., & Welbourne, T. M. (1999). Managerial coping with organizational change. Journal of Applied Psychology, 84, 107–122.

13. Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. Journal of Applied Psychology, 85, 132–142.

14. Ashford, S. J., Lee, C. L., & Bobko, P. (1989). Content, causes, and consequences of job insecurity: A theory-based measure and substantive test. Academy of Management Journal, 32, 803–829.

Fear of Failure

One common reason employees resist change is the fear of failure under the new system. Credit: Shaun Murphy – Stressed – CC BY-NC-ND 2.0.

People also resist change when they feel that their performance may be affected under the new system. People who are experts in their jobs may be less than welcoming of the changes, because they may be unsure whether their success would last under the new system. Studies show that people who feel that they can perform well under the new system are more likely to be committed to the proposed change, while those who have lower confidence in their ability to perform after changes are less committed.[15]

Personal Impact of Change

It would be too simplistic to argue that people resist all change, regardless of its form. In fact, people tend to be more welcoming of change that is favorable to them on a personal level (such as giving them more power over others, or change that improves quality of life such as bigger and nicer offices). Research also shows that commitment to change is highest when proposed changes affect the work unit with a low impact on how individual jobs are performed.[16]

15. Herold D. M., Fedor D. B., & Caldwell, S. (2007). Beyond change management: A multilevel investigation of contextual and personal influences on employees' commitment to change. Journal of Applied Psychology, 92, 942–951.

16. Fedor, D. M., Caldwell, S., & Herold, D. M. (2006). The effects of organizational changes on employee commitment: A multilevel investigation. Personnel Psychology, 59, 1–29.

Prevalence of Change

Any change effort should be considered within the context of all the other changes that are introduced in a company. Does the company have a history of making short-lived changes? If the company structure went from functional to product-based to geographic to matrix within the past 5 years, and the top management is in the process of going back to a functional structure again, a certain level of resistance is to be expected because people are likely to be fatigued as a result of the constant changes. Moreover, the lack of a history of successful changes may cause people to feel skeptical toward the newly planned changes. Therefore, considering the history of changes in the company is important to understanding why people resist. Also, how big is the planned change? If the company is considering a simple switch to a new computer program, such as introducing Microsoft Access for database management, the change may not be as extensive or stressful compared to a switch to an enterprise resource planning (ERP) system such as SAP or PeopleSoft, which require a significant time commitment and can fundamentally affect how business is conducted.[17][18]

Perceived Loss of Power

One other reason why people may resist change is that change may affect their power and influence in the organization. Imagine that your company moved to a more team-based structure, turning supervisors into team leaders. In the old structure, supervisors were in charge of hiring and firing all those reporting to them. Under the new system, this power is given to the team itself. Instead of monitoring the progress the team is making toward goals, the job of a team leader is to provide support and mentoring to the team in general and ensure that the team has access to all resources to be effective. Given the loss in prestige and status in the new structure, some supervisors may resist the proposed changes even if it is better for the organization to operate around teams.

In summary, there are many reasons individuals resist change, which may prevent an organization from making important changes.

Is All Resistance Bad?

Resistance to change may be a positive force in some instances. In fact, resistance to change is a valuable feedback tool that should not be ignored. Why are people resisting the proposed changes? Do they feel that the new system will not work? If so, why not? By listening to people and incorporating their suggestions into the change effort, it is possible to make a more effective change. Some of a company's most committed employees may be the most vocal opponents of a change effort. They may fear that the organization they feel such a strong attachment to is being threatened by the planned change effort and the change will ultimately hurt the company. In contrast, people who have less loyalty to the organization may comply with the proposed changes simply because they do not care enough about the fate of the

17. Labianca, G., Gray, B., & Brass D. J. (2000). A grounded model of organizational schema change during empowerment. Organization Science, 11, 235–257.

18. Rafferty, A. E., & Griffin. M. A. (2006). Perceptions of organizational change: A stress and coping perspective. Journal of Applied Psychology, 91, 1154–1162.

company to oppose the changes. As a result, when dealing with those who resist change, it is important to avoid blaming them for a lack of loyalty.[19]

OB Toolbox: Life After Being Downsized[20]

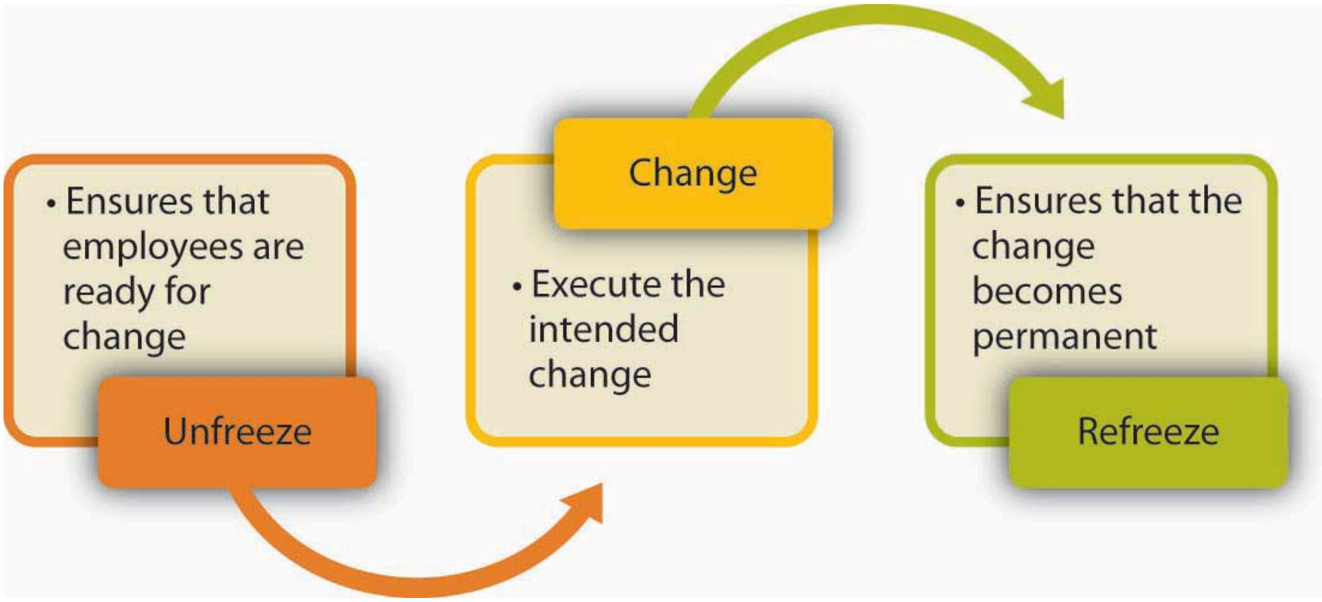
Organizational change sometimes means reducing the number of people working in the company to make operations more efficient. Sometime in your career, you may find that you go through this painful, sometimes traumatic experience. What do you do to recover in the aftermath of a downsizing?

- *Be calm*. This is easier said than done, but it happens to the best of us. Remember that it was not your fault. Many companies lay off employees during downsizing despite their stellar performance, so do not take it personally.
- *Do not get angry*. When you hear the news, make sure that you do not express your disappointment in a way that would burn your bridges. In fact, many companies rehire workers they lay off or bring them in as external consultants. Do not say or do something in anger that closes all doors. Remember, during downsizing companies are often forced to let go of employees they *want* to keep.
- *Know your rights*. Are you getting a severance package afterward? Are you going to have continued access to some benefits? Does the company provide assistance to those who are laid off? Find out what is being offered. You may also want to ask for a letter of recommendation from your former boss to help with your job hunt.
- *Think about your ideal job situation*. Are you in the right field? Do you have all the skills and education you need to work in the right field? Some people will look at a layoff as a time to settle for any job that comes along, but this may not be an effective long-term strategy. Instead, imagine your ideal situation and find out what you can do to get there.
- *Get help*. There are many organizations and career coaches offering career support, advice, and networking opportunities. Surround yourself with positive people who are supportive. Getting assistance may help you make yourself more marketable or simply provide you with necessary emotional support.
- *Polish your resume and job hunting skills*. You may benefit from someone else proofreading your resume and practicing interviews with you.
- *Do not give up!* You found a job once, you will find it again. Stay positive, be patient, and do not lose hope.

19. Ford, J. D., Ford, L. W., & D'Amelio, A. (2008). Resistance to change: The rest of the story. Academy of Management Review, 33, 362–377.

20. Sources: Based on information in How to maximize your take when you get laid off. (2008, November). Money, 37(11), 132; Kamberg, M. L. (2000, May–June). Surviving the ups & downs of corporate restructuring. Women in Business, 52(3). Palmer, K. (2008, March 24). Re-energizing your career. U.S. News & World Report, 144(9). Weinstein, B. (2008, September 29). Downsizing 102: When it happens to you. Business Week Online. Retrieved on October 25, 2008, from http://www.businessweek.com/managing/content/sep2008/ca20080926_140228.htm.

Planning and Executing Change Effectively



Lewin's three-stage process of change emphasizes the importance of preparation or unfreezing before change, and reinforcement of change afterward or refreezing.

How do you plan, organize, and execute change effectively? One of the most useful frameworks in this area is Kurt Lewin's three-stage model of planned change.[21] The assumption is that change will encounter resistance. Therefore, executing change without prior preparation is likely to lead to failure. Instead, organizations should start with unfreezing, or making sure that organizational members are ready for and receptive to change. This is followed by change, or executing the planned changes. Finally, refreezing involves ensuring that change becomes permanent and the new habits, rules, or procedures become the norm. John Kotter, a Harvard University professor, wrote a book in 1996 titled *Leading Change* in which he discussed eight steps to changing an organization. [22]In the next section, we integrate the two models with more recent work in the area to present a roadmap to how organizations may want to approach change.

Unfreezing Prior to Change

Many change efforts fail because people are insufficiently prepared for change. When employees are not prepared, they are more likely to resist the change effort and less likely to effectively function under the new system. What can organizations do prior to change to prepare employees? There are a number of things that are important at this stage.

21. Lewin K. (1951). Field theory in social science. New York: Harper & Row.

22. Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business. School Press

Create a Vision for Change

In successful change efforts, the leader has an overall vision for the change.[23] When this vision is exciting and paints a picture of a future that employees would be proud to be a part of, people are likely to be more committed to change. For example, Toyota is a master of *kaizen*, or continuous improvement. They also follow the philosophy of **kakushin**, or revolutionary change, as needed. Regardless of the nature of the particular change, there is an overall vision for the company that justifies and explains why change is necessary "to build the dream car of the future".[24]

Communicating a Plan for Change

Do people know what the change entails, or are they hearing about the planned changes through the grapevine or office gossip? When employees know what is going to happen, and when and why, they may conquer their discomfort with change. Research shows that those who have more complete information about upcoming changes are more committed to a change effort.[25]

Ensuring that top management communicates with employees about the upcoming changes also has symbolic value (Armenakis, Harris, & Mossholder, 1993). In any organization, many changes are done on a daily basis, with some taking root and some disappearing after a short while. When top management and the company CEO discuss the importance of the changes in meetings, employees are provided with a reason to trust that this change is a strategic initiative. For example, while changing the employee performance appraisal system, the CEO of Kimberly-Clark Corporation made sure to mention the new system in all meetings with employees, indicating that the change was supported by the CEO.

Develop a Sense of Urgency

People are more likely to accept change if they feel that there is a need for it. If employees feel their company is doing well, the perceived need for change will be smaller. Those who plan the change will need to make the case that there is an external or internal threat to the organization's competitiveness, reputation, or sometimes even its survival, and failure to act will have dire consequences. For example, Lou Gerstner, the former CEO of IBM, executed a successful transformation of the company. In his biography *Elephants Can Dance*, he highlights how he achieved cooperation as follows: "Our greatest ally in shaking loose the past was IBM's eminent collapse. Rather than go with the usual impulse to put on a happy face, I decided to keep the crisis front and center. I didn't want to lose the sense of urgency".[26][27]

23. 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.

24. Stewart, T. A., & Raman, A. P. (2007, July–August). Lessons from Toyota's long drive. Harvard Business Review, 85(7/8), 74–83.

25. Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. Journal of Applied Psychology, 85, 132–142.

26. Gerstner, L. V. (2002). Who says elephants can't dance? Inside IBM's historic turnaround. New York: Harper-Collins.

27. Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business. School Press

Building a Coalition

In order to convince people that change is needed, the change leader does not necessarily have to convince every person individually. In fact, people's opinions toward change are affected by opinion leaders, or those people who have a strong influence over the behaviours and attitudes of others.[28][29] Instead of trying to get everyone on board at the same time, it may be more useful to convince and prepare the opinion leaders. Once these individuals agree that change is needed and will be useful, they will become helpful allies in ensuring that the rest of the organization is ready for change.[30] For example, Paul Pressler, after becoming the CEO of Gap Inc. in 2002, initiated a culture change effort in the hope of creating a sense of identity among the company's many brands such as Banana Republic, Old Navy, and Gap. For this purpose, management segmented the employees into groups instead of trying to reach out to all employees at the same time. Gap Inc. started by training the 2,000 senior managers in Leadership Summits, who in turn were instrumental in ensuring the cooperation of the remaining 150,000 employees of the company.[31]

Provide Support

Employees should feel that their needs are not ignored. Therefore, management may prepare employees for change by providing emotional and instrumental support. Emotional support may be in the form of frequently discussing the changes, encouraging employees to voice their concerns, and simply expressing confidence in employees' ability to perform effectively under the new system. Instrumental support may be in the form of providing a training program to employees so they know how to function under the new system.

Allow Employees to Participate

Studies show that employees who participate in planning change efforts tend to have more positive opinions about the change. Why? They will have the opportunity to voice their concerns. They can shape the change effort so that their concerns are addressed. They will be more knowledgeable about the reasons for change, alternatives to the proposed changes, and why the chosen alternative was better than the others. Finally, they will feel a sense of ownership of the planned change and are more likely to be on board.[32] Participation may be more useful if it starts at earlier stages, preferably while the problem is still being diagnosed. For example, assume that a company suspects there are problems with manufacturing quality. One way of convincing employees that there is a problem that needs to be solved would be to ask

28. Burkhardt, M. E. (1994). Social interaction effects following a technological change: A longitudinal investigation. Academy of Management Journal, 37, 869–898.
29. Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business School Press.
30. Armenakis, A. A., Harris, S. G., & Mossholder, K. W. (1993). Creating readiness for organizational change. Human Relations, 46, 681–703.
31. Nash, J. A. (2005, November–December). Comprehensive campaign helps Gap employees embrace cultural change. Communication World, 22(6).
32. Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. Journal of Applied Psychology, 85, 132–142.

them to take customer calls about the product quality. Once employees experience the problem firsthand, they will be more motivated to solve the problem.

Executing Change

The second stage of Lewin's three-step change model is executing change. At this stage, the organization implements the planned changes on technology, structure, culture, or procedures. The specifics of how change should be executed will depend on the type of change. However, there are some tips that may facilitate the success of a change effort.

Continue to Provide Support

As the change is underway, employees may experience high amounts of stress. They may make mistakes more often or experience uncertainty about their new responsibilities or job descriptions. Management has an important role in helping employees cope with this stress by displaying support, patience, and continuing to provide support to employees even after the change is complete.

Create Small Wins

During a change effort, if the organization can create a history of small wins, change acceptance will be more likely.[33][34] If the change is large in scope and the payoff is a long time away, employees may not realize change is occurring during the transformation period. On the other hand, if people see changes, improvements, and successes along the way, they will be inspired and motivated to continue the change effort. For this reason, breaking up the proposed change into phases may be a good idea, because it creates smaller targets. Small wins are also important for planners of change to make the point that their idea is on the right track. Early success gives change planners more credibility, while early failures may be a setback.[35]

Eliminate Obstacles

When the change effort is in place, many obstacles may crop up along the way. There may be key people who publicly support the change effort while silently undermining the planned changes. There may be obstacles rooted in a company's structure, existing processes, or culture. It is the management's job to identify, understand, and remove these obstacles.[36] Ideally, these obstacles would have been eliminated before implementing the change, but sometimes unexpected roadblocks emerge as change is underway.

33. Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business School Press.

34. Reay, T., Golden-Biddle, K., & Germann, K. (2006). Legitimizing a new role: Small wins and microprocesses of change. Academy of Management Journal, 49, 977–998.

35. Hamel, G. (2000, July–August). Waking up IBM. Harvard Business Review, 78(4), 137–146.

36. Kotter, J. P. (1995, March-April). Leading change: Why transformations fail. Harvard Business Review, 73(2), 59–67.

Kotter's Eight-stage Process for Change[37]

Harvard Business School professor John P. Kotter proposed that companies should follow eight stages when instituting change. Here is a summary of his suggested steps.

1. Create a sense of urgency when introducing the change effort.
2. Build a coalition.
3. Create a vision for change and make change a part of the vision.
4. Communicate a plan for change
5. Eliminate obstacles to change
6. Create small wins
7. Build on change
8. Make change a part of culture.

Refreezing

After the change is implemented, the long-term success of a change effort depends on whether change becomes part of the company's culture. In other words, the revised ways of thinking, behaving, and performing should become routine. For this reason, there are a number of things management can do.

Publicize Success

In order to make change permanent, the organization may benefit from sharing the results of the change effort with employees. What was gained from the implemented changes? How much money did the company save? How much did the company's reputation improve? What was the reduction in accidents after new procedures were put in place? Sharing concrete results with employees increases their confidence that the implemented change was a right decision.

Build on Prior Change

Once results start coming, it is important to benefit from the momentum created by these early successes by pushing for even more change. Following the philosophy of continuous improvement may be a good idea here. Instead of declaring victory early, the company is advised to make continuous improvements to how business is conducted.

Reward Change Adoption

In order to ensure that change becomes permanent, organizations may benefit from rewarding those who embrace the change effort. The rewards do not necessarily have to be financial. The simple act of recognizing those who are giving support to the change effort in front of their peers may encourage

37. Source: Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business. School Press.

others to get on board. When the new behaviours employees are expected to demonstrate (such as using a new computer program, filling out a new form, or simply greeting customers once they enter the store) are made part of an organization's reward system, those behaviours are more likely to be taken seriously and repeated, making the change effort successful.[38]

Make Change a Part of Organizational Culture

If the change effort has been successful, change will have become a part of corporate culture. In other words, in addition to the changes in procedures, processes, or technology, the mindset of people will also have changed. If change occurs only in superficial elements, it would be misleading to declare change a success. For example, if a company institutes a wellness program emphasizing healthy habits, rewarding employees for adopting healthy choices and providing resources to maximize health, this change effort would be deemed a true success if valuing employee health and well-being also becomes a part of the organization's culture. Creating a Web site, and printing booklets and distributing them are all tools leading to this goal, but achieving the true goal also necessitates a change in ingrained assumptions of management and employees putting work before employee health and well-being.

OB Toolbox: Overcome Resistance to Your Proposals[39]

You feel that change is needed. You have a great idea. But people around you do not seem convinced. They are resisting your great idea. How do you make change happen?

- *Listen to naysayers*. You may think that your idea is great, but listening to those who resist may give you valuable ideas about why it may not work and how to design it more effectively.
- *Is your change revolutionary*? If you are trying to dramatically change the way things are done, you will find that resistance is greater. If your proposal involves incrementally making things better, you may have better luck.
- *Involve those around you in planning the change*. Instead of providing the solutions, make them part of the solution. If they admit that there is a problem and participate in planning a way out, you would have to do less convincing when it is time to implement the change.
- *Do you have credibility*? When trying to persuade people to change their ways, it helps if you have a history of suggesting implementable changes. Otherwise, you may be ignored or met with suspicion. This means you need to establish trust and a history of keeping promises over time before you propose a major change.
- *Present data to your audience*. Be prepared to defend the technical aspects of your ideas and provide evidence that your proposal is likely to work.
- *Appeal to your audience's ideals*. Frame your proposal around the big picture. Are you going to

38. Gale, S. F. (2003). Incentives and the art of changing behaviour. Workforce Management, 82(11), 48–54.

39. Sources: McGoon, C. (1995, March). Secrets of building influence. Communication World, 12(3), 16; Michelman, P. (2007, July). Overcoming resistance to change. Harvard Management Update, 12(7), 3–4; Stanley, T. L. (2002, January). Change: A common-sense approach. Supervision, 63(1), 7–10.

create happier clients? Is this going to lead to a better reputation for the company? Identify the long-term goals you are hoping to accomplish that people would be proud to be a part of.

- *Understand the reasons for resistance*. Is your audience resisting because they fear change? Does the change you propose mean more work for them? Does it impact them in a negative way? Understanding the consequences of your proposal for the parties involved may help you tailor your pitch to your audience.

Key Takeaways

- Organizations change in response to changes in the environment and in response to the way decision makers interpret these changes.
- When it comes to organizational change, one of the biggest obstacles is resistance to change.
- People resist change because change disrupts habits, conflicts with certain personality types, causes a fear of failure, can have potentially negative impacts, can result in a potential for loss of power, and, when done too frequently, can exhaust employees.
- Change effort can be conceptualized as a three-step process in which employees are first prepared for change, then change is implemented, and finally, the new behavioural patterns become permanent.

Exercises

1. Can you think of an organizational or personal change that you had to go through? Have you encountered any resistance to this change? What were the reasons?
2. How would you deal with employees who are resisting change because their habits are threatened? How would you deal with them if they are resisting because of a fear of failure?
3. What are the benefits of employee participation in change management?
4. Imagine that you are introducing a new system to college students in which they would have to use a special ID number the university creates for them for activities such as logging onto campus computers or using library resources. How would you plan and implement the change? Explain using Lewin's three-step framework.
5. Why are successful companies less likely to change? What should companies do in order to make organizational change part of their culture?

7.4 Creating and Maintaining Organizational Culture

Learning Objectives

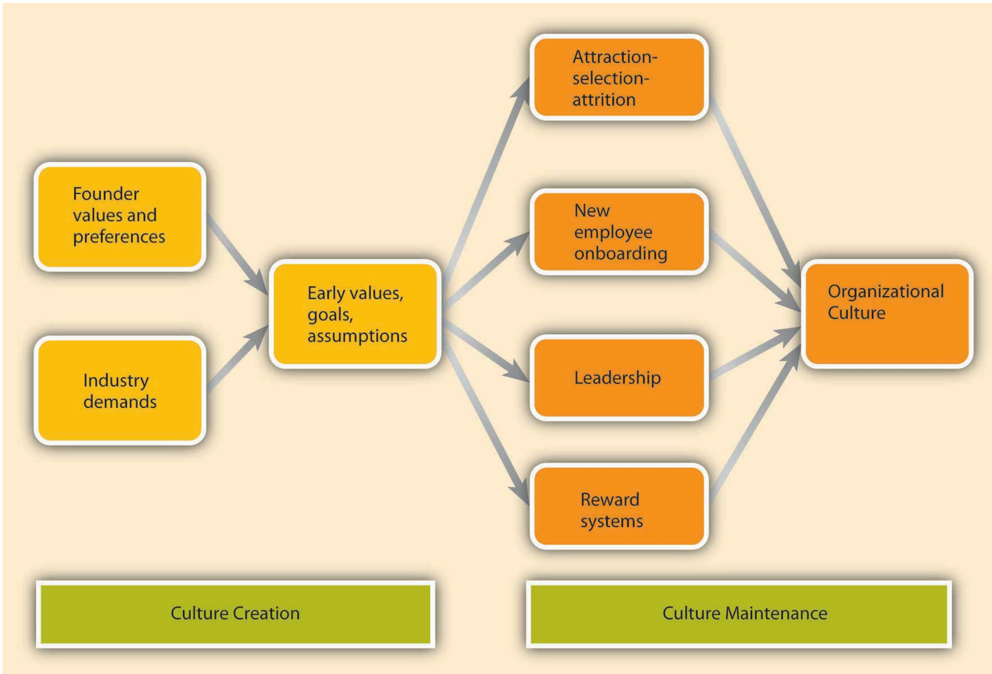
1. Understand how cultures are created.
2. Learn how to maintain a culture.
3. Recognize organizational culture signs.

How Are Cultures Created?

Where do cultures come from? Understanding this question is important so that you know how they can be changed. An organization's culture is shaped as the organization faces external and internal challenges and learns how to deal with them. When the organization'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.[1]

1. Schein, E. H. (1992). Organizational culture and leadership. San Francisco: Jossey-Bass.

Culture Creation and Maintenance



The factors that are most important in the creation of an organization's culture include founders' values, preferences, and industry demands.

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 organization'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, its continuous contributions to charities, use of environmentally friendly materials, and dedication to creating jobs in low-income areas. Even though the company was acquired by Unilever PLC in 2000, the social activism component remains unchanged and Unilever has expressed its commitment to maintaining it.[234] There are many other examples of founders' instilling their own strongly held beliefs or personalities to the businesses they found. For example, as mentioned earlier, Microsoft's aggressive nature is often traced back to Bill Gates and his competitiveness. According to one anecdote, his competitive nature even extends to his personal life such that one of his pastimes is to

2. Kiger, P. J. (April, 2005). Corporate crunch. Workforce Management, 84, 32–38.

3. Rubis, L., Fox, A., Pomeroy, A., Leonard, B., Shea, T. F., Moss, D., Kraft, G., & Overman, S. (2005). 50 for history. HR Magazine, 50, 13, 10–24.

4. Smalley, S. (2007, December 3). Ben & Jerry's bitter crunch. Newsweek, 150, 50.

compete with his wife in solving identical jigsaw puzzles to see who can finish faster.[5] Similarly, Joseph Pratt, a history and management professor, notes, "There definitely is an Exxon way. This is John D. Rockefeller's company, this is Standard Oil of New Jersey, this is the one that is most closely shaped by Rockefeller's traditions. Their values are very clear. They are deeply embedded. They have roots in 100 years of corporate history".[6]

Ben & Jerry's has locations around the world, including this store in Singapore.
[Wikimedia Commons](#) – public domain.

Founder values become part of the corporate culture to the degree they help the company be successful. For example, the social activism of Ben & Jerry's was instilled in the company because founders strongly believed in these issues. However, these values probably would not be surviving 3 decades later if they had not helped the company in its initial stages. In the case of Ben & Jerry's, these charitable values helped distinguish their brand from larger corporate brands and attracted a loyal customer base. Thus, by providing a competitive advantage, these values were retained as part of the corporate culture and were taught to new members as the right way to do business. Similarly, the early success of Microsoft may be attributed to its relatively aggressive corporate culture, which provided a source of competitive advantage.

5. Schlender, B. (1998, June 22). Gates' crusade. Fortune, 137, 30–32.

6. Mouawad, J. (2008, November 16). Exxon doesn't plan on ditching oil. International Herald Tribune. Retrieved November 16, 2008, from http://www.iht.com/articles/2008/11/16/business/16exxon.php.

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.[78] 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 organization'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.[9] As a result,

7. Chatman, J. A., & Jehn, K. A. (1994). Assessing the relationship between industry characteristics and organizational culture: How different can you be? Academy of Management Journal, 37, 522–553.

8. Gordon, G. G. (1991). Industry determinants of organizational culture. Academy of Management Review, 16, 396–415.

9. Judge, T. A., & Cable, D. M. (1997). Applicant personality, organizational culture, and organization attraction. Personnel Psychology, 50, 359–394.

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.[10] 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.[11][12]

As a result of the ASA process, the company attracts, selects, and retains people who share its core values. On the other hand, those people who are different in core values will be excluded from the organization either during the hiring process or later on through naturally occurring turnover. Thus, organizational culture will act as a self-defending organism where intrusive elements are kept out. Supporting the existence of such self-protective mechanisms, research shows that organizations

10. Arnold, J. T. (2007, April). Customers as employees. HR Magazine, 77–82.

11. 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

12. O'Reilly, III, C. A., Chatman, J. A., & Caldwell, D. F. (1991). People and organizational culture: A profile comparison approach to assessing person-organization fit. *Academy of Management Journal*, *34*, 487–516.

demonstrate a certain level of homogeneity regarding personalities and values of organizational members.[13]

New Employee Onboarding

Another way in which an organization'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 organization'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).

There are many factors that play a role in the successful adjustment of new employees. New employees can engage in several activities to help increase their own chances of success at a new organization. Organizations also engage in different activities, such as implementing orientation programs or matching new employees with mentors, which may facilitate onboarding.

What Can Employees Do During Onboarding?

New employees who are proactive, seek feedback, and build strong relationships tend to be more successful than those who do not[14][15][16] for example, *feedback seeking* helps new employees. Especially on a first job, a new employee can make mistakes or gaffes and may find it hard to understand and interpret the ambiguous reactions of coworkers. New hires may not know whether they are performing up to standards, whether it was a good idea to mention a company mistake in front of a client, or why other employees are asking if they were sick over the weekend because of not responding to work-related e-mails. By actively seeking feedback, new employees may find out sooner rather than later any behaviours that need to be changed and gain a better understanding of whether their behaviour fits with the company culture and expectations. Several studies show the benefits of feedback seeking for new employee adjustment.

Relationship building, or *networking*, is another important behaviour new employees may demonstrate. Particularly when a company does not have a systematic approach to onboarding, it becomes more

13. Giberson, T. R., Resick, C. J., & Dickson, M. W. (2005). Embedding leader characteristics: An examination of homogeneity of personality and values in organizations. Journal of Applied Psychology, 90, 1002–1010.

14. Bauer, T. N., & Green, S. G. (1998). Testing the combined effects of newcomer information seeking and manager behaviour on socialization. Journal of Applied Psychology, 83, 72–83.

15. 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.

16. Wanberg, C. R., & Kammeyer-Mueller, J. D. (2000). Predictors and outcomes of proactivity in the socialization process. Journal of Applied Psychology, 85, 373–385.

important for new employees to facilitate their own onboarding by actively building relationships. According to one estimate, 35% of managers who start a new job fail in the new job and either voluntarily leave or are fired within 1.5 years. Of these, over 60% report not being able to form effective relationships with colleagues as the primary reason for their failure.[17] New employees may take an active role in building relations by seeking opportunities to have a conversation with their new colleagues, arranging lunches or coffee with them, participating in company functions, and making the effort to build a relationship with their new supervisor.[18]

OB Toolbox: You've Got a New Job! Now How Do You Get on Board?[19]

- *Gather information*. Try to find as much about the company and the job as you can before your first day. After you start working, be a good observer, gather information, and read as much as you can to understand your job and the company. Examine how people are interacting, how they dress, and how they act to avoid behaviours that might indicate to others that you are a misfit.
- *Manage your first impression*. First impressions may endure, so make sure that you dress appropriately, are friendly, and communicate your excitement to be a part of the team. Be on your best behaviour!
- *Invest in relationship development*. The relationships you develop with your manager and with coworkers will be essential for you to adjust to your new job. Take the time to strike up conversations with them. If there are work functions during your early days, make sure not to miss them!
- *Seek feedback*. Ask your manager or coworkers how well you are doing and whether you are meeting expectations. Listen to what they are telling you and also listen to what they are not saying. Then, make sure to act upon any suggestions for improvement. Be aware that after seeking feedback, you may create a negative impression if you consistently ignore the feedback you receive.
- *Show success early on*. In order to gain the trust of your new manager and colleagues, you may want to establish a history of success early. Volunteer for high-profile projects where you will be able to demonstrate your skills. Alternatively, volunteer for projects that may serve as learning opportunities or that may put you in touch with the key people in the company.

What Can Organizations Do During Onboarding?

Many organizations, including Microsoft, Kellogg Company, and Bank of America, take a more structured and systematic approach to new employee onboarding, while others follow a "sink or swim"

17. Fisher, A. (2005, March 7). Starting a new job? Don't blow it. Fortune, 151, 48.

18. Kim, T., Cable, D. M., & Kim, S. (2005). Socialization tactics, employee proactivity, and person-organization fit. Journal of Applied Psychology, 90, 232–241.

19. Sources: Adapted from ideas in Couzins, M., & Beagrie, S. (2005, March 1). How to…survive the first six months of a new job. Personnel Today, 27; Wahlgreen, E. (2002, December 5). Getting up to speed at a new job. Business Week Online. Retrieved January 29, 2009, from http://www.businessweek.com/careers/content/dec2002/ca2002123_2774.htm.

approach in which new employees struggle to figure out what is expected of them and what the norms are.

A formal orientation program indoctrinates new employees to the company culture, as well as introduces them to their new jobs and colleagues. An orientation program is important, because it has a role in making new employees feel welcome in addition to imparting information that may help new employees be successful on their new jobs. Many large organizations have formal orientation programs consisting of lectures, videotapes, and written material, while some may follow more unusual approaches. According to one estimate, most orientations last anywhere from one to five days, and some companies are currently switching to a computer-based orientation. Ritz-Carlton, the company ranked number 1 in *Training* magazine's 2007 top 125 list, uses a very systematic approach to employee orientation and views orientation as the key to retention. In the two-day classroom orientation, employees spend time with management, dine in the hotel's finest restaurant, and witness the attention to customer service detail firsthand. For example, they receive hand-written welcome notes and their favourite snacks during the break. During these two days, they are introduced to the company's intensive service standards, team orientation, and its own language. Later, on their 21st day, they are tested on the company's service standards and are certified.[20][21][22] Research shows that formal orientation programs are helpful in teaching employees about the goals and history of the company, as well as communicating the power structure. Moreover, these programs may also help with a new employee's integration into the team. However, these benefits may not be realized to the same extent in computer-based orientations. In fact, compared to those taking part in a regular, face-to-face orientation, individuals undergoing a computer-based orientation were shown to have lower understanding of their job and the company, indicating that different formats of orientations may not substitute for each other.[23][24][25]

What Can Organizational Insiders Do During Onboarding?

One of the most important ways in which organizations can help new employees adjust to a company and a new job is through *organizational insiders*—namely supervisors, coworkers, and mentors. Research shows that leaders have a key influence over onboarding, and the information and support leaders provide determine how quickly employees learn about the company politics and culture. Coworker influence determines the degree to which employees adjust to their teams. Mentors can be crucial to helping new employees adjust by teaching them the ins and outs of their jobs and how the company really operates. A mentor is a trusted person who provides an employee with advice and support

20. Durett, J. (2006, March 1). Technology opens the door to success at Ritz-Carlton. Retrieved January 28, 2009, from http://www.managesmarter.com/msg/search/article_display.jsp?vnu_content_id=1002157749.
21. Elswick, J. (2000, February). Puttin' on the Ritz: Hotel chain touts training to benefit its recruiting and retention. Employee Benefit News, 14, 9.
22. The Ritz-Carlton Company: How it became a "legend" in service. (2001, Jan–Feb). Corporate University Review, 9, 16.
23. Klein, H. J., & Weaver, N. A. (2000). The effectiveness of an organizational level orientation training program in the socialization of new employees. Personnel Psychology, 53, 47–66.
24. Moscato, D. (2005, April). Using technology to get employees on board. HR Magazine, 50, 107–109.
25. Wesson, M. J., & Gogus, C. I. (2005). Shaking hands with a computer: An examination of two methods of organizational newcomer orientation. Journal of Applied Psychology, 90, 1018–1026.

regarding career-related matters. Although a mentor can be any employee or manager who has insights that are valuable to the new employee, mentors tend to be relatively more experienced than their protégés. Mentoring can occur naturally between two interested individuals, or organizations can facilitate this process by having formal mentoring programs. These programs may successfully bring together mentors and protégés who would not come together otherwise. Research indicates that the existence of these programs does not guarantee their success, and there are certain program characteristics that may make these programs more effective. For example, when mentors and protégés feel that they had input in the mentor-protégé matching process, they tend to be more satisfied with the arrangement. Moreover, when mentors receive training beforehand, the outcomes of the program tend to be more positive.[26] Because mentors may help new employees interpret and understand the company's culture, organizations may benefit from selecting mentors who personify the company's values. Thus, organizations may need to design these programs carefully to increase their chance of success.

Leadership

Leaders are instrumental in creating and changing an organization's culture. There is a direct correspondence between a leader's style and an organization's culture. For example, when leaders motivate employees through inspiration, corporate culture tends to be more supportive and people oriented. When leaders motivate by making rewards contingent on performance, the corporate culture tends to be more performance oriented and competitive.[27] In these and many other ways, what leaders do directly influences the cultures their organizations have.

Part of the leader's influence over culture is through role modeling. Many studies have suggested that leader behaviour, the consistency between organizational policy and leader actions, and leader role modeling determine the degree to which the organization's culture emphasizes ethics.[28] The leader's own behaviours will signal to employees what is acceptable behaviour and what is unacceptable. In an organization in which high-level managers make the effort to involve others in decision making and seek opinions of others, a team-oriented culture is more likely to evolve. By acting as role models, leaders send signals to the organization about the norms and values that are expected to guide the actions of organizational members.

Leaders also shape culture by their reactions to the actions of others around them. For example, do they praise a job well done, or do they praise a favored employee regardless of what was accomplished? How do they react when someone admits to making an honest mistake? What are their priorities? In meetings, what types of questions do they ask? Do they want to know what caused accidents so that they can be prevented, or do they seem more concerned about how much money was lost as a result of an accident? Do they seem outraged when an employee is disrespectful to a coworker, or does their reaction depend on whether they like the harasser? Through their day-to-day actions, leaders shape and maintain an organization's culture.

26. Allen, T. D., Eby, L. T., & Lentz, E. (2006). Mentorship behaviours and mentorship quality associated with formal mentoring programs: Closing the gap between research and practice. Journal of Applied Psychology, 91, 567–578.

27. Sarros, J. C., Gray, J., & Densten, I. L. (2002). Leadership and its impact on organizational culture. International Journal of Business Studies, 10, 1–26.

28. 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.

Reward Systems

Finally, the company culture is shaped by the type of reward systems used in the organization, and the kinds of behaviours and outcomes it chooses to reward and punish. One relevant element of the reward system is whether the organization rewards behaviours or results. Some companies have reward systems that emphasize intangible elements of performance as well as more easily observable metrics. In these companies, supervisors and peers may evaluate an employee's performance by assessing the person's behaviours as well as the results. In such companies, we may expect a culture that is relatively people or team oriented, and employees act as part of a family.[29] On the other hand, in companies that purely reward goal achievement, there is a focus on measuring only the results without much regard to the process. In these companies, we might observe outcome-oriented and competitive cultures. Another categorization of reward systems might be whether the organization uses rankings or ratings. In a company where the reward system pits members against one another, where employees are ranked against each other and the lower performers receive long-term or short-term punishments, it would be hard to develop a culture of people orientation and may lead to a competitive culture. On the other hand, evaluation systems that reward employee behaviour by comparing them to absolute standards as opposed to comparing employees to each other may pave the way to a team-oriented culture. Whether the organization rewards performance or seniority would also make a difference in culture. When promotions are based on seniority, it would be difficult to establish a culture of outcome orientation. Finally, the types of behaviours that are rewarded or ignored set the tone for the culture. Service-oriented cultures reward, recognize, and publicize exceptional service on the part of their employees. In safety cultures, safety metrics are emphasized and the organization is proud of its low accident ratings. What behaviours are rewarded, which ones are punished, and which are ignored will determine how a company's culture evolves.

OB Toolbox: Best Practices

How to Maximize Onboarding Success[30]

Onboarding plans should have the following characteristics:

- *Written down*. If your organization does not have a formal plan, write one yourself. It may not make sense to share it with others, but at least you will have a roadmap. If your organization does have one, refer to it on a monthly basis.
- *Participatory*. The power of onboarding programs is in the interaction. Try to get participation from others to the extent possible and engage in onboarding activities offered to you by the organization.
- *Tracked over time*. Keep in mind that research shows onboarding has a rhythm of 30-, 60-, 90-,

29. Kerr, J., & Slocum, J. W., Jr. (2005). Managing corporate culture through reward systems. Academy of Management Executive, 19, 130–138.

30. Source: Adapted from Bauer, T. N., & Elder, E. (2006). Onboarding newcomers into an organization. 58th Annual Society for Human Resource Management (SHRM) Conference & Exposition. Washington, DC.

and 180-day milestones. Be sure to track your progress.

- *Clear on objectives, timeline, roles, and responsibilities*. This will help ensure that role conflict and ambiguity doesn't detour your onboarding process.
- *Clear on scheduled key stakeholder meetings with managers and mentors*. Include a plan for
  1. going over strengths and development areas;
  2. hearing about potential problems and critical advice to help you be successful.
- Be sure to include a list of your key questions and things you need to help you do your job better.

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 organization's environment. In this section, we discuss five ways in which culture shows itself to observers and employees.

Mission Statement

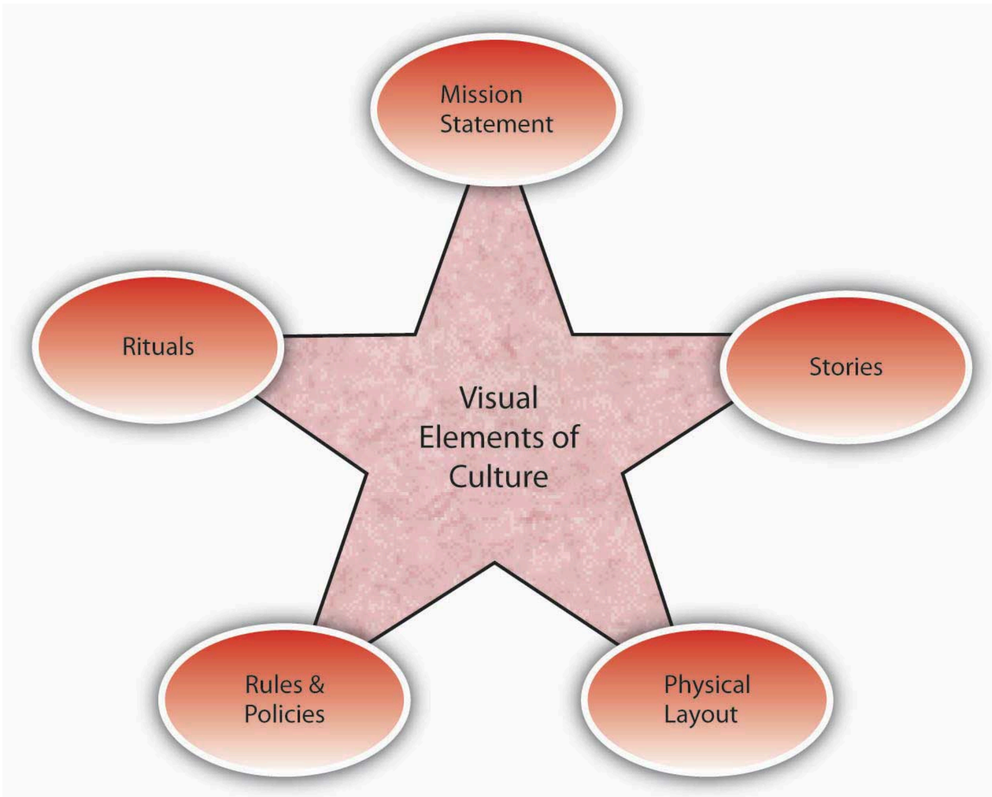
A mission statement is a statement of purpose, describing who the company is and what it does. Many companies have mission statements, but they do not always reflect the company's values and its purpose. An effective mission statement is well known by employees, is transmitted to all employees starting 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 Web site, 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".[31]

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

31. Kunen, J. S. (2002, January 19). Enron's vision (and values) thing. The New York Times, p. 19.

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".[32] 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.



Visual Elements of Culture

Rituals

Rituals refer to repetitive activities within an organization that have symbolic meaning.[33] 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 elabourate evening gowns and sing company songs that create emotional excitement. During this ritual, employees feel a connection to

32. Wal-Mart Stores Inc. (2008). Investor frequently asked questions. Retrieved November 20, 2008, from http://walmartstores.com/Investors/7614.aspx.

33. Anand, N. (2005). Blackwell encyclopedic dictionary of organizational behaviour. Cambridge: Wiley.

the company culture and its values, such as self-determination, will power, and enthusiasm.[34] 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.[35][36]

Tradition is important at Wal-Mart. Sam Walton's original Walton's Five and Dime is now the Wal-Mart Visitor's Center in Bentonville, Arkansas. Credit: [Wikimedia Commons](#) – CC BY-SA 2.5.

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

34. Jarnagin, C., & Slocum, J. W., Jr. (2007). Creating corporate cultures through mythopoetic leadership. Organizational Dynamics, 36, 288–302

35. Schlender, B. (2005, April 18). Wal-Mart's $288 billion meeting. Fortune, 151, 90–106.

36. Wal around the world. (2001, December 8). Economist, 361, 55–57.

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 organization'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 honourary statues dotting the campus.[37][38][39][40] A very different tone awaits visitors to Wal-Mart headquarters, where managers have gray and windowless offices.[41] 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.

The layout of the office space also is a strong indicator of a company's culture. A company that has an open layout where high-level managers interact with employees may have a culture of team orientation and egalitarianism, whereas a company where high-level managers have their own floor may indicate a higher level of hierarchy. Microsoft employees tend to have offices with walls and a door, because the culture emphasizes solitude, concentration, and privacy. In contrast, Intel Corporation is famous for its standard cubicles, which reflect its culture of equality. The same value can also be observed in its avoidance of private and reserved parking spots.[42] The degree to which playfulness, humor, and fun is part of a company's culture may be indicated in the office environment. For example, Jive Software

37. Capowski, G. S. (1993, June). Designing a corporate identity. Management Review, 82, 37–41.

38. Collins, J., & Porras, J. I. (1996). Building your company's vision. Harvard Business Review, 74, 65–77.

39. Labich, K., & Carvell, T. (1995, September 18). Nike vs. Reebok. Fortune, 132, 90–114.

40. Mitchell, C. (2002). Selling the brand inside. Harvard Business Review, 80, 99–105.

41. Berner, R. (2007, February 12). My Year at Wal-Mart. Business Week, 4021, 70–74.

42. Clark, D. (2007, October 15). Why Silicon Valley is rethinking the cubicle office. Wall Street Journal, 250, p. B9.

boasts a colourful, modern, and comfortable office design. Their break room is equipped with a keg of beer, free snacks and sodas, an XBOX 360, and Nintendo Wii. A casual observation of their work environment sends the message that employees who work there see their work as fun.[43]

OB Toolbox: As a Job Candidate, How Would You Find Out If You Are a Good Fit?[44]

- *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 Web site, 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.

Key Takeaways

- Organization 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 organizational reward systems.
- Signs of a company's culture include the organization's mission statement, stories, physical layout, rules and policies, and rituals.

43. Jive Software. (2008). Careers. Retrieved November 20, 2008, from http://www.jivesoftware.com/company.

44. Sources: Adapted from ideas in Daniel, L., & Brandon, C. (2006). Finding the right job fit. HR Magazine, 51, 62–67; Sacks, D. (2005). Cracking your next company's culture. Fast Company, 99, 85–87.

Exercises

1. Do you think it is a good idea for companies to emphasize person-organization 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 organizations?
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 organization? 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?

7.5 Creating Culture Change

Learning Objectives

1. Explain why culture change may be necessary.
2. Understand the process of culture change.

How Do Cultures Change?

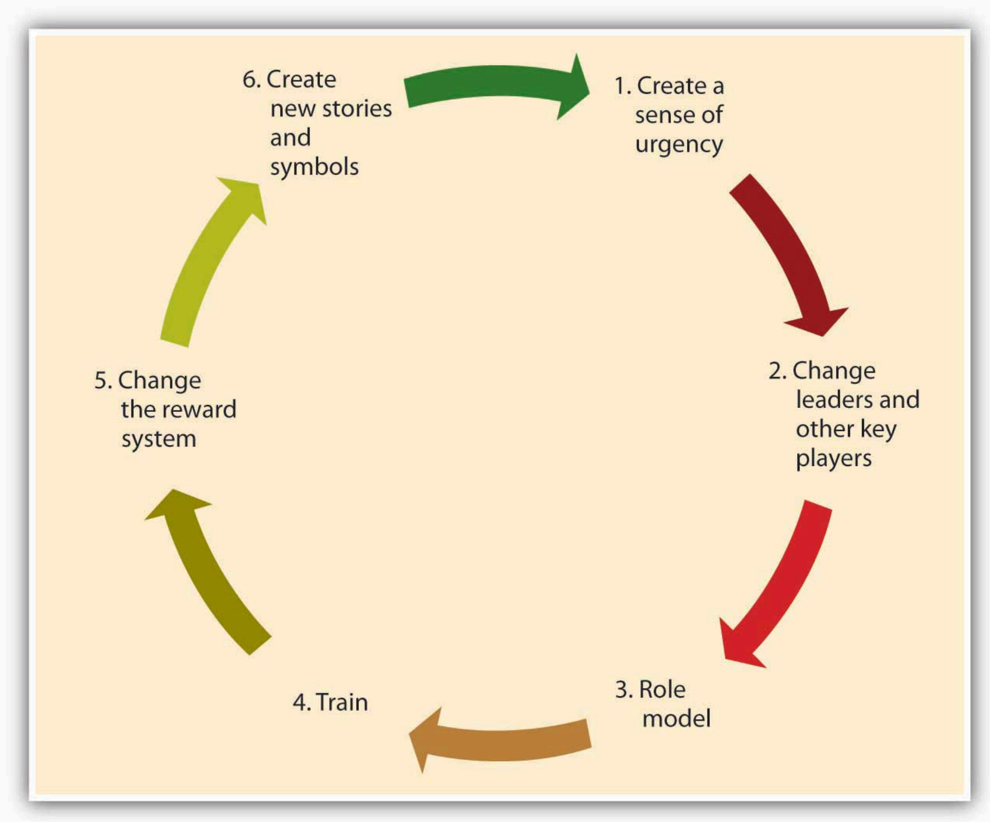
Culture is part of a company's DNA and is resistant to change efforts. Unfortunately, many organizations may not even realize that their current culture constitutes a barrier against organizational productivity and performance. Changing company culture may be the key to the company turnaround when there is a mismatch between an organization'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.[1] 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.[2]

1. Kiger, P. J. (2005, April). Corporate crunch. Workforce Management, 84, 32–38.

2. Schein, E. H. (1990). Organizational culture. American Psychologist, 45, 109–119.



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 organization's culture. Instead of spreading optimism about the company's future, he used the crisis at every opportunity to get buy-in from employees.[3]

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

3. Gerstner, L. V. (2002). Who says elephants can't dance? New York: Harper-Collins.

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.[4]

Role Modeling

Role modeling is the process by which employees modify their own beliefs and behaviours to reflect those of the leader.[5] 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.[6]

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

4. McGregor, J., McConnon, A., Weintraub, A., Holmes, S., & Grover, R. (2007, May 14). The 25 most innovative companies. Business Week, 4034, 52–60.

5. 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.

6. Barron, J. (2007, January). The HP Way: Fostering an ethical culture in the wake of scandal. Business Credit, 109, 8–10.

helping form better connections with them. Customer reports have been overwhelmingly positive in stores that underwent this training.[7]

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 collabourate 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.

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.[8] 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 Takeaways

- Organizations 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 organization.
- Finally, the organization creates new stories and symbols.

7. BST to guide culture change effort at NASA. (June, 2004). Professional Safety, 49, 16; J. B. (June, 2001). The Midas touch. Training, 38, 26.

8. 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.

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 organization 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 organization?

7.6 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of culture in ethical behaviour.
2. Consider the role of national culture on organizational 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.[1] 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.[2] 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.[3] 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.[4]

1. Gebler, D. (2006, May). Creating an ethical culture. Strategic Finance, 87, 28–34.
2. Watkins, S. (2003, November). Former Enron vice president Sherron Watkins on the Enron collapse. Academy of Management Executive, 17, 119–125.
3. Schweitzer, M., Ordonez, L., & Douma, B. (2004). The role of goal setting in motivating unethical behaviour. Academy of Management Journal, 47, 422–432.
4. Heineman, B. W., Jr. (2007, April). Avoiding integrity land mines. Harvard Business Review, 85, 100–108.

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.[56] 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 Takeaways

- 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 organizational cultures? Describe what you observed.
2. Have you seen examples of national culture affecting an organization's culture?
3. What advice would you give to someone who was interested in starting a new division of a company in another culture?

5. Dedoussis, E. (2004). A cross-cultural comparison of organizational culture: Evidence from universities in the Arab world and Japan. Cross Cultural Management, 11, 15–34.
6. Garibaldi de Hilal, A. (2006). Brazilian national culture, organizational culture and cultural agreement: Findings from a multinational company. International Journal of Cross Cultural Management, 6, 139–167.

7.7 Clash of the Cultures

The Case of Newell Rubbermaid[1]

Figure 15.13 Steven Taschuk – tupperware – CC BY 2.0.

1. Based on information retrieved April 3, 2010, from http://www.bain.com/masteringthemerger/case_example_new_rbbmd_trans.asp and from the Newell Rubbermaid Web site: http://www.newellrubbermaid .com/public/Our-Company/Our-History.aspx.

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 is 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.

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 this time and continuing under 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 organizational 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 organizational 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 organizational culture? Explain your answer.
5. How important is an organization's strategy in terms of developing an organizational culture? Explain your answer.

7.8 Organizational Change

Learning Objectives

1. Identify the external forces creating change on the part of organizations.
2. Understand how organizations respond to changes in the external environment.
3. Understand why people resist change.

Why Do Organizations Change?

Organizational change is the movement of an organization from one state of affairs to another. Organizational change can take many forms. It may involve a change in a company's structure, strategy, policies, procedures, technology, or culture. The change may be planned years in advance or may be forced upon an organization because of a shift in the environment. Organizational change can be radical and alter the way an organization operates, or it may be incremental and slowly change the way things are done. In any case, regardless of the type, change involves letting go of the old ways in which work is done and adjusting to the new ways. Therefore, fundamentally, it is a process that involves effective people management.

Workforce Demographics

Figure 7.7: Organizations change in response to changes in their environment. One of the current changes is in the demographics of the workforce. Emilio Labrador – Business Meeting – CC BY 2.0.

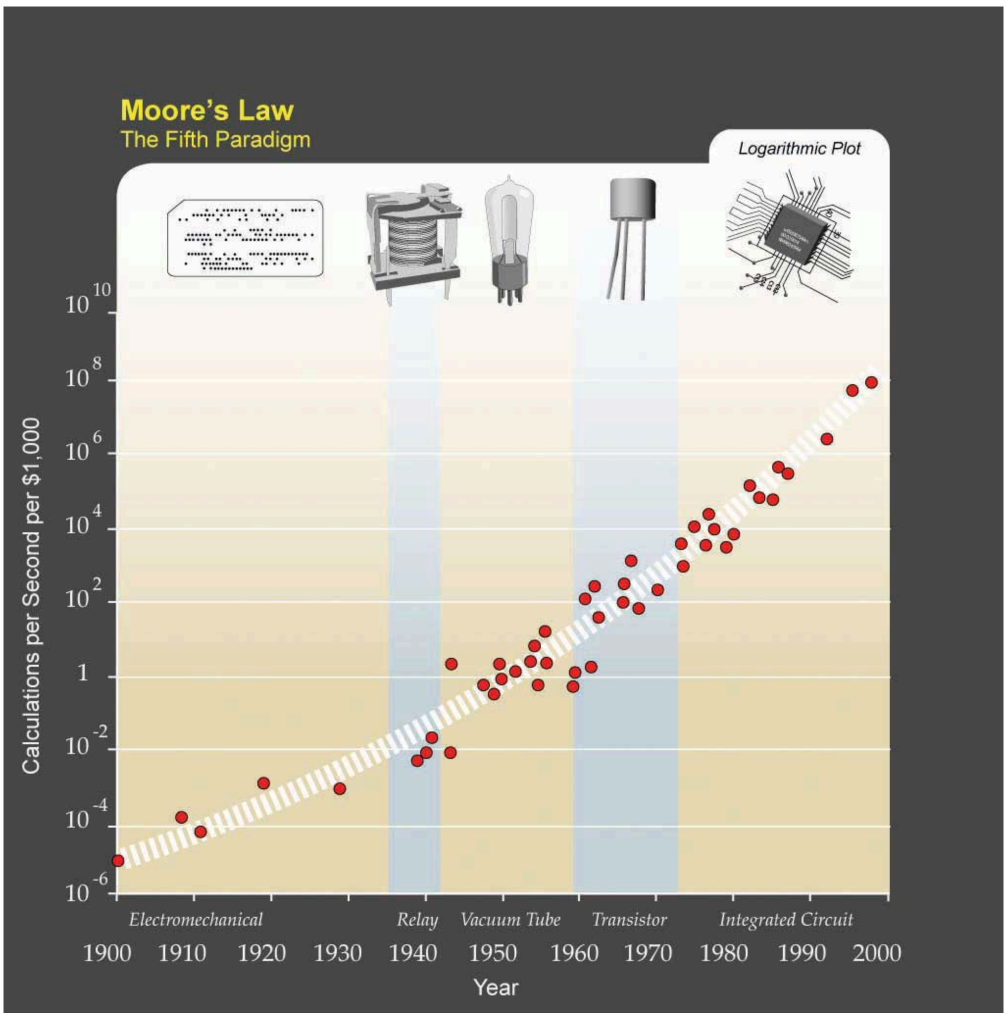
Organizational change is often a response to changes in the environment. For example, both the United States Department of Labor and Organization for Economic Co-operation and Development (OECD) estimate that the age of the workforce is on the rise.[1] What does this mean for companies? Organizations may realize that as the workforce gets older the types of benefits they prefer may change. Work arrangements such as flexible work hours and job sharing may become more popular as employees remain in the workforce even after retirement. As the workforce rapidly ages, it also becomes possible that employees who are unhappy with their current work situation will choose to retire, resulting in a sudden loss of valuable knowledge and expertise on the part of organizations. Therefore, organizations will have to devise strategies to retain these employees and plan for their retirement. Finally, a critical issue is finding ways of dealing with age-related stereotypes, which act as barriers in the retention of these employees.

Technology

Sometimes change is motivated by rapid developments in *technology*. Moore's law (a prediction by Gordon Moore, cofounder of Intel Corporation) dictates that the overall complexity of computer circuits

1. Lerman, R. I., & Schmidt, S. R. (2006). Trends and challenges for work in the 21st century. Retrieved September 10, 2008, from U.S. Department of Labor Web site: http://www.dol.gov/oasam/programs/history/herman/reports/futurework/conference/trends/trendsI.htm.

will double every 18 months with no increase in cost.[2] Such change is motivating corporations to rapidly change their technology. Sometimes technology produces such profound developments that companies struggle to adapt. A recent example is from the music industry. When CDs were first introduced in the 1980s, they were substantially more appealing than the traditional LPs. Record companies were easily able to double the prices, even though producing CDs cost a fraction of what it cost to produce LPs. For decades, record producing companies benefited from this status quo. Yet when peer-to-peer file sharing through software such as Napster and Kazaa threatened the core of their business, companies in the music industry found themselves completely unprepared for such disruptive technological changes. Their first response was to sue the users of file-sharing software, sometimes even underage kids. They also kept looking for a technology that would make it impossible to copy a CD or DVD, which has yet to emerge. Until Apple Inc.'s iTunes came up with a new way to sell music online, it was doubtful that consumers would ever be willing to pay for music that was otherwise available for free (albeit illegally so). Only time will tell if the industry will be able to adapt itself to the changes forced upon it.[3]



Ray Kurzweil expanded Moore's law from integrated circuits to earlier transistors, vacuum tubes, relays, and electromechanical computers to show that his trend holds there as well. Wikimedia Commons – public domain.

2. Moore's Law. Retrieved September 5, 2008, from Answers.com Web site: http://www.answers.com/topic/moore-s-law.

3. Lasica, J. D. (2005). Darknet: Hollywood's war against the digital generation. Hoboken, NJ: Wiley.

Globalization

Globalization is another threat and opportunity for organizations, depending on their ability to adapt to it. Organizations are finding that it is often cheaper to produce goods and deliver services in some countries compared to others. This led many companies to utilize manufacturing facilities overseas, with China as a popular destination. For a while, knowledge work was thought to be safe from outsourcing, but now we are also seeing many service operations moved to places with cheaper wages. For example, many companies have outsourced software development to India, with Indian companies such as Wipro Ltd. and Infosys Technologies Ltd. emerging as global giants. Given these changes, understanding how to manage a global workforce is a necessity. Many companies realize that outsourcing forces them to operate in an institutional environment that is radically different from what they are used to at home. Dealing with employee stress resulting from jobs being moved overseas, retraining the workforce, and learning to compete with a global workforce on a global scale are changes companies are trying to come to grips with.

Market Conditions

Changes in the market conditions may also create changes as companies struggle to adjust. For example, as of this writing, the airline industry in the United States is undergoing serious changes. Demand for air travel was affected after the September 11 terrorist attacks. Also, the widespread use of the Internet to book plane travels made it possible to compare airline prices much more efficiently and easily, encouraging airlines to compete primarily based on cost. This strategy seems to have backfired when coupled with the dramatic increases in the cost of fuel. As a result, airlines are cutting back on amenities that were taken for granted for decades, such as the price of a ticket including meals, beverages, and checking luggage. Some airlines, such as Delta Air Lines Inc. and Northwest Airlines Inc., have merged to deal with this climate, and talks involving other mergers in this industry continue.

How does a change in the environment create change within an organization? Note that environmental change does not automatically change how business is done. Whether or not the organization changes in response to environmental challenges and threats depends on the decision makers' reactions to what is happening in the environment.

Organizational Growth

In 1984, brothers Kurt and Rob Widmer founded Widmer Brothers, which is now the 11th largest brewery in the United States. Sarah McDevitt – Widmer Family Photo – CC BY 2.0.

It is natural for once small start-up companies to grow if they are successful. An example of this growth is the evolution of the Widmer Brothers Brewing Company, which started as two brothers brewing beer in their garage to become the 11th largest brewery in the United States. This growth happened over time as the popularity of their key product—Hefeweizen—grew in popularity; the company had to expand to meet demand, growing from the 2 founders to 400 employees in 2008 after Widmer Brothers merged with Redhook Ale Brewery to become Craft Brewers Alliance Inc. The newly formed company has five main departments, including Operations, Sales, Marketing, Finance, and Retail, who report to the CEO. Anheuser-Busch Companies Inc. continues to have a minority stake in both beer companies. So, while 50% of all new small businesses fail in their first year,[4] those that succeed often evolve into large, complex organizations over time.

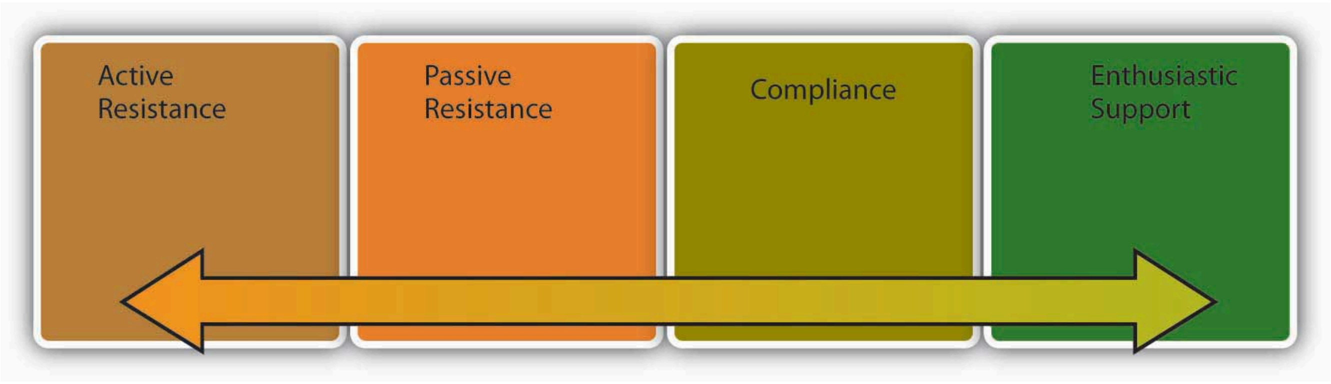
4. Get ready. United States Small Business Association. Retrieved November 21, 2008, from http://www.sba.gov/smallbusinessplanner/plan/getready/SERV_SBPLANNER_ ISENTFORU.html.

Poor Performance

Change is more likely to happen if the company is performing poorly and if there is a perceived threat from the environment. In fact, poorly performing companies often find it easier to change compared to successful companies. Why? High performance actually leads to overconfidence and inertia. As a result, successful companies often keep doing what made them a success in the first place. When it comes to the relationship between company performance and organizational change, the saying “nothing fails like success” may be fitting. For example, Polaroid Corporation was the number one producer of instant films and cameras in 1994. The company filed for bankruptcy in less than a decade, unable to adapt to the rapid advances in the 1-hour photo development and digital photography technologies. Successful companies that manage to change have special practices in place to keep the organization open to changes. As a case in point, Nokia finds that it is important to periodically change the perspective of key decision makers. For this purpose, they rotate heads of businesses to different posts to give them a fresh perspective. In addition to the success of a business, change in a company’s upper level management is a motivator for change at the organization level. Research shows that long-tenured CEOs are unlikely to change their formula for success. Instead, new CEOs and new top management teams create change in a company’s culture and structure.[5] 1995; Boeker, 1997;[6]

Resistance to Change

Changing an organization is often essential for a company to remain competitive. Failure to change may influence the ability of a company to survive. Yet, employees do not always welcome changes in methods. According to a 2007 survey conducted by the Society for Human Resource Management (SHRM), resistance to change is one of the top two reasons why change efforts fail. In fact, reactions to organizational change may range from resistance to compliance to being an enthusiastic supporter of the change, with the latter being the exception rather than the norm.[7][8]



Reactions to change may take many forms.

5. Barnett, W. P., & Carroll, G. R. (1995). Modeling internal organizational change. Annual Review of Sociology, 21, 217–236.

6. Deutschman, A. (2005, March). Building a better skunk works. Fast Company, 92, 68–73.

7. Change management: The HR strategic imperative as a business partner. (2007, December). HR Magazine, 52(12).

8. Huy, Q. N. (1999). Emotional capability, emotional intelligence, and radical change. Academy of Management Review, 24, 325–345.

a class=”glossterm”>Active resistance is the most negative reaction to a proposed change attempt. Those who engage in active resistance may sabotage the change effort and be outspoken objectors to the new procedures. In contrast, passive resistance involves being disturbed by changes without necessarily voicing these opinions. Instead, passive resisters may quietly dislike the change, feel stressed and unhappy, and even look for an alternative job without necessarily bringing their point to the attention of decision makers. Compliance, on the other hand, involves going along with proposed changes with little enthusiasm. Finally, those who show enthusiastic support are defenders of the new way and actually encourage others around them to give support to the change effort as well.Any change attempt will have to overcome the resistance on the part of people to be successful. Otherwise, the result will be loss of time and energy as well as an inability on the part of the organization to adapt to the changes in the environment and make its operations more efficient. Resistance to change also has negative consequences for the people in question. Research shows that when people negatively react to organizational change, they experience negative emotions, use sick time more often, and are more likely to voluntarily leave the company.[9]

The following is a dramatic example of how resistance to change may prevent improving the status quo. Have you ever wondered why the letters on keyboards are laid out the way they are? The QWERTY keyboard, named after the first six letters in the top row, was actually engineered to slow us down. The first prototypes of the typewriter keyboard would jam if the keys right next to each other were hit at the same time. Therefore, it was important for manufacturers to slow typers down. They achieved this by putting the most commonly used letters to the left-hand side, and scattering the most frequently used letters all over the keyboard. Later, the issue of letters being stuck was resolved. In fact, an alternative to the QWERTY named the Dvorak keyboard provides a much more efficient design and allows individuals to double traditional typing speeds. Yet the shift never occurred. The reasons? Large numbers of people resisted the change. Teachers and typists resisted, because they would lose their specialized knowledge. Manufacturers resisted because of costs inherent in making the switch and the initial inefficiencies in the learning curve.[10] In short, the best idea does not necessarily win, and changing people requires understanding why they resist.

9. Fugate, M., Kinicki, A. J., & Prussia, G. E. (2008). Employee coping with organizational change: An examination of alternative theoretical perspectives and models. Personnel Psychology, 61, 1–36.

10. Diamond, J. (2005). Guns, germs and steel: The fates of human societies. New York: W. W. Norton.

Figure 7.11 The Dvorak keyboard is a more efficient design compared to the QWERTY keyboard. Due to resistance from typists, manufacturers, and teachers, it never gained widespread adoption.

Why Do People Resist Change?

Disrupted Habits

People often resist change for the simple reason that change disrupts our habits. Do you think about how you are driving when you drive? Most of the time probably not, because driving generally becomes an automated activity after a while. You may sometimes even realize that you have reached your destination without noticing the roads you used or having consciously thought about any of your body movements. Now imagine you drive for a living, and even though you are used to driving an automatic car, you are now forced to use a stick shift. You can most likely figure out how to drive a stick, but it will take time, and until you figure it out, you cannot drive on auto pilot. You will have to reconfigure your body movements and practice shifting until you become good at it. You may find that for this simple reason, people sometimes are surprisingly outspoken when confronted with simple changes such as updating to a newer version of a particular software or a change in their voice mail system.

Personality

Some people are more resistant to change than others. Research shows that people who have a positive self-concept are better at coping with change, probably because those who have high self-esteem may feel that whatever the changes are, they are likely to adjust to it well and be successful in the new system. People with a more positive self-concept and those who are more optimistic may also view change as an opportunity to shine as opposed to a threat that is overwhelming. Finally, risk tolerance is another predictor of how resistant someone will be to stress. For people who are risk avoidant, the possibility of a change in technology or structure may be more threatening.[11][12]

Feelings of Uncertainty

Change inevitably brings feelings of uncertainty. You have just heard that your company is merging with another. What would be your reaction? Such change is often turbulent, and it is often unclear what is going to happen to each individual. Some positions may be eliminated. Some people may see a change in their job duties. Things can get better—or they may get worse. The feeling that the future is unclear is enough to create stress for people, because it leads to a sense of lost control.[13] Fugate, Kinicki, & Prussia, 2008).

11. Judge, T. A., Thoresen, C. J., Pucik, V., & Welbourne, T. M. (1999). Managerial coping with organizational change. Journal of Applied Psychology, 84, 107–122.

12. Wanberg, C. R., & Banas, J. T. (2000). Predictors and outcomes of openness to changes in a reorganizing workplace. Journal of Applied Psychology, 85, 132–142.

13. Ashford, S. J., Lee, C. L., & Bobko, P. (1989). Content, causes, and consequences of job insecurity: A theory-based measure and substantive test. Academy of Management Journal, 32, 803–829.

Fear of Failure

Figure 7.12 One common reason employees resist change is the fear of failure under the new system. Shaun Murphy – Stressed – CC BY-NC-ND 2.0.

People also resist change when they feel that their performance may be affected under the new system. People who are experts in their jobs may be less than welcoming of the changes, because they may be unsure whether their success would last under the new system. Studies show that people who feel that they can perform well under the new system are more likely to be committed to the proposed change, while those who have lower confidence in their ability to perform after changes are less committed.[14]

Personal Impact of Change

It would be too simplistic to argue that people resist all change, regardless of its form. In fact, people tend to be more welcoming of change that is favorable to them on a personal level (such as giving them more power over others, or change that improves quality of life such as bigger and nicer offices). Research also shows that commitment to change is highest when proposed changes affect the work unit with a low impact on how individual jobs are performed.[15]

14. Herold D. M., Fedor D. B., & Caldwell, S. (2007). Beyond change management: A multilevel investigation of contextual and personal influences on employees' commitment to change. Journal of Applied Psychology, 92, 942–951.

15. Fedor, D. M., Caldwell, S., & Herold, D. M. (2006). The effects of organizational changes on employee commitment: A multilevel investigation. Personnel Psychology, 59, 1–29.

Prevalence of Change

Any change effort should be considered within the context of all the other changes that are introduced in a company. Does the company have a history of making short-lived changes? If the company structure went from functional to product-based to geographic to matrix within the past 5 years, and the top management is in the process of going back to a functional structure again, a certain level of resistance is to be expected because people are likely to be fatigued as a result of the constant changes. Moreover, the lack of a history of successful changes may cause people to feel skeptical toward the newly planned changes. Therefore, considering the history of changes in the company is important to understanding why people resist. Also, how big is the planned change? If the company is considering a simple switch to a new computer program, such as introducing Microsoft Access for database management, the change may not be as extensive or stressful compared to a switch to an enterprise resource planning (ERP) system such as SAP or PeopleSoft, which require a significant time commitment and can fundamentally affect how business is conducted.[16][17]

Perceived Loss of Power

One other reason why people may resist change is that change may affect their power and influence in the organization. Imagine that your company moved to a more team-based structure, turning supervisors into team leaders. In the old structure, supervisors were in charge of hiring and firing all those reporting to them. Under the new system, this power is given to the team itself. Instead of monitoring the progress the team is making toward goals, the job of a team leader is to provide support and mentoring to the team in general and ensure that the team has access to all resources to be effective. Given the loss in prestige and status in the new structure, some supervisors may resist the proposed changes even if it is better for the organization to operate around teams.

In summary, there are many reasons individuals resist change, which may prevent an organization from making important changes.

Is All Resistance Bad?

Resistance to change may be a positive force in some instances. In fact, resistance to change is a valuable feedback tool that should not be ignored. Why are people resisting the proposed changes? Do they feel that the new system will not work? If so, why not? By listening to people and incorporating their suggestions into the change effort, it is possible to make a more effective change. Some of a company's most committed employees may be the most vocal opponents of a change effort. They may fear that the organization they feel such a strong attachment to is being threatened by the planned change effort and the change will ultimately hurt the company. In contrast, people who have less loyalty to the organization may comply with the proposed changes simply because they do not care enough about the fate of the

16. Labianca, G., Gray, B., & Brass D. J. (2000). A grounded model of organizational schema change during empowerment. Organization Science, 11, 235–257.

17. Rafferty, A. E., & Griffin. M. A. (2006). Perceptions of organizational change: A stress and coping perspective. Journal of Applied Psychology, 91, 1154–1162.

company to oppose the changes. As a result, when dealing with those who resist change, it is important to avoid blaming them for a lack of loyalty.[18]

OB Toolbox: Life After Being Downsized[19]

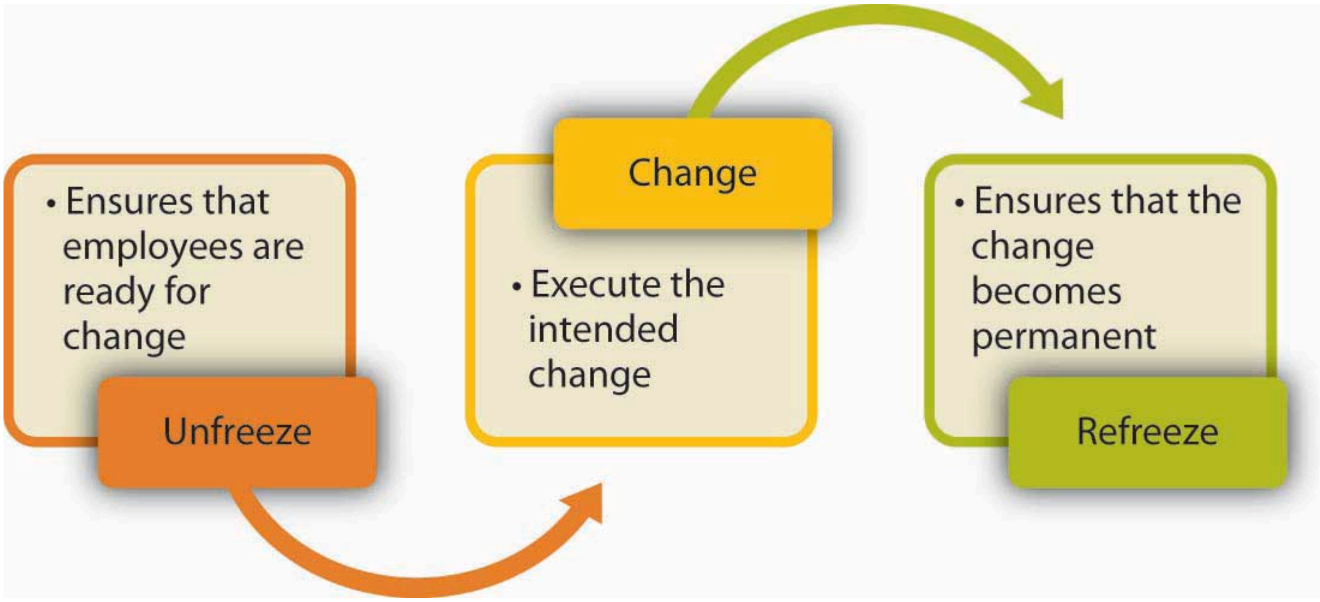
Organizational change sometimes means reducing the number of people working in the company to make operations more efficient. Sometime in your career, you may find that you go through this painful, sometimes traumatic experience. What do you do to recover in the aftermath of a downsizing?

- *Be calm*. This is easier said than done, but it happens to the best of us. Remember that it was not your fault. Many companies lay off employees during downsizing despite their stellar performance, so do not take it personally.
- *Do not get angry*. When you hear the news, make sure that you do not express your disappointment in a way that would burn your bridges. In fact, many companies rehire workers they lay off or bring them in as external consultants. Do not say or do something in anger that closes all doors. Remember, during downsizing companies are often forced to let go of employees they *want* to keep.
- *Know your rights*. Are you getting a severance package afterward? Are you going to have continued access to some benefits? Does the company provide assistance to those who are laid off? Find out what is being offered. You may also want to ask for a letter of recommendation from your former boss to help with your job hunt.
- *Think about your ideal job situation*. Are you in the right field? Do you have all the skills and education you need to work in the right field? Some people will look at a layoff as a time to settle for any job that comes along, but this may not be an effective long-term strategy. Instead, imagine your ideal situation and find out what you can do to get there.
- *Get help*. There are many organizations and career coaches offering career support, advice, and networking opportunities. Surround yourself with positive people who are supportive. Getting assistance may help you make yourself more marketable or simply provide you with necessary emotional support.
- *Polish your resume and job hunting skills*. You may benefit from someone else proofreading your resume and practicing interviews with you.
- *Do not give up!* You found a job once, you will find it again. Stay positive, be patient, and do not lose hope.

18. Ford, J. D., Ford, L. W., & D'Amelio, A. (2008). Resistance to change: The rest of the story. Academy of Management Review, 33, 362–377.

19. Sources: Based on information in How to maximize your take when you get laid off. (2008, November). Money, 37(11), 132; Kamberg, M. L. (2000, May–June). Surviving the ups & downs of corporate restructuring. Women in Business, 52(3). Palmer, K. (2008, March 24). Re-energizing your career. U.S. News & World Report, 144(9). Weinstein, B. (2008, September 29). Downsizing 102: When it happens to you. Business Week Online. Retrieved on October 25, 2008, from http://www.businessweek.com/managing/content/sep2008/ca20080926_140228.htm.

Planning and Executing Change Effectively



Lewin's three-stage process of change emphasizes the importance of preparation or unfreezing before change, and reinforcement of change afterward or refreezing.

How do you plan, organize, and execute change effectively? One of the most useful frameworks in this area is Kurt Lewin's three-stage model of planned change.[20] The assumption is that change will encounter resistance. Therefore, executing change without prior preparation is likely to lead to failure. Instead, organizations should start with unfreezing, or making sure that organizational members are ready for and receptive to change. This is followed by change, or executing the planned changes. Finally, refreezing involves ensuring that change becomes permanent and the new habits, rules, or procedures become the norm. John Kotter, a Harvard University professor, wrote a book in 1996 titled *Leading Change* in which he discussed eight steps to changing an organization (Kotter, 1996). In the next section, we integrate the two models with more recent work in the area to present a roadmap to how organizations may want to approach change.

Unfreezing Prior to Change

Many change efforts fail because people are insufficiently prepared for change. When employees are not prepared, they are more likely to resist the change effort and less likely to effectively function under the new system. What can organizations do prior to change to prepare employees? There are a number of things that are important at this stage.

20. Lewin K. (1951). Field theory in social science. New York: Harper & Row.

Create a Vision for Change

In successful change efforts, the leader has an overall vision for the change.[21] When this vision is exciting and paints a picture of a future that employees would be proud to be a part of, people are likely to be more committed to change. For example, Toyota is a master of *kaizen*, or continuous improvement. They also follow the philosophy of **kakushin**, or revolutionary change, as needed. Regardless of the nature of the particular change, there is an overall vision for the company that justifies and explains why change is necessary "to build the dream car of the future".[22]

Communicating a Plan for Change

Do people know what the change entails, or are they hearing about the planned changes through the grapevine or office gossip? When employees know what is going to happen, and when and why, they may conquer their discomfort with change. Research shows that those who have more complete information about upcoming changes are more committed to a change effort (Wanberg & Banas, 2000).

Ensuring that top management communicates with employees about the upcoming changes also has symbolic value.[23] In any organization, many changes are done on a daily basis, with some taking root and some disappearing after a short while. When top management and the company CEO discuss the importance of the changes in meetings, employees are provided with a reason to trust that this change is a strategic initiative. For example, while changing the employee performance appraisal system, the CEO of Kimberly-Clark Corporation made sure to mention the new system in all meetings with employees, indicating that the change was supported by the CEO.

Develop a Sense of Urgency

People are more likely to accept change if they feel that there is a need for it. If employees feel their company is doing well, the perceived need for change will be smaller. Those who plan the change will need to make the case that there is an external or internal threat to the organization's competitiveness, reputation, or sometimes even its survival, and failure to act will have dire consequences. For example, Lou Gerstner, the former CEO of IBM, executed a successful transformation of the company. In his biography *Elephants Can Dance*, he highlights how he achieved cooperation as follows: "Our greatest ally in shaking loose the past was IBM's eminent collapse. Rather than go with the usual impulse to put on a happy face, I decided to keep the crisis front and center. I didn't want to lose the sense of urgency".[24]

21. 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.

22. Stewart, T. A., & Raman, A. P. (2007, July–August). Lessons from Toyota's long drive. Harvard Business Review, 85(7/8), 74–83.

23. Armenakis, A. A., Harris, S. G., & Mossholder, K. W. (1993). Creating readiness for organizational change. Human Relations, 46, 681–703.

24. Gerstner, L. V. (2002). Who says elephants can't dance? Inside IBM's historic turnaround. New York: Harper-Collins.

Building a Coalition

In order to convince people that change is needed, the change leader does not necessarily have to convince every person individually. In fact, people's opinions toward change are affected by opinion leaders, or those people who have a strong influence over the behaviours and attitudes of others.[25] Kotter, 1995). Instead of trying to get everyone on board at the same time, it may be more useful to convince and prepare the opinion leaders. Once these individuals agree that change is needed and will be useful, they will become helpful allies in ensuring that the rest of the organization is ready for change (Armenakis, Harris, & Mossholder, 1993). For example, Paul Pressler, after becoming the CEO of Gap Inc. in 2002, initiated a culture change effort in the hope of creating a sense of identity among the company's many brands such as Banana Republic, Old Navy, and Gap. For this purpose, management segmented the employees into groups instead of trying to reach out to all employees at the same time. Gap Inc. started by training the 2,000 senior managers in Leadership Summits, who in turn were instrumental in ensuring the cooperation of the remaining 150,000 employees of the company.[26]

Provide Support

Employees should feel that their needs are not ignored. Therefore, management may prepare employees for change by providing emotional and instrumental support. Emotional support may be in the form of frequently discussing the changes, encouraging employees to voice their concerns, and simply expressing confidence in employees' ability to perform effectively under the new system. Instrumental support may be in the form of providing a training program to employees so they know how to function under the new system.

Allow Employees to Participate

Studies show that employees who participate in planning change efforts tend to have more positive opinions about the change. Why? They will have the opportunity to voice their concerns. They can shape the change effort so that their concerns are addressed. They will be more knowledgeable about the reasons for change, alternatives to the proposed changes, and why the chosen alternative was better than the others. Finally, they will feel a sense of ownership of the planned change and are more likely to be on board (Wanberg & Banas, 2000). Participation may be more useful if it starts at earlier stages, preferably while the problem is still being diagnosed. For example, assume that a company suspects there are problems with manufacturing quality. One way of convincing employees that there is a problem that needs to be solved would be to ask them to take customer calls about the product quality. Once employees experience the problem firsthand, they will be more motivated to solve the problem.

25. Burkhardt, M. E. (1994). Social interaction effects following a technological change: A longitudinal investigation. Academy of Management Journal, 37, 869–898.

26. Nash, J. A. (2005, November–December). Comprehensive campaign helps Gap employees embrace cultural change. Communication World, 22(6).

Executing Change

The second stage of Lewin's three-step change model is executing change. At this stage, the organization implements the planned changes on technology, structure, culture, or procedures. The specifics of how change should be executed will depend on the type of change. However, there are some tips that may facilitate the success of a change effort.

Continue to Provide Support

As the change is underway, employees may experience high amounts of stress. They may make mistakes more often or experience uncertainty about their new responsibilities or job descriptions. Management has an important role in helping employees cope with this stress by displaying support, patience, and continuing to provide support to employees even after the change is complete.

Create Small Wins

During a change effort, if the organization can create a history of small wins, change acceptance will be more likely (Kotter, 1996;[27] If the change is large in scope and the payoff is a long time away, employees may not realize change is occurring during the transformation period. On the other hand, if people see changes, improvements, and successes along the way, they will be inspired and motivated to continue the change effort. For this reason, breaking up the proposed change into phases may be a good idea, because it creates smaller targets. Small wins are also important for planners of change to make the point that their idea is on the right track. Early success gives change planners more credibility, while early failures may be a setback.[28]

Eliminate Obstacles

When the change effort is in place, many obstacles may crop up along the way. There may be key people who publicly support the change effort while silently undermining the planned changes. There may be obstacles rooted in a company's structure, existing processes, or culture. It is the management's job to identify, understand, and remove these obstacles.[29] Ideally, these obstacles would have been eliminated before implementing the change, but sometimes unexpected roadblocks emerge as change is underway.

Kotter's Eight-stage Process for Change[30]

Harvard Business School professor John P. Kotter proposed that companies should follow eight stages when instituting change. Here is a summary of his suggested steps.

27. Reay, T., Golden-Biddle, K., & Germann, K. (2006). Legitimizing a new role: Small wins and microprocesses of change. Academy of Management Journal, 49, 977–998.

28. Hamel, G. (2000, July–August). Waking up IBM. Harvard Business Review, 78(4), 137–146.

29. Kotter, J. P. (1995, March-April). Leading change: Why transformations fail. Harvard Business Review, 73(2), 59–67.

30. Kotter, J. P. (1996). Leading change. Boston, MA: Harvard Business School Press.

1. Create a sense of urgency when introducing the change effort.
2. Build a coalition.
3. Create a vision for change and make change a part of the vision.
4. Communicate a plan for change
5. Eliminate obstacles to change
6. Create small wins
7. Build on change
8. Make change a part of culture.

Refreezing

After the change is implemented, the long-term success of a change effort depends on whether change becomes part of the company's culture. In other words, the revised ways of thinking, behaving, and performing should become routine. For this reason, there are a number of things management can do.

Publicize Success

In order to make change permanent, the organization may benefit from sharing the results of the change effort with employees. What was gained from the implemented changes? How much money did the company save? How much did the company's reputation improve? What was the reduction in accidents after new procedures were put in place? Sharing concrete results with employees increases their confidence that the implemented change was a right decision.

Build on Prior Change

Once results start coming, it is important to benefit from the momentum created by these early successes by pushing for even more change. Following the philosophy of continuous improvement may be a good idea here. Instead of declaring victory early, the company is advised to make continuous improvements to how business is conducted.

Reward Change Adoption

In order to ensure that change becomes permanent, organizations may benefit from rewarding those who embrace the change effort. The rewards do not necessarily have to be financial. The simple act of recognizing those who are giving support to the change effort in front of their peers may encourage others to get on board. When the new behaviours employees are expected to demonstrate (such as using a new computer program, filling out a new form, or simply greeting customers once they enter the store) are made part of an organization's reward system, those behaviours are more likely to be taken seriously and repeated, making the change effort successful.[31]

31. Gale, S. F. (2003). Incentives and the art of changing behaviour. Workforce Management, 82(11), 48–54.

Make Change a Part of Organizational Culture

If the change effort has been successful, change will have become a part of corporate culture. In other words, in addition to the changes in procedures, processes, or technology, the mindset of people will also have changed. If change occurs only in superficial elements, it would be misleading to declare change a success. For example, if a company institutes a wellness program emphasizing healthy habits, rewarding employees for adopting healthy choices and providing resources to maximize health, this change effort would be deemed a true success if valuing employee health and well-being also becomes a part of the organization's culture. Creating a Web site, and printing booklets and distributing them are all tools leading to this goal, but achieving the true goal also necessitates a change in ingrained assumptions of management and employees putting work before employee health and well-being.

OB Toolbox: Overcome Resistance to Your Proposals[32]

You feel that change is needed. You have a great idea. But people around you do not seem convinced. They are resisting your great idea. How do you make change happen?

- *Listen to naysayers*. You may think that your idea is great, but listening to those who resist may give you valuable ideas about why it may not work and how to design it more effectively.
- *Is your change revolutionary*? If you are trying to dramatically change the way things are done, you will find that resistance is greater. If your proposal involves incrementally making things better, you may have better luck.
- *Involve those around you in planning the change*. Instead of providing the solutions, make them part of the solution. If they admit that there is a problem and participate in planning a way out, you would have to do less convincing when it is time to implement the change.
- *Do you have credibility*? When trying to persuade people to change their ways, it helps if you have a history of suggesting implementable changes. Otherwise, you may be ignored or met with suspicion. This means you need to establish trust and a history of keeping promises over time before you propose a major change.
- *Present data to your audience*. Be prepared to defend the technical aspects of your ideas and provide evidence that your proposal is likely to work.
- *Appeal to your audience's ideals*. Frame your proposal around the big picture. Are you going to create happier clients? Is this going to lead to a better reputation for the company? Identify the long-term goals you are hoping to accomplish that people would be proud to be a part of.
- *Understand the reasons for resistance*. Is your audience resisting because they fear change? Does the change you propose mean more work for them? Does it impact them in a negative way? Understanding the consequences of your proposal for the parties involved may help you tailor your pitch to your audience.

32. Sources: McGoon, C. (1995, March). Secrets of building influence. Communication World, 12(3), 16; Michelman, P. (2007, July). Overcoming resistance to change. Harvard Management Update, 12(7), 3–4; Stanley, T. L. (2002, January). Change: A common-sense approach. Supervision, 63(1), 7–10.

Key Takeaways

- Organizations change in response to changes in the environment and in response to the way decision makers interpret these changes. When it comes to organizational change, one of the biggest obstacles is resistance to change.
- People resist change because change disrupts habits, conflicts with certain personality types, causes a fear of failure, can have potentially negative impacts, can result in a potential for loss of power, and, when done too frequently, can exhaust employees.
- Change effort can be conceptualized as a three-step process in which employees are first prepared for change, then change is implemented, and finally, the new behavioural patterns become permanent.

Exercises

1. Can you think of an organizational or personal change that you had to go through? Have you encountered any resistance to this change? What were the reasons?
2. How would you deal with employees who are resisting change because their habits are threatened? How would you deal with them if they are resisting because of a fear of failure?
3. What are the benefits of employee participation in change management?
4. Imagine that you are introducing a new system to college students in which they would have to use a special ID number the university creates for them for activities such as logging onto campus computers or using library resources. How would you plan and implement the change? Explain using Lewin's three-step framework.
5. Why are successful companies less likely to change? What should companies do in order to make organizational change part of their culture?

7.9 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 organization's culture is difficult, success of the organization may require the change. Leaders, through their actions, role modeling, rule making, and story creation, serve as instrumental change agents.

7.10 Exercises

Ethical Exercise

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 organization 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?

Exercises

Impact of HR Practices on Organizational 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
    1. lay off the newest 10 people?
    2. lay off the 10 people who have the lowest performance evaluations?

2. You need to establish a dress code. Would you
    1. ask employees to use their best judgment?
    2. create a detailed dress code highlighting what is proper and improper?
3. You need to monitor employees during work hours. Would you
    1. not monitor them because they are professionals and you trust them?
    2. 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
    1. evaluate people on the basis of their behaviours?
    2. 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
    1. seniority?
    2. objective performance?

Group Exercises

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-organization 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-organization fit?

Chapter 8: Managing Stress and Emotions

Learning Objectives

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 organizational contexts.
5. Understand the role emotions play for attitudes and behaviours at work.
6. Learn about emotional labour and how to manage it.
7. Understand how emotions can affect perceptions of what is ethical.
8. Understand cross-cultural differences in stressors.

8.1 Facing Foreclosure: The Case of Camden Property Trust

Camden Roosevelt by AgnosticPreachersKid via Wikimedia Commons – CC BY-SA 3.0.

For the third year in a row, Camden Property Trust has been named one of *Fortune* magazine's "100 Best Companies to Work For." In 2010, the company went from 41 on the list to number 10. Established in 1982 and headquartered in Houston, Texas, Camden Property owns and develops multifamily residential apartment buildings. With 183 properties and 63,286 apartment homes, the real estate giant focuses its development on the fastest-growing markets in the United States. But like so many organizations in the real estate industry during the 2007 and 2008 subprime mortgage crises, business took a turn for the worst, and the company was faced with a substantial slowdown.

Camden realized that cuts would be inevitable and in 2009 announced that it would be reducing the number of planned development projects, which meant a 3% reduction of overall employees and a 50% cut of development staff. Camden's organizational culture and motto is to "have fun." Because the company understood the importance of honesty and open communication with its staff, a strong sense of mutual respect had been developed and cultivated well before the crisis, and as a result the company was able to maintain the trust of its employees during the difficult time.

Downsizing and layoffs are two of the most prevalent forms of stress at the workplace and if not handled properly can create severe psychological strain. Part of Camden's success during the transition was the company's ability to give staff the necessary information about the situation. Reinforcing the culture of fun at a past annual conference, the then CEO of Camden dressed as Captain Kirk from *Star Trek* and referred to the tough economic times as "attacks" on the company, and then he laid out a plan of action to bring about victory. Camden has found a way to successfully relate its organizational culture through various modes of communication.

The value and respect that Camden Property shows to its employees has carried over to the way it treats its customers. The company has discovered that doing the right thing makes good business sense. With the increase in foreclosures and unemployment, Camden is marketing to individuals in tough financial situations, a segment of the population once thought of as undesirable tenets. "We'll forgive a foreclosure, as long as they didn't totally blow up their credit," says Camden CEO Richard Campo. The company has also created layoff-proof leases, which grant extensions to people and allow them extra time to come up with the rent. If a resident loses his or her job, the company will let them out of their lease without penalty or try to get them into a less expensive unit. Camden's ability to build trust with both its employees and its customers during a period of extreme emotional stress ensures that the company will have a committed organization moving forward.[1] [2345] [6]

Discussion Questions

1. What do you think the long-term benefits will be for Camden Property Trust and its employees as a result of the way it handled this economic downturn?
2. What other suggestions do you have for Camden in creating business opportunities during a period of economic volatility?
3. How does a company as large as Camden effectively and authentically communicate to its employees?
4. Does Camden increase or decrease its credibility to staff when the CEO dresses up as Captain Kirk?
5. What steps has Camden taken to help employees manage their stress levels?

1. Based on information from: 100 best companies to work for. (2010, February 8). Fortune. Retrieved February 21, 2010, from http://money.cnn.com/magazines/fortune/bestcompanies/2010/full_list;
2. Marino, V. (2008, March 23). A bright spot for housing investors? New York Times. Retrieved April 22, 2010, from http://www.nytimes.com/2008/03/23/realestate/23sqft.html?fta=y;
3. Palmeri, C. (2009, March 16). Courting the foreclosed. BusinessWeek, p. 12;
4. Thrash, R. (2009, December 11). Leasing agents use idea from car sales for renters. St. Petersburg Times, p. 3;
5. Jones, B. (2009, December 28). REITs look to get back on track. Real Estate Finance and Investment;
6. Caccamese, L. (2008). Managing under stress: How the Best Companies to Work For address staff reductions. Great Place to Work Institute. Retrieved February 21, 2009, from http://resources.greatplacetowork.com/article/pdf/managing-staff -reductions.pdf.

8.2 What Is Stress?

Learning Objectives

1. Learn about the General Adaptation Syndrome.
2. Learn what stressors are.
3. Understand the outcomes of stress.
4. Understand individual differences in experienced stress.

Gravity. *Mass*. *Magnetism*. These words come from the physical sciences. And 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".[1] 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.[2] 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.

As you will see in the sections below, stress is a given factor in our lives. 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.[3] 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.

1. Panzarino, P. (2008, February 15). Stress. Retrieved from Medicinenet.com. Retrieved May 21, 2008, from http://www.medicinenet.com/stress/article.htm.

2. Dyer, K. A. (2006). Definition of stress. Retrieved May 21, 2008, from About.com: http://dying.about.com/od/glossary/g/stress_distress.htm.

3. 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.

The Stress ProcessOur basic human functions, breathing, blinking, heartbeat, digestion, and other unconscious actions, are controlled by our lower brains. Just outside this portion of the brain is the semiconscious limbic system, which plays a large part in human emotions. Within this system is an area known as the amygdala. The amygdala is responsible for, among other things, stimulating fear responses. Unfortunately, the amygdala cannot distinguish between meeting a 10:00 a.m. marketing deadline and escaping a burning building.

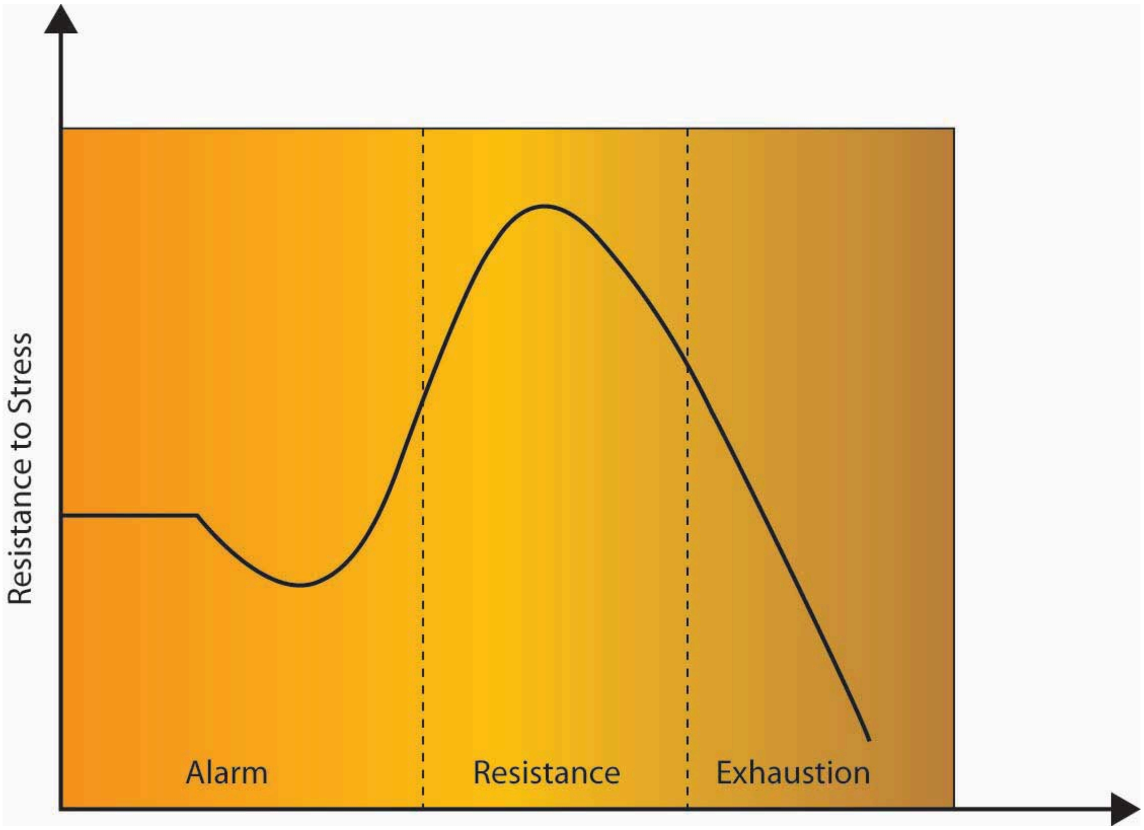
Human brains respond to outside threats to our safety with a message to our bodies to engage in a "fight-or-flight" response.[4] Our bodies prepare for these scenarios with an increased heart rate, shallow breathing, and wide-eyed focus. Even digestion and other functions are stopped in preparation for the fight-or-flight response. While these traits allowed our ancestors to flee the scene of their impending doom or engage in a physical battle for survival, most crises at work are not as dramatic as this.

Hans Selye, one of the founders of the American Institute of Stress, spent his life examining the human body's response to stress. As an endocrinologist who studied the effects of adrenaline and other hormones on the body, Selye believed that unmanaged stress could create physical diseases such as ulcers and high blood pressure, and psychological illnesses such as depression. He hypothesized that stress played a general role in disease by exhausting the body's immune system and termed this the General Adaptation Syndrome (GAS).[5][6]

4. Cannon, W. (1915). *Bodily changes in pain, hunger, fear and rage: An account of recent researches into the function of emotional excitement*. New York: D. Appleton.

5. Selye, H. (1976). Stress of life (Rev. ed.). New York: McGraw-Hill.

6. Selye, H. (1946). The general adaptation syndrome and the diseases of adaptation. Journal of Clinical Endocrinology, 6, 117.



In Selye's GAS model, stress affects an individual in three steps: alarm, resistance, and exhaustion.

In the alarm phase of stress, an outside stressor jolts the individual, insisting that something must be done. It may help to think of this as the fight-or-flight moment in the individual's experience. If the response is sufficient, the body will return to its resting state after having successfully dealt with the source of stress.In the resistance phase, the body begins to release cortisol and draws on reserves of fats and sugars to find a way to adjust to the demands of stress. This reaction works well for short periods of time, but it is only a temporary fix. Individuals forced to endure the stress of cold and hunger may find a way to adjust to lower temperatures and less food. While it is possible for the body to "adapt" to such stresses, the situation cannot continue. The body is drawing on its reserves, like a hospital using backup generators after a power failure. It can continue to function by shutting down unnecessary items like large overhead lights, elevators, televisions, and most computers, but it cannot proceed in that state forever.

In the exhaustion phase, the body has depleted its stores of sugars and fats, and the prolonged release of cortisol has caused the stressor to significantly weaken the individual. Disease results from the body's weakened state, leading to death in the most extreme cases. This eventual depletion is why we're more likely to reach for foods rich in fat or sugar, caffeine, or other quick fixes that give us energy when we are stressed. Selye referred to stress that led to disease as *distress* and stress that was enjoyable or healing as *eustress*.

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.[7] 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

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.

Role ambiguity refers to vagueness in relation to what our responsibilities are. If you have 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

7. 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.

organization, and lowered job attitudes and performance.[8][9][10] 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.[11][12] Revisited: A meta-analysis of the relationships between role ambiguity, role conflict, and performance. Journal of Management, 26, 155–169.[/footnote] 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.[14]

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 from 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".[15] Role overload has been made much more salient because of the ease at which we can get abundant information from Web search

8. Fisher, C. D., & Gittelson, R. (1983). A meta-analysis of the correlates of role conflict and role ambiguity. Journal of Applied Psychology, 68, 320–333.
9. Jackson, S. E., & Shuler, R. S. (1985). A meta-analysis and conceptual critique of research on role ambiguity and role conflict in work settings. Organizational Behavior and Human Decision Processes, 36, 16–78.
10. Örtqvist, D., & Wincent, J. (2006). Prominent consequences of role stress: A meta-analytic review. International Journal of Stress Management, 13, 399–422.
11. 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.
12. Tubre, T. C., & Collins, J. M. (2000).[13]Jackson, S. E., & Shuler, R. S. (1985). A meta-analysis and conceptual critique of research on role ambiguity and role conflict in work settings. Organizational Behavior and Human Decision Processes, 36, 16–78.
13.
14. 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.
15. Schick, A. G., Gordon, L. A., & Haka, S. (1990). Information overload: A temporal approach. Accounting, organizations, and society, 15, 199–220.

engines and the numerous e-mail and text messages we receive each day.[16][17] Other research shows that working in such a fragmented fashion significantly impacts efficiency, creativity, and mental acuity.[18]

Top 10 Stressful Jobs[19]

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

Work–Family Conflict

Work–family conflict occurs when the demands from work and family are negatively affecting one another.[20] 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

16. Dawley, D. D., & Anthony, W. P. (2003). User perceptions of e-mail at work. Journal of Business and Technical Communication, 17, 170–200.

17. Definition of information overload available at *PCMag.com*. Retrieved May 21, 2008, from [http://www.pcmag.com/encyclopedia_term/0,2542,t=information+overload &i=44950,00.asp](http://www.pcmag.com/encyclopedia_term/0,2542,t=information+overload&i=44950,00.asp).

18. 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.

19. Source: 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.

20. 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.

unavoidable spillover from work to family life.[21] 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.[22][23][24][25]

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.[26] Organizations that are able to help their employees achieve greater work–life balance are seen as more attractive than those that do not.[27][28] 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.[29]

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.[30] Again, because stressors are cumulative, higher scores on

21. 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.
22. 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.
23. 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.
24. 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.
25. 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.
26. Kossek, E. E., & Ozeki, C. (1998). Work–family conflict, policies, and the job–life satisfaction relationship: A review and directions for organizational behaviour–human resources research. Journal of Applied Psychology, 83, 139–149.
27. Barnett, R. C., & Hall, D. T. (2001). How to use reduced hours to win the war for talent. Organizational Dynamics, 29, 192–210.
28. 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.
29. 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.
30. Fontana, D. (1989). Managing stress. Published by the British Psychology Society and Routledge.

the stress inventory mean you are more prone to suffering negative consequences of stress than someone with a lower score.

OB Toolbox: How Stressed Are You?[31]

Read each of the events listed below. Give yourself the number of points next to any event that has occurred in your life in the last *2 years*. There are no right or wrong answers. The aim is just to identify which of these events you have experienced.

Table 7.1 Sample Items: Life Events Stress Inventory

Life event	**Stress points**	**Life event**	**Stress points**
Death of spouse	100	Foreclosure of mortgage or loan	30
Divorce	73	Change in responsibilities at work	29
Marital separation	65	Son or daughter leaving home	29
Jail term	63	Trouble with in-laws	29
Death of close family member	63	Outstanding personal achievement	28
Personal injury or illness	53	Begin or end school	26
Marriage	50	Change in living location/condition	25
Fired or laid off at work	47	Trouble with supervisor	23
Marital reconciliation	45	Change in work hours or conditions	20
Retirement	45	Change in schools	20
Pregnancy	40	Change in social activities	18
Change in financial state	38	Change in eating habits	15
Death of close friend	37	Vacation	13
Change to different line of work	36	Minor violations of the law	11

Scoring:

- If you scored fewer than 150 stress points, you have a 30% chance of developing a stress-related illness in the near future.
- If you scored between 150 and 299 stress points, you have a 50% chance of developing a stress-related illness in the near future.
- If you scored over 300 stress points, you have an 80% chance of developing a stress-related illness in the near future.

31. Adapted from Holmes, T. H., & Rahe, R. H. (1967). The social readjustment rating scale. Journal of Psychosomatic Research, 11, 213–218.

The happy events in this list such as getting married or an outstanding personal achievement illustrate how eustress, or "good stress," can also tax a body as much as the stressors that constitute the traditionally negative category of distress. (The prefix *eu-* in the word *eustress* means "good" or "well," much like the *eu-* in *euphoria*.) Stressors can also occur in trends. For example, during 2007, nearly 1.3 million U.S. housing properties were subject to foreclosure activity, up 79% from 2006.

Downsizing

A study commissioned by the U.S. Department of Labor to examine over 3,600 companies from 1980 to 1994 found that manufacturing firms accounted for the greatest incidence of major downsizings. The average percentage of firms by industry that downsized more than 5% of their workforces across the 15-year period of the study was manufacturing (25%), retail (17%), and service (15%). A total of 59% of the companies studied fired at least 5% of their employees at least once during the 15-year period, and 33% of the companies downsized more than 15% of their workforce at least once during the period. Furthermore, during the recessions in 1985 to 1986 and 1990 to 1991, more than 25% of all firms, regardless of size, cut their workforce by more than 5%.[32] In the United States, major layoffs in many sectors in 2008 and 2009 were stressful even for those who retained their jobs.

The loss of a job can be a particularly stressful event, as you can see by its high score on the life stressors scale. It can also lead to other stressful events, such as financial problems, which can add to a person's stress score. Research shows that downsizing and job insecurity (worrying about downsizing) is related to greater stress, alcohol use, and lower performance and creativity.[33][34][35] For example, a study of over 1,200 Finnish workers found that past downsizing or expectations of future downsizing was related to greater psychological strain and absence.[36] In another study of creativity and downsizing, researchers found that creativity and most creativity-supporting aspects of the perceived work environment declined significantly during the downsizing.[37] Those who experience layoffs but have their self-integrity affirmed through other means are less susceptible to negative outcomes (Wisenfeld et al., 2001).

32. Slocum, J. W., Morris, J. R., Cascio, W. F., & Young, C. E. (1999). Downsizing after all these years: Questions and answers about who did it, how many did it, and who benefited from it. Organizational Dynamics, 27, 78–88.

33. Moore, S., Grunberg, L., & Greenberg, E. (2004). Repeated downsizing contact: The effects of similar and dissimilar layoff experiences on work and well-being outcomes. Journal of Occupational Health Psychology, 9, 247–257.

34. Probst, T. M., Stewart, S. M., Gruys, M. L., & Tierney, B. W. (2007). Productivity, counterproductivity and creativity: The ups and downs of job insecurity. Journal of Occupational and Organizational Psychology, 80, 479–497.

35. Sikora, P., Moore, S., Greenberg, E., & Grunberg, L. (2008). Downsizing and alcohol use: A cross-lagged longitudinal examination of the spillover hypothesis. Work & Stress, 22, 51–68.

36. Kalimo, R., Taris, T. W., & Schaufeli, W. B. (2003). The effects of past and anticipated future downsizing on survivor well-being: An Equity perspective. Journal of Occupational Health Psychology, 8, 91–109.

37. Amabile, T. M., & Conti, R. (1999). Changes in the work environment for creativity during downsizing. Academy of Management Journal, 42, 630–640.

Outcomes of Stress

The outcomes of stress are categorized into physiological and 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.[38] 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”.[39] 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”.[40]

The human body responds to outside calls to action by pumping more blood through our system, breathing in a more shallow 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.

The link between heart attacks and stress, while easy to assume, has been harder to prove. The American Heart Association notes that research has yet to link the two conclusively. Regardless, it is clear that individuals under stress engage in behaviours that can lead to heart disease such as eating fatty foods, smoking, or failing to exercise.

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-

38. Ornish, D. (1984). Stress, diet and your heart. New York: Signet.

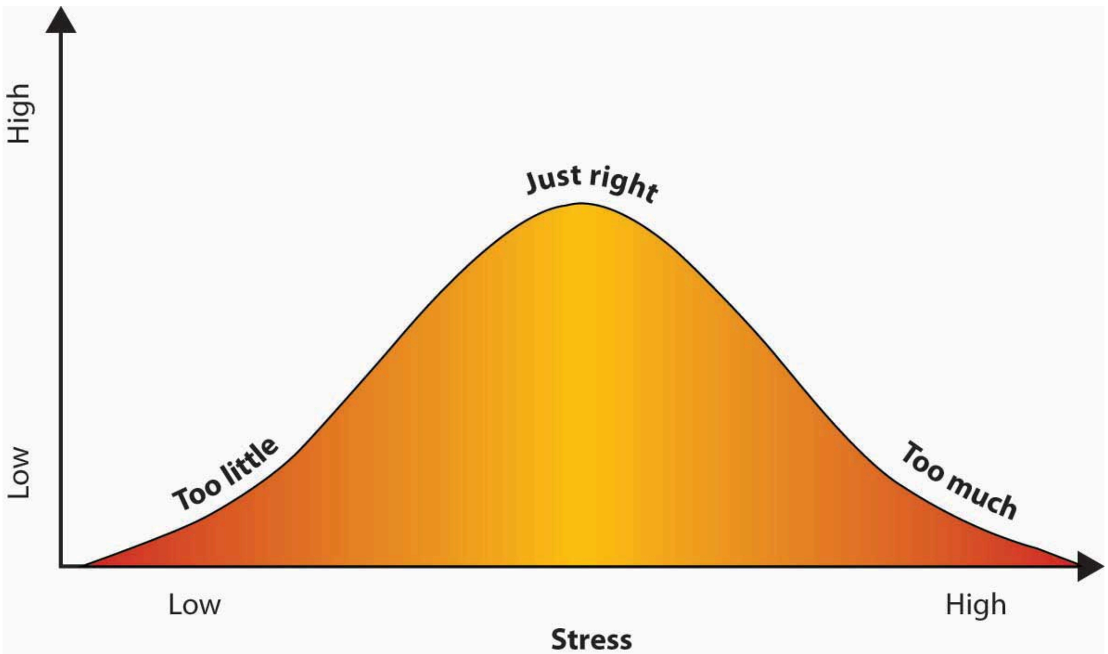
39. Grossbart, T. (1992). Skin deep. New Mexico: Health Press.

40. 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.

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.[41]

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; Gilboar et al., 2008;[42] Research also shows that stressed individuals have lower organizational commitment than those who are less stressed.[43] Interestingly, job challenge has been found to be related to higher performance, perhaps with some individuals rising to the challenge.[44] The key is to keep challenges in the optimal zone for stress—the activation stage—and to avoid the exhaustion stage.[45]



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

41. 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.

42. 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.

43. Cropanzano, R., Rupp, D. E., & Byrne, Z. S. (2003). The relationship of emotional exhaustion to work attitudes, job performance, and organizational citizenship behaviours. Journal of Applied Psychology, 88, 160–169.

44. 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.

45. Quick, J. C., Quick, J. D., Nelson, D. L., & Hurrell, J. J. (1997). Preventative stress management in organizations. Washington, DC: American Psychological Association.

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,[46] 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.[47] 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.[48]

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.[49]

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.[50] Still, others believe that women's stronger social networks allow them to process stress more effectively than men.[51] 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.

OB Toolbox: To Cry or Not to Cry? That Is the Question…[52]

As we all know, stress can build up. Advice that's often given is to "let it all out" with something like a cathartic "good cry." But research shows that crying may not be as helpful as the adage would lead us to believe. In reviewing scientific studies done on crying and health, Ad Vingerhoets and Jan Scheirs found that

46. Jenkins, C. D., Zyzanski, S., & Rosenman, R. (1979). Jenkins activity survey manual. New York: Psychological Corporation.

47. 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 Organizational Psychology, 67, 1–11.

48. Ganster, D. C. (1986). Type A behaviour and occupational stress. Journal of Organizational Behavior Management, 8, 61–84.

49. 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.

50. 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.

51. 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.

52. Sources: Vingerhoets, A. J. J. M., & Scheirs, J. G. M. (2001). Crying and health. In A. J. J. M. Vingerhoets & R. R. Cornelius (Eds.), Adult crying: A biopsychosocial approach (pp. 227–247). East Sussex, UK: Brunner-Routledge; Martin, R., & Susan L. (1991). Mood following emotional crying: Effects of the situation. Journal of Research in Personality, 25(2), 218–233; Bostad, R. The crying game. Anchor Point, 1–8. Retrieved June 19, 2008, from http://www.nlpanchorpoint.com/BolstadCrying1481.pdf

the studies "yielded little evidence in support of the hypothesis that shedding tears improves mood or health directly, be it in the short or in the long run." Another study found that venting actually increased the negative effects of negative emotion.[53]

Instead, laughter may be the better remedy. Crying may actually intensify the negative feelings, because crying is a social signal not only to others but to yourself. "You might think, 'I didn't think it was bothering me that much, but look at how I'm crying—I must really be upset,'" says Susan Labott of the University of Toledo. The crying may make the feelings more intense. Labott and Randall Martin of Northern Illinois University at Dekalb surveyed 715 men and women and found that at comparable stress levels, criers were more depressed, anxious, hostile, and tired than those who wept less. Those who used humor were the most successful at combating stress. So, if you're looking for a cathartic release, opt for humor instead: Try to find something funny in your stressful predicament.

Key Takeaways

- Stress is prevalent in today's workplaces. The General Adaptation Syndrome consists of alarm, resistance, and eventually exhaustion if the stress goes on for too long.
- Time pressure is a major stressor.
- Outcomes of stress include both psychological and physiological problems as well as work outcomes.
- Individuals with Type B personalities are less prone to stress. In addition, individuals with social support experience less stress.

Exercises

1. We've just seen how the three phases of the General Adaptation Syndrome (GAS) can play out in terms of physical stresses such as cold and hunger. Can you imagine how the three categories of this model might apply to work stress as well?
2. List two situations in which a prolonged work challenge might cause an individual to reach the second and third stage of GAS.
3. What can individuals do to help manage their time better? What works for you?
4. What symptoms of stress have you seen in yourself or your peers?

53. Brown, S. P., Westbrook, R. A., & Challagalla, G. (2005). Good cope, bad cope: Adaptive and maladaptive coping strategies following a critical negative work event. Journal of Applied Psychology, 90, 792–798.

8.3 Avoiding and Managing Stress

Learning Objectives

1. Understand what individuals can do to manage their own stress.
2. Understand what organizations can do to help their employees avoid and manage stress.

Individual Approaches to Managing Stress

The Corporate Athlete

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**

A key to flow is engaging at work, yet research shows that most managers do not feel they are engaged in purposeful work.

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.

According to this way of thinking, the most pleasurable way for a person to work is in harmony with his or her true interests. Work is seen as more similar to playing games than most activities adults do. This is because work consists of tasks, puzzles, surprises, and potentially rewarding challenges. By breaking down a busy workday into smaller pieces, individuals can shift from the "stress" of work to a more engaged state of flow.

Designing Work That Flows[1]

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

Corporate athleticism and flow are two concepts that can help you cope with stress. 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.

1. Csikszentmihalyi, C. (1997). Finding flow: The psychology of engagement with everyday life. New York: Basic Books.

Diet

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

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.[2]

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

2. Wurtman, J. (1988). Managing your mind and mood through food. New York: Harper Perennial.

group who had done the mild calisthenics scored far better on all measures of memory, decision-making ability, eye–hand coordination, and fine motor control.[3]

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.[4]

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.[5] 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 a work team as well as the overtired individual.

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.[6] Research finds that social support can buffer the effects of stress.[7] 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.

3. Miller, P. M. (1986). Hilton head executive stamina program. New York: Rawson Associates.

4. 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/.

5. For additional resources, go to the National Sleep Foundation Web site: http://www.nationalsleepfoundation.org.

6. 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.

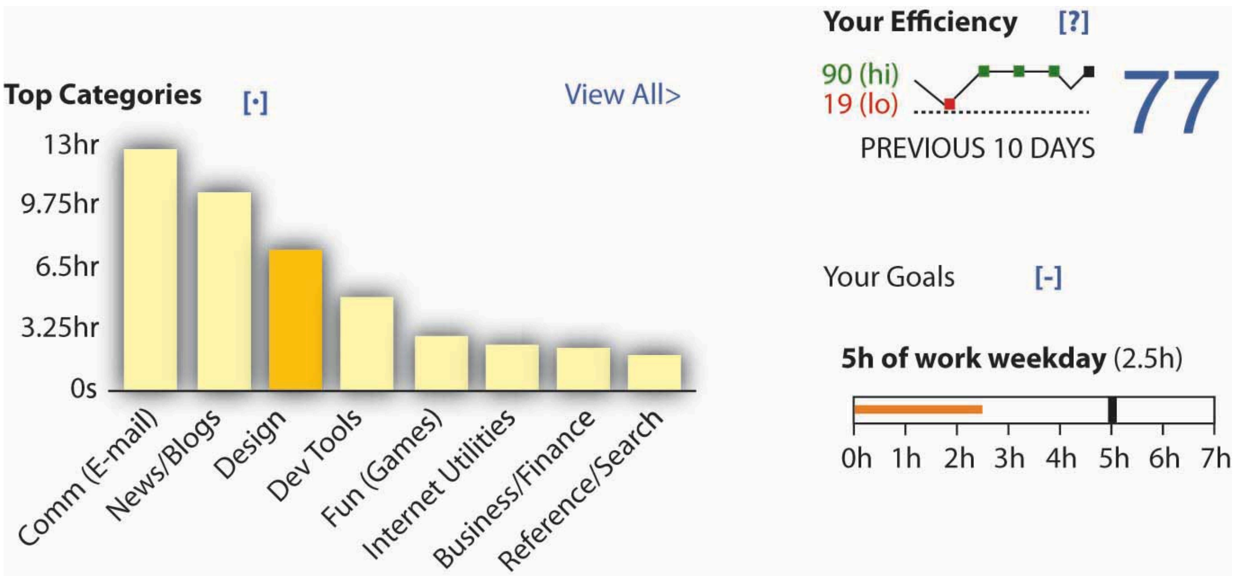
7. Van Yperfen, N. W., & Hagedoorn, M. (2003). Do high job demands increase intrinsic motivation or fatigue or both? The role of job control and job social support. *Academy of Management Journal*, *46*, 339–348.

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.

Listen Up and Learn More

- Check out this interview with *Fast Company* and Tony Wright, CEO of RescueTime, who has created a tool to evaluate your productivity using data from your computer



This is an example of output from a RescueTime user. Source: Used by permission from RescueTime.

Organizational Approaches to Managing Stress

Stress-related issues cost businesses billions of dollars per year in absenteeism, accidents, and lost productivity.[8] 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) that are known for a “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

8. 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;col1.

ratings are no longer called the “bottom 10s” but are now referred to as the “less effectives”.[9] 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.[10][11] 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.[12] 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.[13] 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.[14] Employees’ stress levels are likely to be related to the degree that organizations can build autonomy and support into jobs.

9. 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.
10. Jackson, S. E., & Schuler, R. S. (1985). A meta-analysis and conceptual critique of research on role ambiguity and role conflict in work settings. Organizational Behavior and Human Decision Processes, 36, 16–78.
11. Sauter S. L., Murphy L. R., & Hurrell J. J., Jr. (1990). Prevention of work-related psychological disorders. American Psychologist, 45, 1146–1158.
12. 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 Behavior, 68, 347–367.
13. 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.
14. 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.

Create Fair Work Environments

Work environments that are unfair and unpredictable have been labeled "toxic workplaces." A toxic workplace is one in which a company does not value its employees or treat them fairly.[15] Statistically, organizations that value employees are more profitable than those that do not.[16][17][18][19]. Research shows that working in an environment that is seen as fair helps to buffer the effects of stress.[20] 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.[21] 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.[22]

Supervisor Support: Work-Family Conflict Survey[23]

Think of your current or most recent supervisor and rate each of the following items in terms of this person's behaviour toward you.

Answer the following questions using 1 = not at all, 2 = somewhat, 3 = fully agree

15. 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.

16. 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.

17. Pfeffer, J. (1998). The human equation: Building profits by putting people first. Boston: Harvard Business School Press.

18. Pfeffer, J., & Veiga, J. F. (1999). Putting people first for organizational success. Academy of Management Executive, 13, 37–48.

19. 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.

20. Judge, T. A., & Colquitt, J. A. (2004). Organizational justice and stress: The mediating role of work-family conflict. Journal of Applied Psychology, 89, 395–404.

21. Greenberg, J. (2004). Stress fairness to fare no stress: Managing workplace stress by promoting organizational justice. Organizational Dynamics, 33, 352–365.

22. Greenberg, J. (2006). Losing sleep over organizational justice: Attenuating insomniac reactions to underpayment inequity with supervisory training in interactional justice. Journal of Applied Psychology, 91, 58–69.

23. Adapted from Hammer, L. B., Kossek, E. E., Yragui, N. L., Bodner, T. E., & Hanson, G. C. (in press). Development and validation of a multidimensional measure of family supportive supervisor behaviours (FSSB). Journal of Management. DOI: 10.1177/0149206308328510. Used by permission of Sage Publications.

1. _____ My supervisor is willing to listen to my problems in juggling work and nonwork life.
2. _____ My supervisor takes the time to learn about my personal needs.
3. _____ My supervisor makes me feel comfortable talking to him or her about my conflicts between work and nonwork.
4. _____ My supervisor and I can talk effectively to solve conflicts between work and nonwork issues.
5. _____ I can depend on my supervisor to help me with scheduling conflicts if I need it.
6. _____ I can rely on my supervisor to make sure my work responsibilities are handled when I have unanticipated nonwork demands.
7. _____ My supervisor works effectively with workers to creatively solve conflicts between work and nonwork.
8. _____ My supervisor is a good role model for work and nonwork balance.
9. _____ My supervisor demonstrates effective behaviours in how to juggle work and nonwork balance.
10. _____ My supervisor demonstrates how a person can jointly be successful on and off the job.
11. _____ My supervisor thinks about how the work in my department can be organized to jointly benefit employees and the company.
12. _____ My supervisor asks for suggestions to make it easier for employees to balance work and nonwork demands.
13. _____ My supervisor is creative in reallocating job duties to help my department work better as a team.
14. _____ My supervisor is able to manage the department as a whole team to enable everyone's needs to be met.

Add up all your ratings to see how your supervisor stacks up.

Score total = _______________

Scoring:

- A score of 14 to 23 indicates low levels of supervisor support.
- A score of 24 to 33 indicates average levels of supervisor support.
- A score of 34 to 42 indicates high levels of supervisor support.

Telecommuting

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

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.[24] 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.[25] 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

24. WorldatWork. (2006). Telework trendlines for 2006 (Report). Retrieved June 1, 2008, from the WorldatWork Web site: http://www.workingfromanywhere.org/news/trendlines_2006.pdf.

25. 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.

home as an option.[26] Merrill Lynch has seen higher productivity, less stress, lower turnover, and higher job satisfaction for those who telecommute.[27] 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 encouraging were the findings of higher job satisfaction, better performance, and lower stress as well.[28] 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.[29] 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.[30]

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 impinging on our work lives. Although treating such stressors is beyond the scope of an organization or a manager, many companies offer their employees outside sources of emotional counseling. 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.

26. 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_HNtelework_1.html?BUSINESS%20ANALYTICS.
27. Chadderdon, L. (2007). Merrill Lynch works—at home. Fast Company. Retrieved June 1, 2008, from http://www.fastcompany.com/magazine/14/homework.html.
28. 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.
29. 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/.
30. 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.

Key Takeaways

- There are many individual and organizational 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.
- Organizations 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 organization? Why?
3. Do you think most organizations are fair or unfair? Explain your answer.
4. Have you ever considered telecommuting? What do you think would be the pros and cons for you personally?

8.4 What Are Emotions?

Learning Objectives

1. Understand what defines emotions.
2. Identify the different types of emotions people experience.
3. Understand emotion contagion.

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 quit a job, and how they perform individually or on a team.[1][2][3] 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.[4] This is because being positive can lead to

1. 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.
2. 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.
3. 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.
4. 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/institute2001 shortsummaries.htm#LK.

upward positive spirals where your good mood brings about positive outcomes, thereby reinforcing the good mood.[5]

Research shows that acting positive at work can actually help you become happier over time, as emotions can be influenced by actions. Credit:[Work Happy Group](#) via Pixabay. CC0 Open Pixabay License.

Emotions are also useful for creative tasks, because positive individuals tend to be more creative and open to new ideas. In addition to helping with employee creativity, companies such as Microsoft Corporation often want to understand which features of their products produce not just high ratings for usability but also high emotional ratings. Individuals with strong positive emotional reactions are more likely to use their product and recommend it to others.[6] This is something Apple Inc. has been known for doing well, as their products tend to evoke strong positive emotions and loyalty from their users.

5. Frederickson, B. L., & Joiner, T. (2002). Emotions trigger upward spirals toward emotional well-being. Psychological Science, 13, 172–175.

6. Weler, M. H. (2008). Microsoft gets emotional with business software upgrade. Information Week. Retrieved June 1, 2008, from http://www.informationweek.com/news/windows/microsoft_news/showArticle.jhtml?articleID=206903128.

By creating products that users feel an emotional reaction to, Apple has revolutionized the way music is experienced.
Wikimedia Commons – CC BY-SA 3.0.

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 do not.

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. Anger at another company's success, for example, can spark a burst of positive effort on behalf of a competitor. Jealousy about another division's sales figures may inspire a rival division to work harder. While negative emotions can be destructive in the workplace, they can inspire bursts of valuable individual action to change situations that aren't working the way they should.[7] The key is to promote the positive emotions and work to manage the negative ones so they don't spread throughout the organization and become the norm.

Emotional Contagion

Both positive and negative emotions can be contagious, with the spillover of negative emotions lasting longer than positive emotions.[8] As you may have experienced in the past, contagion can be especially salient in a team setting. Research shows that emotions are contagious and that team members affect one

7. Jordan, P. J., Lawrence, S. A., & Troth, A. C. (2006). Emotions and coping with conflict: An introduction. Journal of Management and Organization, 12, 98–100.

8. Linguistics may be clue to emotions, according to Penn State research. (2005, January 24). Retrieved June 1, 2008, from the *ScienceDaily* Web site: http://www.sciencedaily.com /releases/2005/01/050123213111.htm.

another even after accounting for team performance.[9] One explanation for negative emotions' tendency to linger may be a stronger connection to the fight-or-flight situations people experience. Anger, fear, and suspicion are intentionally unpleasant messages urging us to take action immediately. And to make sure we get the message, these emotions stick around.

Research shows that some people are more susceptible to emotional contagion than others.[10] But in general, when the boss is happy, the staff is happy.[11] We can also imagine how negative emotions can be transferred. Imagine you're working behind the counter at a fast-food restaurant. Your mood is fine, until a customer argues with you about an order. You argue back. The customer leaves in a huff. Your anger emotions continue, turning into negative feelings that last throughout the day. As you might guess, you are more likely to make mistakes and find ordinary challenges annoying when you're experiencing negative emotions. Unchecked, your negative emotions can spread to those around you. A negative interaction with one customer can spill over onto interactions with another customer.[12][13]

OB Toolbox: Practice Changing Your Emotions

Olympic athletes train for peak performance by stimulating their brains to believe they've just run a record race. You can do the same thing to experience different moods. By providing your brain with the external stimulus of happiness or sadness, you can create those feelings. Give it a try!

It's best to practice this when you are feeling relatively calm. To give yourself a neutral starting point, close your eyes and breathe in slowly. Now, release your breath. Open your eyes and smile wide. Allow your eyes to crinkle. Now smile a bit more.

The changes you have consciously made to your expression are signaling your body that a positive event has taken place. How does this affect you emotionally?

Answer these questions to find out:

1. Do you feel more or less energetic as you smile? More or less calm? More or less optimistic? How does the feeling resulting from your physical changes compare with your feelings a moment before?
2. *Now, let's try the opposite:* Close your eyes and breathe in and out slowly, as detailed above, to clear your "emotional slate." Then open your eyes. Pull down the corners of your mouth. Open your eyes wide. You have just signaled to your body that something negative has taken place.

9. Ilies, R., Wagner, D. T., & Morgeson, F. P. (2007). Explaining affective linkages in teams: Individual differences in susceptibility to contagion and individualism-collectivism. Journal of Applied Psychology, 92, 1140–1148.
10. Papousek, I., Freudenthaler, H. H., & Schulter, D. (2008). The interplay of perceiving and regulating emotions in becoming infected with positive and negative moods. Personality and Individual Differences, 45, 463–467.
11. Bono, J. E., & Ilies, R. (2006). Charisma, positive emotions and mood contagion. Leadership Quarterly, 17, 317–334.
12. Pugh, S. D. (2001). Service with a smile: Emotional contagion in the service encounter. Academy of Management Journal, 44, 1018–1027.
13. Hareli, S., & Rafaeli, A. (2007). Emotion cycles: On the social influence of emotion in organizations. Research in Organizational Behavior, 28, 35–59.

3. *Note your feelings using the list above*. How do these feelings compare with your feelings of "intentional happiness"?
4. *Now consider this*: Dr. Aston Trice of Mary Baldwin College in Virginia found that humor has mood-altering effects. Subjects were given a frustrating task. Then, one-half were shown cartoons. Those who had seen the cartoons overcame their frustration and attacked a new test with renewed enthusiasm and confidence, compared to those subjects who hadn't had the humorous interlude.[14]

Key Takeaways

- Emotions serve many purposes and affect people at work.
- There are positive and negative emotions, and both can be helpful at motivating us to work harder.
- Emotions are malleable and they can also be contagious.

Exercises

1. How easy do you think it is to "manage" one's emotions?
2. Which types of emotions are most socially accepted in the workplace? Why do you think this is?
3. What are factors that affect your emotions?
4. Share an example of either positive or negative emotional contagion. How did it start and stop?
5. What do you do, if anything, to try to change how you are feeling? How effective are your strategies?

14. Colino, S. (2006, May 30). That look—it's catching. Washington Post, p. HE01.

8.5 Emotions at Work

Learning Objectives

1. Understand Affective Events Theory.
2. Understand the influence of emotions on attitudes and behaviours at work.
3. Learn what emotional labour is and how it affects individuals.
4. Learn what emotional intelligence is.

Emotions Affect Attitudes and Behaviors 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.[1]

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 effect of six major kinds of emotions in the workplace: anger, fear, joy, love, sadness, and surprise.[2] 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.[3]

1. Elfenbein, H. A., & Ambady, N. (2002). Predicting workplace outcomes from the ability to eavesdrop on feelings. Journal of Applied Psychology, 87, 963–971.

2. 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 Organizational Behavior, 18, 1–74.

3. Fisher, C. D. (2002). Real-time affect at work: A neglected phenomenon in organizational behaviour. Australian Journal of Management, 27, 1–10.

According to Affective Events Theory, six emotions are affected by events at work.

For example, imagine that a coworker unexpectedly delivers your morning coffee to your desk. As a result of this pleasant, if unexpected experience, you may feel happy and surprised. If that coworker is your boss, you might feel proud as well. Studies have found that the positive feelings resulting from work experience may inspire you to do something you hadn't planned to do before. For instance, you might volunteer to help a colleague on a project you weren't planning to work on before. Your action would be an affect-driven behaviour (Fisher, 2002). Alternatively, if you were unfairly reprimanded by your manager, the negative emotions you experience may cause you to withdraw from work or to act mean toward a coworker. Over time, these tiny moments of emotion on the job can influence a person's job satisfaction. Although company perks and promotions can contribute to a person's happiness at work, satisfaction is not simply a result of this kind of "outside-in" reward system. Job satisfaction in the AET model comes from the inside-in—from the combination of an individual's personality, small emotional experiences at work over time, beliefs, and affect-driven behaviours.

Jobs that are high in negative emotion can lead to frustration and burnout—an ongoing negative emotional state resulting from dissatisfaction.[4][5][6] 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.[7]

Emotional Labor

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. As individuals, they may be feeling sad, angry, or fearful, but at work, their job title trumps their individual identity. The result is a persona—a professional role that involves acting out feelings that may not be real as part of their job.

Emotional labour refers to the regulation of feelings and expressions for organizational purposes.[8] Three major levels of emotional labour have been identified.[9]

1. Surface acting requires an individual to exhibit physical signs, such as smiling, that reflect emotions customers want to experience. A children's hairdresser cutting the hair of a crying toddler may smile and act sympathetic without actually feeling so. In this case, the person is engaged in surface acting.
2. Deep acting takes surface acting one step further. This time, instead of faking an emotion that a customer may want to see, an employee will actively try to experience the emotion they are displaying. This genuine attempt at empathy helps align the emotions one is experiencing with the emotions one is displaying. The children's hairdresser may empathize with the

4. 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.

5. Maslach, C. (1982). Burnout: The cost of caring. Englewood Cliffs, NJ: Prentice Hall.

6. Maslach, C., & Jackson, S. E. (1981). The measurement of experienced burnout. Journal of Occupational Behavior, 2, 99–113.

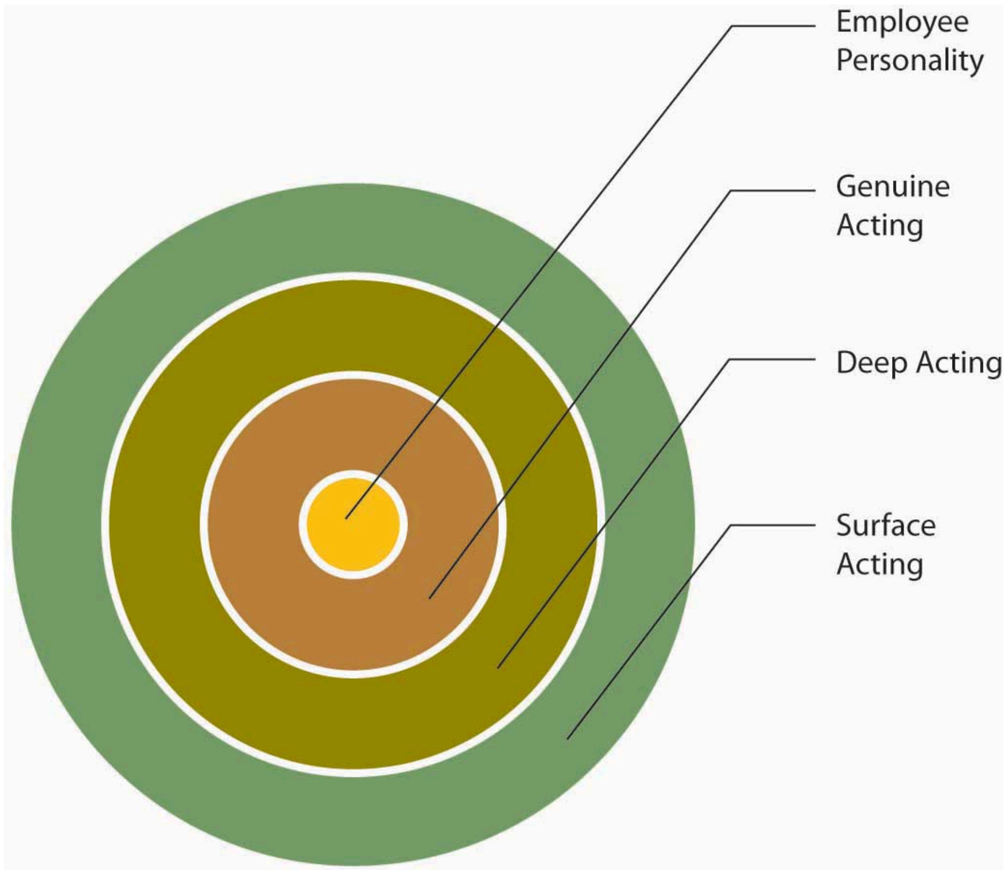
7. Lewandowski, C. A. (2003, December 1). Organizational factors contributing to worker frustration: The precursor to burnout. Journal of Sociology & Social Welfare, 30, 175–185.

8. Grandey, A. (2000). Emotional regulations in the workplace: A new way to conceptualize emotional labour. Journal of Occupational Health Psychology, 5, 95–110.

9. Hochschild, A. (1983). The managed heart. Berkeley, CA: University of California Press.

toddler by imagining how stressful it must be for one so little to be constrained in a chair and be in an unfamiliar environment, and the hairdresser may genuinely begin to feel sad for the child.

3. Genuine acting occurs when individuals are asked to display emotions that are aligned with their own. If a job requires genuine acting, less emotional labour is required because the actions are consistent with true feelings.



When it comes to acting, the closer to the middle of the circle that your actions are, the less emotional labour your job demands. The further away, the more emotional labour the job demands.

Research shows that surface acting is related to higher levels of stress and fewer felt positive emotions, while deep acting may lead to less stress.[10] Making the break count: An episodic examination of recovery activities, emotional experiences, and positive affective displays. Academy of Management Journal, 51, 131–146.[/footnote][12] When "the show must go on": Surface acting and deep acting as determinants of emotional exhaustion and peer-rated service delivery. Academy of Management Journal, 46, 86–96.[/footnote] Emotional labour is particularly common in service industries that are also

10. [11]Beal, D. J., Trougakos, J. P., Weiss, H. M., & Green, S. G. (2006). Episodic processes in emotional labour: Perceptions of affective delivery and regulation strategies. Journal of Applied Psychology, 91, 1053–1065.

11.

12. [13]Grandey, A. (2000). Emotional regulations in the workplace: A new way to conceptualize emotional labour. Journal of Occupational Health Psychology, 5, 95–110.

13.

characterized by relatively low pay, which creates the added potentials for stress and feelings of being treated unfairly.[14][15] In a study of 285 hotel employees, researchers found that emotional labour was vital because so many employee-customer interactions involve individuals dealing with emotionally charged issues.[16] Emotional labourers are required to display specific emotions as part of their jobs. Sometimes, these are emotions that the worker already feels. In that case, the strain of the emotional labour is minimal. For example, a funeral director is generally expected to display sympathy for a family's loss, and in the case of a family member suffering an untimely death, this emotion may be genuine. But for people whose jobs require them to be professionally polite and cheerful, such as flight attendants, or to be serious and authoritative, such as police officers, the work of wearing one's "game face" can have effects that outlast the working day. To combat this, taking breaks can help surface actors to cope more effectively.[17] In addition, researchers have found that greater autonomy is related to less strain for service workers in the United States as well as France.[18]

Cognitive dissonance is a term that refers to a mismatch among emotions, attitudes, beliefs, and behaviour, for example, believing that you should always be polite to a customer regardless of personal feelings, yet having just been rude to one. You'll experience discomfort or stress unless you find a way to alleviate the dissonance. You can reduce the personal conflict by changing your behaviour (trying harder to act polite), changing your belief (maybe it's OK to be a little less polite sometimes), or by adding a new fact that changes the importance of the previous facts (such as you will otherwise be laid off the next day). Although acting positive can make a person feel positive, emotional labour that involves a large degree of emotional or cognitive dissonance can be grueling, sometimes leading to negative health effects.[19]

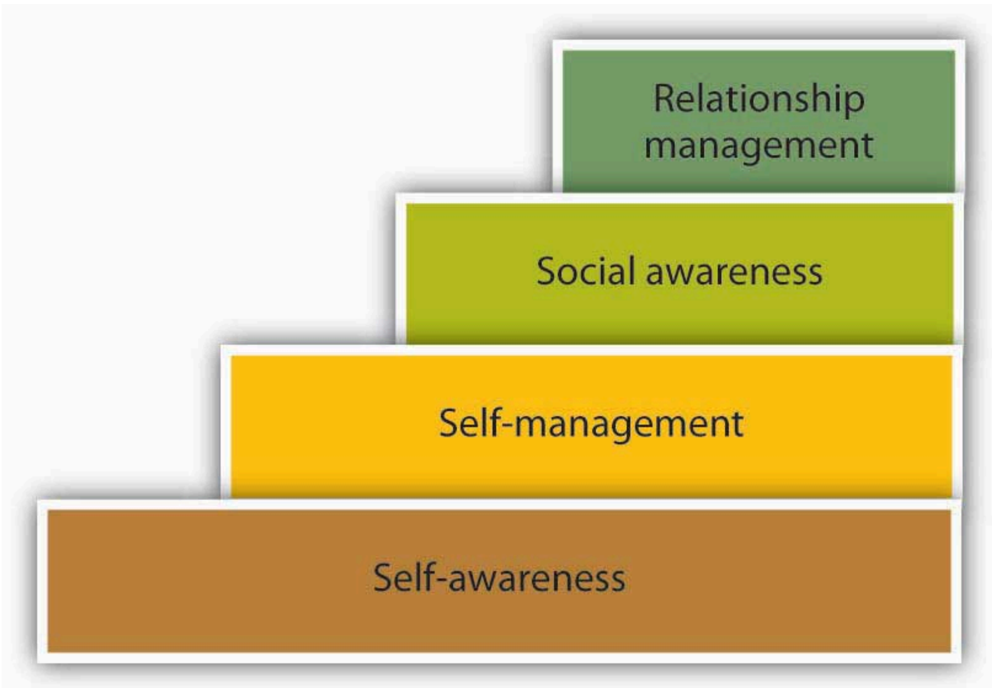
Emotional Intelligence

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

14. Glomb, T. M., Kammeyer-Mueller, J. D., & Rotundo, M. (2004). Emotional labour demands and compensating wage differentials. Journal of Applied Psychology, 89, 700–714.
15. Rupp, D. E., & Sharmin, S. (2006). When customers lash out: The effects of customer interactional injustice on emotional labour and the mediating role of discrete emotions. Journal of Applied Psychology, 91, 971–978.
16. Chu, K. (2002). The effects of emotional labour on employee work outcomes. Unpublished doctoral dissertation, Virginia Polytechnic Institute and State University.
17. Beal, D. J., Trougakos, J. P., Weiss, H. M., & Green, S. G. (2006). Episodic processes in emotional labour: Perceptions of affective delivery and regulation strategies. Journal of Applied Psychology, 91, 1053–1065.
18. 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.
19. Zapf, D. (2006). On the positive and negative effects of emotion work in organizations. European Journal of Work and Organizational Psychology, 15, 1–28.

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.[20]

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.[21][22]



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.[23] 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.[24] Those high in emotional intelligence have been found to have higher self-efficacy in coping with

20. 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.

21. Elfenbein, H. A., & Ambady, N. (2002). Is there an in-group advantage in emotion recognition? Psychological Bulletin, 128, 243–249.

22. Weisinger, H. (1998). Emotional intelligence at work. San Francisco: Jossey-Bass.

23. Goleman, D. (1995). Emotional intelligence. New York: Bantam Books.

24. Goleman, D. (1998). Working with emotional intelligence. New York: Bantam Books.

adversity, perceive situations as challenges rather than threats, and have higher life satisfaction, which can all help lower stress levels[25][26]

Key Takeaways

- Emotions affect attitudes and behaviours at work.
- Affective Events Theory can help explain these relationships.
- Emotional labour is higher when one is asked to act in a way that is inconsistent with personal feelings.
- Surface acting requires a high level of emotional labour. Emotional intelligence refers to understanding how others are reacting to our emotions.

Exercises

1. What is the worst job you have ever had (or class project if you haven't worked)? Did the job require emotional labour? If so, how did you deal with it?
2. Research shows that acting "happy" when you are not can be exhausting. Why do you think that is? Have you ever felt that way? What can you do to lessen these feelings?
3. How important do you think emotional intelligence is at work? Why?

25. 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.

26. 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.

8.6 The Role of Ethics and National Culture

Learning Objectives

1. Consider the role of ethics and emotion.
2. Consider the role of national culture on stress.

Emotions and Ethics

We have seen before how a gap between our true feelings and the feelings we display at work can cause distress. What happens when there is a gap between our feelings and our true beliefs?

Joshua Greene is a philosopher and neuroscientist who uses magnetic imaging of the brain to show how our minds and bodies react to difficult questions. In one example, Greene asked a group of subjects to consider a situation in which a trolley is racing down a track, about to kill five people. The subjects have the ability to steer the trolley onto another track, where it will kill only one person. Most agree this feels like the right thing to do—the best of possible evils.

Greene then asks his subject to consider the same situation with one major shift: In this case, to save the five bystanders the subject must push a large man in front of the trolley to stop it in its tracks.

This time, Greene's subjects felt the sacrifice was emotionally wrong. Greene's research shows that the difference between his subjects' valuations of life in these cases was that the second was more emotional. The thought of pushing someone to his death, understandably, had brought up strong feelings among the group. If humans were computers, one person's death might be seen as "less bad" than the death of five. But human decisions are based on emotion. It was considered emotionally—and therefore, morally—unacceptable to push the man in front of the trolley to save five others.

Greene's magnetic images of his subject's brains showed that while considering the second scenario, people were using more of their brains. Greene writes, "These differences in emotional engagement affect people's judgments".[1]

Emotions are a powerful force in work and life. They are spontaneous and unpredictable elements of human beings that separate us from machines, and in some moments, from one another. By learning to identify and maximize the uses of our emotions at work, we can more appropriately respond to emotional situations.

1. Greene, J., Sommerville, R. B., Nystrom, L. E., Darley, J. M., & Cohen, J. D. (2001, September). An MRI investigation of emotional engagement in moral judgment, Science, 2105–2108.

Lack of Leisure Time and Stress Around the Globe

As economist Steven Landsburg notes, "Compared with Europeans, Americans are more likely to be employed and more likely to work longer hours—employed Americans put in about 3 hours more per week than employed Frenchmen. Most important, Americans take fewer (and shorter) vacations".[2] That is, if they take a vacation at all. A recent poll showed that 40% of Americans do not plan to take a vacation within the next year.[3]

Juliet Schor, a senior lecturer in economics and director of women's studies at Harvard University, adds to the portrait of the overworked American with a shocking statistic on Americans' free time. According to Schor's book, *The Overworked American: The Unexpected Decline of Leisure*, Americans have 16.5 hours per week of leisure time after their work and household obligations are fulfilled.[4] This is a huge concern, as research has established that recovery is a key to well-being and that the lack of recovery can lead to health concerns associated with stress.[5] Even more challenged for leisure time are some Japanese employees, working an average of 236 more hours per year than their American counterparts and 500 more hours than employees in France or Germany.[6] Leisure and recovery are key aspects to remaining healthy throughout one's lifetime.

While Europeans normally plan on taking the month of August off, Americans do not have a similar ritual. PricewaterhouseCoopers became so concerned that they have instituted a 10-day shutdown as a winter break and a 5-day shutdown around July 4 so that everyone takes that time off without feeling peer pressure to work through vacations.

Key Takeaways

- Emotions play a role in shaping what we feel is ethical and what is not. Leisure time is important for avoiding the exhaustion phase of the stress cycle.
- Countries vary a great deal in how many hours the average worker puts in at work, with Japan working the most hours, followed by those in the United States.

2. Landsburg, S. (2006, May 23). Why Europeans work less than Americans. Forbes. Retrieved June 1, 2008, from http://www.forbes.com/2006/05/20/steven- landsburg-labour_cx_sl_06work_0523landsburg.html.

3. Egan, T. (2006). The rise of the shrinking-vacation syndrome. New York Times. Retrieved June 1, 2008, from http://travel2.nytimes.com/2006/08/20/us/20vacation.html.

4. Schor, J. B. (1993). The overworked American: The unexpected decline of leisure. New York: Basic Books.

5. Sonnentag, S., & Zijlstra, F. R. H. (2006). Job characteristics and off-job activities as predictors of need for recovery, well-being, and fatigue. Journal of Applied Psychology, 91, 330–350.

6. Nishiyama K., & Johnson, J. (2006). Karoshi—death from overwork: Occupational health consequences of Japanese production management. The Fordism of Ford and Modern Management: Fordism and Post-Fordism. Volume 1 [e-book]. An Elgar Reference Collection, 462–478.

Exercises

1. Explain a time when you have seen emotions help someone to be *more* ethical than they might have otherwise been.
2. Explain a time when you have seen emotions help someone to be *less* ethical than they might have otherwise been.
3. Why do you think some countries have so much vacation time compared to others? In your opinion, is this a problem or not? Why?

8.7 Getting Emotional

The Case of American Express[1]

Moolanomy – Buing Life Insurance – CC BY-SA 2.0.

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

1. Based on information from 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; 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; Moriarty, M. (2007, June 7). Workplace coach: Don't underestimate emotional intelligence. Seattle Post-Intelligencer. Retrieved July 1, 2008, from http://seattlepi.nwsource.com/business/318345_workcoach04.html.

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."

Discussion Questions

1. What are some other jobs that deal with relatively negative or unfavourable 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?

8.8 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.

8.9 Exercises

Ethical Question

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 Chan 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.

What will you do?

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

Exercises

Time Management Quiz

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

1. True or 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.
2. True or false: I do what my boss asks me to do immediately.
3. True or false: I don't take breaks because they waste time.
4. True or false: I answer the phone when it rings regardless of what I am doing.
5. True or false: I check my e-mails as soon as they arrive.
6. True or false: I create a "to do" list at the start of every day.
7. True or false: I do my "heavy thinking" at the end of the day when things have calmed down.
8. True or false: I don't like to take vacations because making up the work is always too stressful.

9. True or false: Multitasking helps me be more effective at work.
10. True or false: I don't have to organize my office, since I always know where things are.

Group Exercise

Time Management Analysis

Create List 1:

List 10 activities you did at work (or at school) yesterday.

Create List 2:

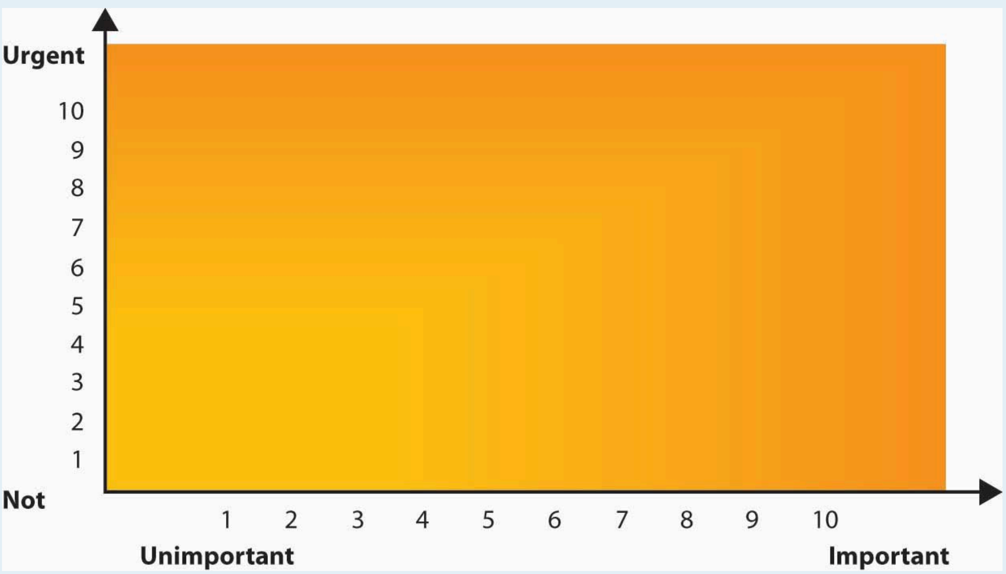
List 5 things you think are key to doing your job well (or doing well in school).

Compare Lists:

Now, look at both lists and write down which items from List 1 relate to List 2.

Place each activity from List 1 on the following grid.

Figure 8.15



Group Discussion

Now, as a group, discuss the following questions:

1. What trends in your time management style did you notice?
2. How much of your "work" time is being spent on things that are directly related to doing well in your work or at school?

3. What works well for you in terms of time management?
4. What steps could you take to improve your time management?
5. How could your group help one another with time management?

Version History

NSCC Change Tracker — Please add your changes in this file.

NSCC Edition

In addition to the chapter mapping showing how the previous editions were merged, new content was added to Chapter 1.4 Professionalism in the Workplace.

In-text citations changed to footnotes. Headings modified to meet accessibility standards. Layout changes made to enhance readability.

NSCC Chapter Mapping

NSCC Version	Organizational Behaviour University of Minnesota	Organizational Behaviour OpenStax
Chapter 1	Chapter 1 – Organizational Behaviour [except unit 1.1]	
Chapter 2	Chapter 3 – Personality & Perception	
		Section 1- 8.2
		Section 1- 6.2
Chapter 3	Chapter 2 – Demographics & Diversity + units 4.2 and 4.3 added here	
Chapter 4	Chapter 5 – Motivation	
Chapter 5	Chapter 9 – Teamwork	
Chapter 6	Chapter 10 – Conflict	
Chapter 7	Chapter 15 – Culture + Unit 14.3	
Chapter 8	Chapter 7 – Stress	

University of Minnesota Edition Adaptation Notes

This adaptation has reformatted the original text, and replaced some images and figures to make the resulting whole more shareable. This adaptation has not significantly altered or updated the original 2010 text.