

ORGANIZATIONAL BEHAVIOUR

GARY JOHNS • ALAN M. SAKS

ELEVENTH
EDITION

Understanding and Managing
Life at Work



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About this Course

Welcome to the eleventh edition of *Organizational Behaviour:*

Understanding and Managing Life at Work! This edition marks the 37th anniversary of the text, which has been rigorously updated over the years to present students with the latest knowledge and research on both the science and practice of organizational behaviour. First published in 1983, *Organizational Behaviour* is the longest-running, continuously published, and regularly revised organizational behaviour textbook authored in Canada.

In writing the eleventh edition, we have been guided by three goals. First, we wish to convey the genuine excitement inherent in the subject of organizational behaviour by sharing our enthusiasm about the subject with students who are reading and learning about it for the first time.

Second, we want the presentation of the material to have both academic and practical integrity, acknowledging the debt of the field to both behavioural science research and organizational practice. To put it another way, we want this resource to be useful and enjoyable to read without oversimplifying key subjects on the premise that this somehow makes them easier to understand. This requires striking a balance between research and theory on the one hand, and practice and application on the other hand. The eleventh edition of *Organizational*

Behaviour includes the most recent research and theory in the field (e.g., positive organizational behaviour, [Chapter 1](#); cultural distance and cultural intelligence, [Chapter 4](#); job crafting, [Chapter 6](#); ethical, authentic, and servant leadership, [Chapter 9](#); employer branding, [Chapter 10](#); evidence-based management, big data, and crowdsourcing, [Chapter 11](#); technostress and cyberbullying, [Chapter 13](#)) as well as many examples of the application and practice of organizational behaviour throughout the text and showcased in the chapter-opening vignettes, the “Applied Focus” features, and the “You Be the Manager” features.

Third, we want students to not only learn about organizational behaviour but also to understand the connections and linkages across topics and how to integrate theory, principles, and concepts across chapters rather than see them as separate or isolated topics. Special features designed to enhance this skill include an integrative case that runs through each section of the text and a shared writing question at the end of every chapter. We sincerely hope these goals have resulted in a resource that is interesting and enjoyable to read and also conveys the importance of organizational behaviour to individuals, groups, organizations, and society.

Content Highlights

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New to the Eleventh Edition

The eleventh edition of *Organizational Behaviour* once again includes the Appendix on Research in Organizational Behaviour. This edition also adds substantial new content, features, and pedagogy while remaining faithful to the general format and structure of the tenth edition. While the major topics of the tenth edition remain in this edition, we have added new content to reflect recent research as well as new and emerging themes in the organizational behaviour literature in every chapter of the text. Examples of new vignettes, focus boxes, topics, You Be the Manager, case studies, case incidents, exercises, on-the-job challenge questions, and definitions that can be found in the eleventh edition include:

Chapter 1 :

- Human capital
- Social capital
- Road Map and Model of Organizational Behaviour
- *Chapter-Opening Vignette: Maplewave*
- *Applied Focus box: The Management of Meaningful Work*
- *You Be the Manager: The Cost of a Minimum Wage Hike*
- *Case Incident: Mayfield Department Stores*
- *Experiential Exercise: Corporate Social Responsibility*

Chapter 2 :

- *Research Focus* box: Personality and Popularity in the Workplace
- *You Be the Manager*: Physical, Mental, and Financial Well-Being at Sun Life Insurance

Chapter 3 :

- *Chapter-Opening Vignette*: Cogeco Connexion
- *Research Focus box*: The Beauty Premium and the Ugliness Penalty
- *You Be the Manager*: Trespassing at Starbucks
- *On-the-Job Challenge Question*: The “Name-Blind” Recruitment Pilot Project
- *Experiential Exercise*: Workplace Age Discrimination Scale (WADS)

Chapter 4 □:

- Loose versus tight cultures
- Meaningful work
- Benefits of turnover
- *Global Focus* box: Japan Pays a Stressful Price for Work Centrality
- *Research Focus* box: Would You Trade Money for Meaningful Work?
- *Case Incident*: Millennial Blues

Chapter 5 □:

- *Research Focus* box: Is Cognitive Ability or Motivation More Important for Performance?
- *You Be the Manager*: The “Non-Stop Nightmare”
- *On-the-Job Challenge Question*: Your New Salary
- *Experiential Exercise*: Work-Related Basic Need Satisfaction Scale (W-BNS)

Chapter 6 :

- Variable pay
- Stretch assignments
- Job crafting
- *Chapter-Opening Vignette: Vega*
- *Applied Focus box: Fun and Games at Work*
- *On-the-Job Challenge Question: The Most Meaningful Work*
- *Case Study: Chang Koh Metal Ptd. Ltd. in China*

Chapter 7 □:

- Team reflexivity
- *Chapter-Opening Vignette: Whole Foods*
- *Global Focus* box: Communication Media Choice in Multilingual Virtual Teams
- *Research Focus* box: Leader Over-Emergence and Gender Dynamics in Self-Managed Teams
- *Case Incident: The Team Attendance Bonus*
- *On-the-Job Challenge Question: Hire Teams, Not Individuals?*
- *Case Study: Anita Jairam at Metropole Services*

Chapter 8 □:

- Uncertainty reduction theory
- *Applied Focus* box: Maintaining the Culture at Steam Whistle Brewing
- *You Be the Manager*: Changing the Culture at Uber
- *Experiential Exercise*: Proactive Socialization

Chapter 9 □:

- Shared leadership
- LMX differentiation
- Positive leadership
- *Chapter-Opening Vignette:* Catherine Tait—CBC/Radio-Canada President
- *On-the-Job Challenge Question:* The New Commissioner

Chapter 10□:

- Enhanced coverage of social media
- Employer branding
- *Research Focus* box: Using Humour in Workplace Communication
- *On-the-Job Challenge Question*: Dress Code Changes at Starbucks and Earl's
- *Case Incident*: Bilingual Confusion

Chapter 11 □:

- Not-invented-here bias
- *Chapter-Opening Vignette*: The Phoenix Payroll System Fiasco
- *Research Focus* box: How CEO Personality Affects Organizational Decision Making
- *You Be the Manager*: Lego's Dilemma

Chapter 12 □:

- Bounded ethicality
- Sexual harassment in tech firms
- *Chapter-Opening Vignette*: TD Bank and Wells Fargo
- *Ethical Focus* box: Foreign Experience Might Be Good for Your Mind, But What Does It Do for Your Ethics?
- *You Be the Manager*: Empowerment at the Veterans Health Administration
- *On-the-Job Challenge Question*: Air Canada and Neena Cheema
- *Case Study*: Dr. Jamie Thompson

Chapter 13☐:

- Technostress
- Workaholism
- Mindfulness
- *Chapter-Opening Vignette: Amazon's Stressful Culture*
- *You Be the Manager: Riot Games: Assessing Toxicity in the Workplace*
- *On-the-Job Challenge Question: Working from Home*

Chapter 14□:

- Holacracy
- *Research Focus* box: Microdivisionalization at Haier Group
- *Applied Focus* box: Symptoms of Structural Problems
- *On-the-Job Challenge Question*: Ford's Executive Shakeup
- *Case Incident*: SusTech Fails to Get Organized

Chapter 15 ☐:

- Time and resistance to change
- Organizational identification and resistance to change
- *Chapter-Opening Vignette*: Microsoft's Ongoing Transformation
- *Applied Focus* box: Canadian Digital Service Spearheads Change
- *On-the-Job Challenge Question*: Tesla Not Testing

We have updated many other areas throughout the text with the most current and recent research from the practising management literature, academic literature, and the popular and business press. We have also replaced the content of many of the features and added new ones. In total, the eleventh edition contains nine new chapter-opening vignettes, fifteen new "Focus" boxes, and eight new "You Be the Manager" features. These features have been carefully chosen to represent current and exciting examples of organizational behaviour. Of those examples that we have retained from the tenth edition, many have been substantially updated.

In addition to new and updated content, the eleventh edition includes several new exhibits. For example, [Chapter 1 ☐](#) includes a Model of Organizational Behaviour that depicts the organization and structure of the text. [Chapter 2 ☐](#) includes a new exhibit of the most commonly recognized employee achievements for recognition ([Exhibit 2.7 ☐](#)) and the most common rewards for recognition ([Exhibit 2.8 ☐](#)). [Chapter 4 ☐](#) features a graph of vacation days and holidays across nations ([Exhibit 4.2 ☐](#)) and one depicting the consequences of fairness and unfairness ([Exhibit 4.5 ☐](#)). [Chapter 10 ☐](#) includes a continuum of communication media ranging from face-to-face to social media ([Exhibit 10.4 ☐](#)). [Chapter 15 ☐](#) features a graph of the impact of change on employee well-being ([Exhibit 15.3 ☐](#)) and one of varying reactions to organizational change over time ([Exhibit 15.5 ☐](#)).

Finally, in the end-of-chapter material, there are three new case studies, six new case incidents, five new experiential exercises, and ten new On-the-Job Challenge Questions.

About the Cover

The cover of the eleventh edition of *Organizational Behaviour: Understanding and Managing Life at Work*, features musicians from a performing jazz band. What does a jazz band have to do with organizational behaviour? A great deal! Jazz has been used as a metaphor for organizations and organizational behaviour for many years.

In 1998, the journal *Organizational Science* published a special issue on jazz improvisation as a metaphor for organizations (vol. 9, no. 5), a result of a symposium called “Jazz as a Metaphor for Organizing in the Twenty-First Century” that was held at the 1995 Academy of Management Conference in Vancouver, British Columbia. The idea was to think about the twenty-first-century organization in the context of the jazz metaphor for organizing. The jazz metaphor has also been adopted by some organizations. In its 1996 annual report, the LEGO Corporation featured its top-management team as a jazz ensemble, with the CEO playing the saxophone—the CEO wanted to highlight the importance of improvisation at all levels of management.

Organizations and organizational behaviour are like jazz in many ways. Jazz involves improvisation, innovation, and flexibility, all of which are important attributes of individuals and groups in organizations as well as organizations themselves. Organizations and the people in them must be flexible and capable of innovation and improvisation to survive and adapt to change. Innovation and flexibility are especially important for contemporary organizations.

In his book *Leadership Jazz*, Max De Pree argues that leadership in organizations is like a jazz band: “Jazz-band leaders must choose the music, find the right musicians, and perform—in public. But the effect of the performance depends on so many things—the environment, the volunteers playing in the band, the need for everybody to perform as individuals and as a group, the absolute dependence of the leader on the members of the band, the need of the leader for the followers to play well. What a summary of an organization!”

Finally, as noted by Mary Jo Hatch, one of the chairs of the jazz symposium, the characteristics that are associated with the twenty-first-century organization are very similar to those of a jazz band: It is flexible, adaptable, and responsive to the environment, and it has loose boundaries and minimal hierarchy. Organizational behaviour is very much like a jazz band—individuals working together in the spirit of innovation, improvisation, and inspiration.

General Content and Writing Style

Organizational Behaviour, Eleventh Edition, is comprehensive—the material is authoritative and up to date and reflects current research and practical concerns. Both traditional subjects (such as expectancy theory) and newer topics (like workplace spirituality, positive organizational behaviour, job crafting, cyberbullying, technostress, positive leadership, virtual teams, collective efficacy, emotional intelligence, creative deviance, mindfulness, and crowdsourcing) are addressed. Balanced treatment is provided to micro topics (covered in the earlier chapters) and macro topics (covered in the later chapters).

Although *Organizational Behaviour* is comprehensive, we have avoided the temptation to include too many concepts, theories, and ideas. Rather

than composing a long laundry list of marginally related concepts, each chapter is organized in interlocked topics. The topics are actively interrelated and are treated in enough detail to ensure understanding. Special attention has been devoted to the flow and sequencing of the topics.

The writing style is personal and conversational. Excessive use of jargon is avoided, and important ideas are well defined and illustrated. Special attention has been paid to consistency of terminology throughout the book. We have tried to foster critical thinking about the concepts under discussion by using devices like asking the reader questions in the body of the text.

Believing that a well-tailored example can illuminate the most complex concept, we have used examples liberally throughout the text to clarify the points under consideration. The reader is not left wondering how a key idea applies to the world of organizations. The book is illustrated with exhibits, cartoons, and excerpts from the business press, such as *Report on Business*, *Canadian Business*, and *Canadian HR Reporter*, to enhance the flow of the material and reinforce the relevance of the examples for students.

We have treated the subject matter generically, recognizing that organizational behaviour occurs in all organizations. The reader will find vignettes, cases, "Focus" selections, "You Be the Manager" features, and examples drawn from a variety of settings, including large and small businesses, high-tech firms, manufacturing firms, hospitals, schools, and the military. In addition, care has been taken to demonstrate that the material covered is relevant to various levels and jobs within these organizations.

Organization

Organizational Behaviour is organized in a simple but effective building-block manner. Part One: An Introduction defines organizational behaviour, discusses the nature of organizations, introduces the concept of management, and reviews contemporary management concerns. Part Two: Individual Behaviour covers the topics of personality, learning, perception, attribution, diversity, attitudes, job satisfaction, organizational commitment, theories of motivation, and motivation in practice. Part Three: Social Behaviour and Organizational Processes discusses groups, teamwork, socialization, culture, leadership, communication, decision making, power, politics, ethics, conflict, negotiation, and stress. Part Four: The Total Organization considers the environment, strategy, organizational structure, change, and innovation.

Some instructors may prefer to revise the order in which students read particular chapters, and they can accomplish this easily. However, **Chapter 5**, Theories of Work Motivation, should be read before **Chapter 6**, Motivation in Practice. The book has been designed to be used in either a quarter or semester course.

Major Themes and Content

In preparing the eleventh edition of *Organizational Behaviour*, we concentrated on developing several themes that are current in contemporary organizational life. This development included adding new content, expanding previous coverage, and addressing the themes throughout the text to enhance integration.

The **global aspects of organizational life** continue to receive strong treatment in this edition to enable students to become more comfortable

and competent in dealing with people from other cultures. Major sections on this theme appear in [Chapters 4](#), [5](#), [9](#), and [10](#), which deal respectively with values, motivation, leadership, and communication. Pedagogical support for the global theme includes “Global Focus” features ([Chapters 4](#) and [7](#)), a “You Be the Manager” feature ([Chapter 4](#)), a case incident ([Chapter 10](#)), a case study ([Chapter 2](#)), and the integrative case.

The changing nature of workplace demographics and a need to provide a welcoming work environment for all organizational members has led to explicit coverage of **workforce diversity**. The major treatment of this topic occurs in [Chapter 3](#) in the context of perception and attribution. Additional treatment occurs in the context of motivation ([Chapter 5](#)), teams ([Chapter 7](#)), and communication ([Chapter 10](#)). Pedagogical support for the diversity theme can be found in the “You Be the Manager” feature in [Chapters 3](#) and [10](#). We also see it in an “Applied Focus” feature ([Chapter 3](#)), a “Research Focus” feature ([Chapter 8](#)), two chapter-opening vignettes ([Chapters 3](#), and [4](#)), a case incident ([Chapter 3](#)), a case study ([Chapter 3](#)), and an experiential exercise ([Chapter 3](#)).

Contemporary organizations are focusing more and more on **teamwork**. This has led to expanded coverage of teams (such as virtual teams), and the most recent research findings on team characteristics and group effectiveness can be found in [Chapter 7](#). Coverage of group decision making is included in [Chapter 11](#). Pedagogical backup for the teamwork theme includes a chapter-opening vignette, “You Be the Manager” feature, “Research Focus” feature, “Global Focus” feature, a case study, a case incident, and an experiential exercise (all in [Chapter 7](#)).

Many organizations continue to undergo major **change and transformation**. Interrelated topics involving organizational change such

as reengineering and the use of technology continue to receive detailed coverage and are the focus of another theme highlighted in this edition. Coverage of organizational change can be found in [Chapter 15](#). The role of technology in communication and decision making can be found in [Chapters 10](#) and [11](#), where computer-mediated communication and social media are covered. Other relevant topics include telecommuting ([Chapter 6](#)) as well as sections on virtual, modular, and ambidextrous organizational structures ([Chapter 14](#)). Several passages portray the use and abuse of advanced technology, such as the discussion of cyberloafing in [Chapter 10](#) and technostress in [Chapter 13](#). Pedagogical backup for the change theme includes two chapter-opening vignettes ([Chapters 14](#) and [15](#)), three “You Be the Manager” features ([Chapters 8](#), [14](#), and [15](#)), an experiential exercise ([Chapter 10](#)), a case incident ([Chapter 15](#)), a case study ([Chapter 15](#)), and the Integrative Case.

Finally, the eleventh edition of *Organizational Behaviour* reflects the continuing issue of **ethics** in organizations. The major formal coverage of ethics is included in [Chapter 12](#) along with a discussion of power and politics. In addition, coverage of ethical leadership can be found in [Chapter 9](#). Pedagogical support for the ethics theme can be found in a chapter-opening vignette and the feature in [Chapter 12](#), and “Ethical Focus” features ([Chapters 5](#) and [12](#)). Case studies are particularly good vehicles for examining the complexity surrounding ethical issues, and the case incidents in [Chapters 9](#) and [12](#) and the case studies in [Chapters 10](#) and [12](#) deal with explicit ethical dilemmas. One of the experiential exercises in [Chapter 9](#) deals with ethical leadership.

Pedagogical Features

The eleventh edition’s pedagogical features are designed to complement, supplement, and reinforce the textual material. More specifically, they are

designed to promote self-awareness, critical thinking, and an appreciation of how the subject matter applies in actual organizations. The eleventh edition of *Organizational Behaviour* includes all of the features found in the previous edition, including three different kinds of cases (case studies, case incidents, and an integrative case), four types of “Focus” boxes (“Applied Focus,” “Research Focus,” “Ethical Focus,” and “Global Focus”), “You Be the Manager” features, “Experiential Exercises,” and “On-the-Job Challenge” questions, which can be found at the end of each chapter, along with interactive journal writing questions and a shared writing question for each chapter.

- All chapters begin with an **Opening Vignette** chosen to stimulate interest in the chapter’s subject matter. All of these vignettes concern real people in real organizations. Each vignette is carefully analyzed at several points in the chapter to illustrate the ideas under consideration. For example, **Chapter 3** begins with a discussion of diversity at Cogeco Connexion, and **Chapter 11** describes the Canadian government’s Phoenix payroll fiasco. The eleventh edition of *Organizational Behaviour* includes nine new vignettes and several updated ones.
- Each chapter opens with **Learning Objectives** to help focus the student’s attention on the chapter’s subject matter. The Learning Objectives also appear within the chapter, under the module headings.
- In each chapter of the Revel, students encounter an interactive “**You Be the Manager**” feature that invites them to stop and reflect on the relevance of the material they are studying to a real problem in a real organization. Venues range from Tim Horton’s (**Chapter 1**) and Sun Life Financial (**Chapter 2**) to Zappos (**Chapter 14**). Problems range from dealing with a minimum wage hike (**Chapter 1**), racial bias and managing diversity (**Chapter 3**), and changing an organization’s culture (**Chapter 8**) to bullying at work (**Chapter**

13□). The feedback at the end of the feature offers some observations about the problem and reveals what the organization actually did or should do. The eleventh edition of *Organizational Behaviour* includes eight new “You Be the Manager” features.

- All chapters contain some combination of the following “Focus” features: “**Research Focus**,” “**Applied Focus**,” “**Global Focus**,” and “**Ethical Focus**.” These features illustrate or supplement the textual material with material from the practising management literature (e.g., *Canadian HR Reporter*), the research literature (e.g., *Academy of Management Journal*), and the popular press (e.g., *National Post*). They are chosen to exemplify real-world problems and practices as they relate to organizational behaviour. The “Research Focus” feature provides examples of organizational behaviour research, such as the importance of cognitive ability and motivation for job performance (Chapter 5□) and the red sneakers effect (Chapter 10□). The “Applied Focus” features provide practical examples of the application of the text material in organizations. For example, the “Applied Focus” box in Chapter 1□ describes how to make work meaningful, and the box in Chapter 3□ describes police training to address implicit biases. These two features help to reinforce the importance of both the research and practice of organizational behaviour. The “Ethical Focus” feature provides examples of ethics in organizational behaviour research, such as the dark side of goal setting (Chapter 5□). This feature reinforces the importance of ethics in management and organizational behaviour. The “Global Focus” feature provides examples of organizational behaviour around the globe, such as illustrating the toll taken by work centrality in Japan (Chapter 4□). This feature reinforces the importance of cross-cultural issues in management and organizational behaviour. The eleventh edition of *Organizational Behaviour* includes 15 new Focus features.
- **Key terms** in each chapter are set in boldface type when they are discussed in the body of the text and are defined in pop-ups when the

student clicks on the key terms.

- Each chapter concludes with a **Learning Objectives Checklist** (keyed to the chapter **Learning Objectives**). In addition, each chapter includes at least four Journal Prompts and one Shared Writing Question. While the journal prompts deal with issues within each chapter, the shared writing questions require students to relate and integrate the material in a current chapter with concepts and theories from previous chapters. For example, the shared writing question in **Chapter 12** (“Power, Politics, and Ethics”) requires students to use the material on organizational learning practices (**Chapter 2**) and contributors to organizational culture (**Chapter 8**) to understand how an organization can create an ethical workplace. This feature is designed to facilitate student integration of various concepts and theories throughout the text.
- **On-the-Job Challenge Questions** are assignable in Writing Space. These questions differ from the journal prompts and shared writing questions in several respects. First, they are based on real issues and problems facing organizations. Second, they are more complex and challenging in that they require students to use their knowledge of all the material in the chapter. Third, these questions are very practical and require students to apply the text material to an actual organization. For example, the question in **Chapter 8** asks students to consider the role of culture in the sexual misconduct and abuse in the Canadian Forces. The answers to these questions are not simple or straightforward as they require the student to apply the text material to a real issue in an organization. We hope that these questions provide students with an interesting and engaging opportunity to use their knowledge of organizational behaviour to address real problems in organizations today. The eleventh edition of *Organizational Behaviour* includes 10 new on-the-job challenge questions.

- Each chapter includes at least one **Experiential Exercise**. These exercises span individual self-assessment, role-playing, and group activities. In addition, to enhance student understanding and encourage discussion and interaction, most of the exercises include a group component in which groups of students work together on an exercise or discuss the results of a self-assessment and answer a series of questions (one of which is assignable in Writing Space). To ensure confidence in the feedback students receive, the self-assessments generally have a research base. The eleventh edition of *Organizational Behaviour* includes five new experiential exercises.
- **Case Incidents** are included in every chapter. Case incidents are shorter than the case studies and are designed to focus on a particular topic within a chapter. Because they are short (one or two paragraphs) and deal with realistic scenarios of organizational life, they enable an instructor to quickly generate class discussion on a key theme within each chapter. They can be used at the beginning of a class to introduce a topic and to stimulate student thinking and interest, during the class when a particular topic is being discussed, or at the end of a class when the focus turns to applying the text material. The eleventh edition of *Organizational Behaviour* includes six new case incidents.
- A **Case Study** is found in each chapter. The cases are of medium length, allowing great flexibility in tailoring their use to an instructor's personal style. We have selected cases that require active analysis and decision making, not simply passive description. Cases span important topics in contemporary organizations, such as diversity ([Chapter 3](#)), introducing teams ([Chapter 7](#)), and corporate culture ([Chapter 8](#)). The eleventh edition of *Organizational Behaviour* includes three new case studies.
- The **Integrative Case** is presented at the end of Part One of the text. Unlike the case studies, which focus only on the material in each chapter, the integrative case requires students to use the material

throughout the text to understand the case material. Integrative case questions can be found at the end of each of the four parts of the text. The questions (some of which are assignable) deal with the main issues and themes of the chapters within each part. This enables students to gain an increasing awareness and understanding of the case material upon completion of each part of the text. Answering the case questions requires the integration of material from the chapters within each part as well as preceding parts of the text. Therefore, upon completion of the text and the integrative case questions, the student will have acquired a comprehensive understanding of the case through the integration of issues pertaining to individual behaviour, social behaviour and organizational processes, and the total organization. The eleventh edition of *Organizational Behaviour* includes the integrative case: Ken Private Limited: Digitization Project.

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About the Authors

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Behavior, Journal of Occupational and Organizational Psychology, International Review of Industrial and Organizational Psychology, Journal of Occupational Health Psychology, European Journal of Work and Organizational Psychology, Canadian Psychology, Human Resource Management Review, Human Relations, Applied Psychology: An International Review, Journal of Business and Psychology, Canadian Journal of Administrative Sciences, International Journal of Cross Cultural Management, Cross Cultural Management, and Psychology Today. Professor Johns is co-author of *Organizational Behavior: Understanding and Managing Life at Work* (11th Edition, Pearson). He was the recipient of Academy of Management Organizational Behavior Division's New Concept Award, Society for Industrial and Organizational Psychology's Edwin E. Ghiselli Research Design Award, the Canadian Society for Industrial and Organizational Psychology's Award for Distinguished Contributions to Industrial and Organizational Psychology, the Concordia University Research Award, the award for the Best Article published in *Human Relations* in 2007, the award for the Outstanding Paper published in *Cross Cultural Management* in 2013, the 2016 *Academy of Management Review* Decade Award, and the 2017 Google Scholar Classic Paper Commendation. Professor Johns is the elected Fellow of SIOP, American Psychological Association, Canadian Psychological Association, Academy of Management, and International Association of Applied Psychology. He is the former Chair of the Canadian Society for Industrial and Organizational Psychology and the former Associate Editor of *Journal of Organizational Behavior*. Professor Johns is currently on editorial boards of *Journal of Applied Psychology, Human Relations, International Journal of Selection and Assessment, and Applied Psychology: An International Review.* He was formerly on editorial boards of *Academy of Management Journal, Journal of Management, Personnel Psychology, Organizational Behavior and Human Decision Processes, Journal of Occupational Health Psychology, Canadian Journal of Administrative Sciences, and Journal of Occupational and Organizational Psychology.* Professor Johns held visiting positions at

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search, training, employee engagement, and the socialization and onboarding of new employees. Professor Saks has published his research in refereed journals such as the *Journal of Applied Psychology*, *Personnel Psychology*, *Academy of Management Journal*, *Journal of Organizational Behavior*, *Journal of Vocational Behavior*, *Journal of Business and Psychology*, *Human Resource Management*, *The International Journal of Human Resource Management*, *International Journal of Training and Development*, and *Human Resource Management Review*, as well as in professional journals such as *HR Professional Magazine*, *The Learning Journal*, and *Canadian HR Reporter*. In addition to *Organizational Behaviour: Understanding and Managing Life at Work*, he is also the author of *Research, Measurement, and Evaluation of Human Resources* and co-author of *Managing Performance Through Training and Development*.

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WATCH [Why Revel?](#)

Revel is an interactive learning environment designed for the way today's students read, think, and learn. Revel uses interactives and assessments integrated within the narrative that enhance content as well as students' overall learning experiences.

The story of Revel is simple: When students are engaged in the course content, they learn more effectively and perform better.

When creating your course, you have many choices as to how to supplement your lectures and curriculum. So ask yourself these questions: How do I know if my students are reading their assigned materials? Do I want my students to have a better understanding of the concepts presented in this class through course materials and lectures? Do I want to see my students perform better throughout the course? If you answered "yes" to these questions, choose Revel.



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Narrative Tells the Story

With Revel, students are introduced to a new learning experience, one in which the most up-to-date content, reading, and interactive learning become one.

We've talked to hundreds of instructors about their biggest challenges in teaching their courses. We've heard some consistent answers: students are not engaged; students come to class unprepared; students are unable to think critically. However, the most common answer is that students do not read, which leads directly to, and in fact magnifies, the other challenges that instructors identified—lack of student engagement, lack of student preparedness, and an inability to think critically. Our goal in developing Revel was to research why students aren't reading and to solve that problem first and foremost as a gateway to deeper learning.



wavebreakmedia/Shutterstock

Research and Data

Research shows that for students, reducing the extraneous cognitive load – that is, the mental effort being used in the working memory – is key to learning and retention. When students read or study in order to process and retain information, the information must move from the working memory to the long-term memory. Put simply, reducing extraneous cognitive load increases long-term memory.

Our research also tells us that students do not see the benefits of reading their textbooks. Students perceive their instructor's dynamic lectures and class notes as their main source for learning and view their assigned text as simply a repetition of that classroom experience. In a student's mind, why would they read? What are the benefits?

We share the same goals: to give your students the motivation to read by adding value to their interaction with the course materials, and to make it easier for you to assign reading.

If that's important to you, choose Revel.

The Story of Revel—The Solution

WATCH [The Revel Solution](#)

Revel is learning reimagined.

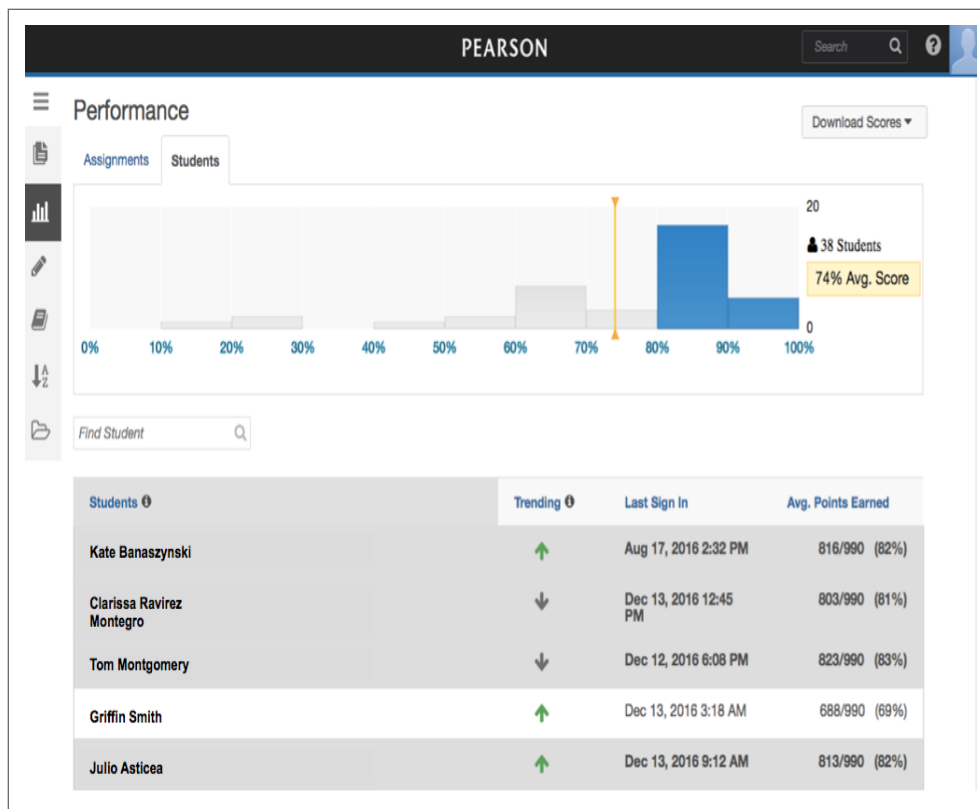
Revel benefits your students. Revel’s dynamic content matches the way students learn today. Narrative is supported and enhanced by interactive content and as a result, reading becomes a pleasure rather than a chore. Revel also enables students to read and interact with course material on the devices they use, anywhere and any time. Responsive design allows students to access Revel on their tablets, desktop computers, or mobile devices with content displayed clearly in both portrait and landscape view.

Revel benefits you. Revel allows you to check your students’ progress and understanding of core concepts through regular and consistent assessment. End-of-module and end-of-chapter quizzes in Revel allow

students opportunities to check their understanding at regular intervals before moving on; their grades are reported to the instructor dashboard.

Revel also offers no-, low-, and high-stakes writing activities for students through the journal, shared writing, and essay activities.

Revel lets you monitor class assignment completion as well as individual student achievement. Do you want to see points earned on quizzes, time on task, and whether a particular student's grade is improving? If so, choose Revel.



Reading

Our extensive research with both students and instructors found that students who spend time completing their Revel reading assignments come to class better prepared to ask questions and participate in discussions. Revel's assignability and tracking tools help educators make sure students are completing their reading and understanding core concepts. Instructors using Revel can see how frequently students access their reading assignments and how well they understand what they read before they come to class.

Assessments allow instructors to gauge student comprehension frequently, provide timely feedback, and address learning gaps along the way. Stakes associated with assessment instruments can positively impact motivation, which can improve student participation and performance.



oneinchpunch/Fotolia

Learning Design Theory

Over the course of several years, we have worked with thousands of educators, students, and instructional design experts to develop Revel with our authors. All of Revel's key aspects—from features to content to performance dashboard reporting—were guided by interactions with our customers. Each Revel prototype has been tested with educators and students to make sure it facilitates the achievement of their course and individual goals. The result is a new approach to digital learning that gives educators and students precisely what they need to enhance learning and engagement.

INTERACTIVES AND VIDEOS Integrated interactive elements and brief videos allow students to engage with content and take an active role in learning. Revel's interactive learning tools have been designed to be completed quickly so students stay focused and on task.

INTERACTIVITY SPACED ACROSS CONTENT Instructional design research shows that active pauses—with interactive content interspersed within the text narrative—improves learning. Interactive content can often more clearly provide information that is difficult to convey in static text. Revel integrates active pauses to let learners stop and process information using encoding and retrieval processes in the brain (Cheon, Crooks, Chung, Song & Kim, 2014).

FAMILIAR LEARNING AND STUDY TOOLS Highlighting, note taking, and a glossary personalize the learning experience. Instructors can add notes for students, too, including reminders or study tips.

Data and Product Development

Instructional design research shows that taking a test on presented material promotes subsequent learning and retention of that material on a final test. When assessments are implemented appropriately and with specific, timely feedback, students are engaged in the retrieval process, and this act of retrieving solidifies the original learning. (McDaniel, Anderson, Derbish, & Morrisette, 2007; Wiliam 2007).

The Story of Revel—Your Students

WATCH Revel and Your Students

Today's students are busy. Many are not only taking a full class load, but are also working full-time, holding internships, raising families, and commuting to and from campus. As an instructor, you are competing for the limited time that students have outside of class. In addition, you are competing with other courses in which students juggle heavy workloads.

With Revel, students can be efficient with their time. Revel ensures that your course will become a priority, and it will motivate students to complete their reading prior to coming to class. You work hard to give your students a 21st century experience in class, one that incorporates multimedia and technology. With Revel, your students can have that same experience out of class on their own so that they can be better prepared, and ultimately, more successful, in your class.



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What Students Need

Students need to be motivated to read. Students also need the work they do outside of class to be a valuable use of their limited time. They need to believe that they are spending their time wisely. The interactive elements of Revel ensure that students are getting more than just a digital textbook experience; with Revel, they are “experiencing” the content in new and dynamic ways. Coupled with periodic assessment tools – as well as opportunities to write about what they have read and learned – Revel enhances student learning and retention.



Jacob Lund/Fotolia

Mobile App

The new Revel mobile app lets students read, practice, and study—anywhere, anytime, on any device. Content is available both online and offline, and the app automatically syncs work across all registered devices, giving students greater flexibility to toggle between their phone, tablet, and laptop as they move through their day. The app also lets students customize assignment notifications to stay on top of all due dates.

In spring 2016 and 2017, over 1,600 students at nearly 80 two and four-year colleges and universities responded to a demonstration of Revel. Here is a sample of some student responses:

"Easy to access, no waiting for the textbook to arrive. I can review for tests and it will remind me of upcoming assignments." - Danielle,
Normandale Community College

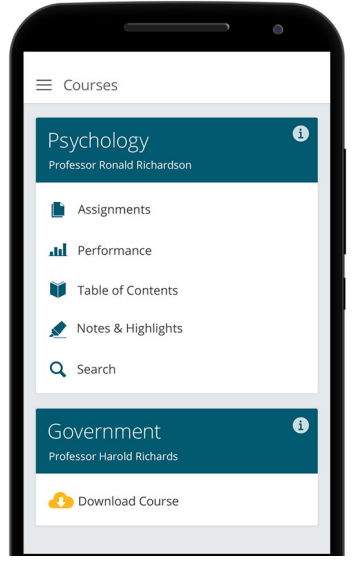
"Simple interface, easy to navigate and very convenient." - Degerio,
Guilford Technical Community College

"The future of learning." - Enrique, Des Moines Area Community College

Available for download from the Apple iTunes App Store or Google Play.

OFFLINE ACCESS

Download course material
to read, practice and study
even when you're offline



Accessibility

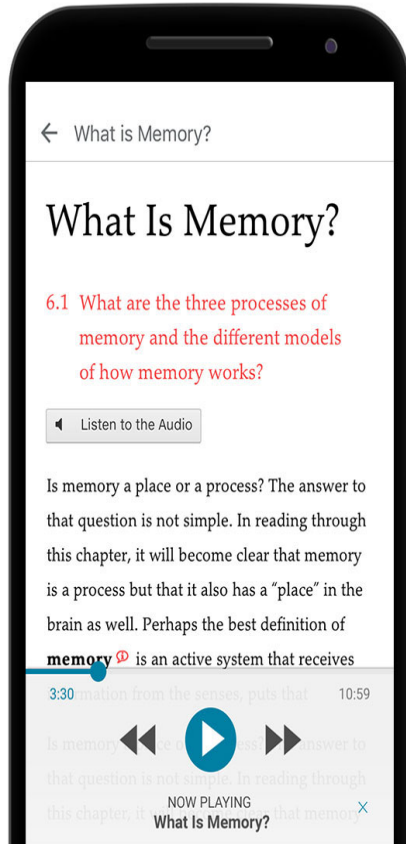
Learning doesn't stop when students walk out of class or step off campus; we designed the mobile app because learning happens where life happens — everywhere.

The Revel app lets students customize assignment notifications to stay on top of all due dates. With the Revel app, students can:

- access the assignment calendar;
- complete reading and quizzes;
- set customized due date reminders;
- check overall performance on their mobile device.

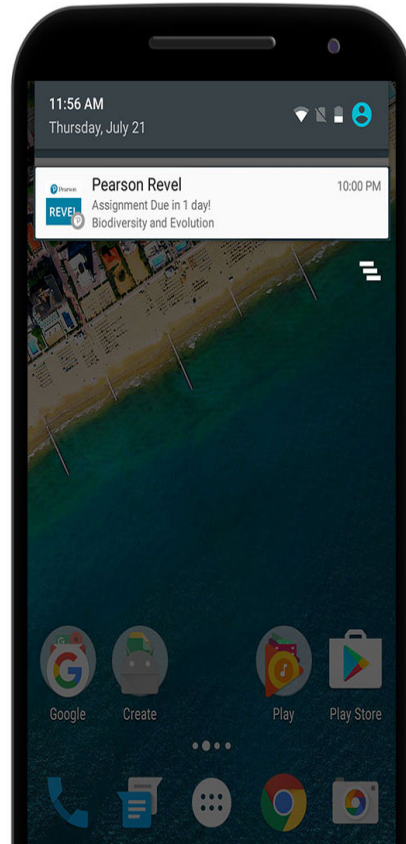
AUDIO

Listen and learn as you go with full audio of your text (available for most courses)



NOTIFICATIONS

Set your own notifications so you never miss a deadline again



Support and Implementation— Getting Started with Revel

More than 5,000 Revel instructors are connecting and sharing ideas. They're energizing their classrooms and brainstorming teaching challenges via Pearson's growing network of faculty communities. The Revel community is an open, online space where members come together to collaborate and learn from each other. If you're currently teaching with Revel or considering Revel for use in your class, we invite you to join the Revel community.

Getting started with Revel is easy:

- **Identify the Problems You Want to Solve**

Do you want students to come to class more prepared, having read their assigned reading? Are your goals focused on improving student success in your course? Are you looking to increase student engagement? Are you interested in flipping your classroom so that students learn basic course content outside of class, allowing for more active and applied in-class learning?

- **Keep It Simple**

The process of accessing and navigating these learning solutions needs to be simple and intuitive. Revel has built-in, frequent, low-stakes assessments for students to easily assess their understanding of the material, without getting sidetracked from their required reading assignment.

- **Track Learning Gains**

Educators who track and measure learning gains are able to make informed decisions about product implementations, course transformations, and redesigns. In addition, they can increase their

ability to prove institutional effectiveness, meet accreditation standards, track quality-enhancement plans, and fulfill grant requirements.



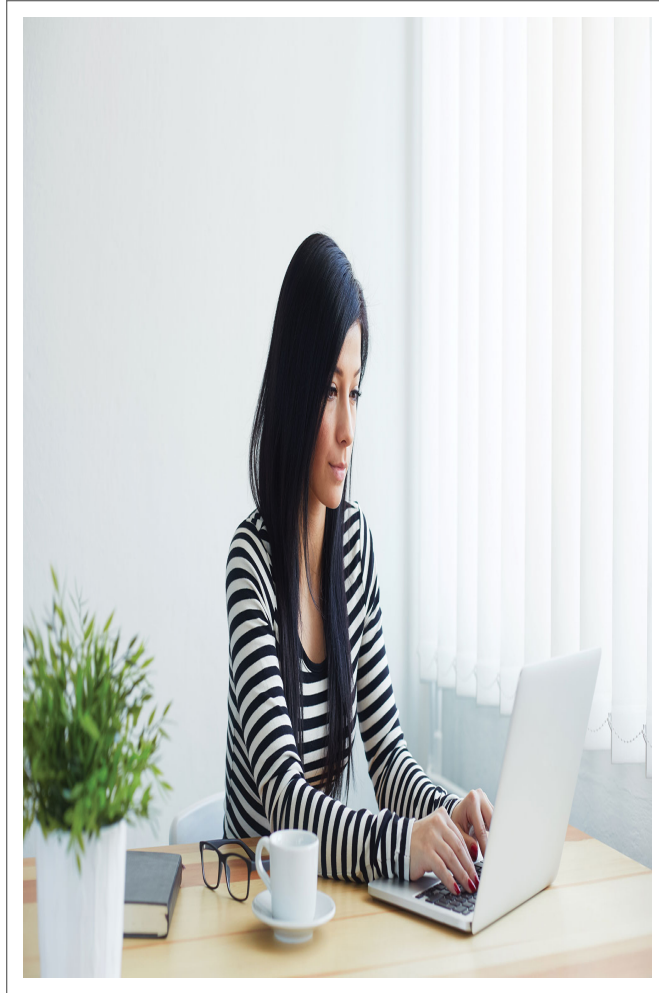
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Course Creation, Set-Up, and Assignments

If you have used a Pearson digital product in the past like a MyLab, you can use your same Pearson account info to sign in to Revel.

If you do not have a Pearson account already, click **Educator** in the **Get Started** box, and click **I would like to request access**.

After sign in, you will arrive at Revel's course homepage. Select **Search for Materials** in the upper right-hand corner and enter the title, author, ISBN or keyword of the text you'll be using. When you find your text, click **Create Course**. Fill in your course information, and click **Save**.



Rostislav Sedlacek/Fotolia

The first time you log in to Revel as an instructor you will be prompted to “start creating assignments.” Click **Get Started**.

You are now ready to:

- select content to choose textbook content, interactive media, and graded assignments;
- set due dates to make sure students know what Revel reading and assessments are due and when;
- publish assignments to push content and assignments to students.

BUILDING AN ASSESSMENT PLAN Revel includes various quiz types to use for both formative and summative assessments. To get started, simply assign each Revel module that you intend to cover in your course. Be sure to consider your assignment due dates. If your goal is for students to come to class more prepared, then be sure to make assignments due before those topics are covered in class.

Additionally, think about how you will measure success in this Revel course. What are the quantifiable goals you want to achieve? Pertinent metrics might include one or both of the following:

- an analysis of student engagement using Revel's built-in reporting features or
- a comparison of in-class exam scores, final course grades, or retention rates with those of previous semesters.



Hero Images Inc./Alamy Stock Photo

Dashboard and Analytics

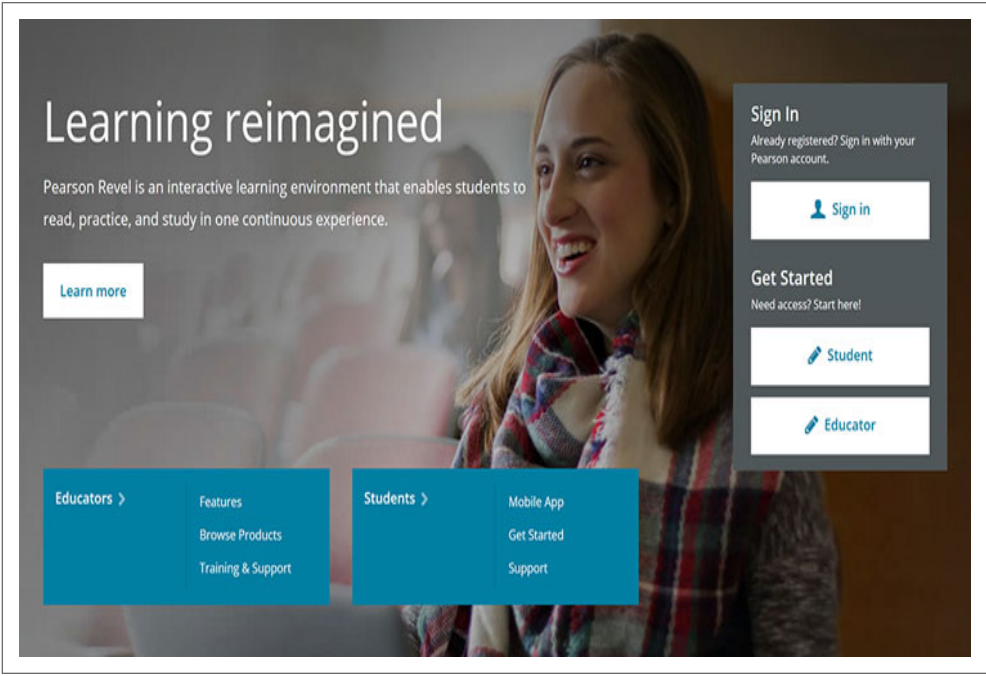
Because students tend to skip optional assignments, it is critical that Revel contributes to the overall course grade. The recommendation of experienced educators is that Revel should represent at least 10-20% of the total course grade.

Remember that when you assign a chapter or section in Revel, you are assigning reading, interactives, videos, and assessments. All you need to do is pick the chapters and topics you want to cover, and then assign them to your students on the Revel assignment calendar. The Performance Dashboard allows you to export the student grades and provides total points earned for easy manual adjustments to external gradebooks.

Instructional design research suggests that certain habits of mind and dispositions are associated with critical thinking skills. Writing can be used as a tool to foster critical thinking. To get students to move toward adopting these habits and dispositions, instruction and assessment should be appropriately complex, and focused on supporting, eliciting, and assessing skills such as evaluation, analysis, synthesis, collaboration, and critical reflection. (Cope, Kalantzis, McCarthey, Vojak & Kline, 2011; Liu, Frankel, & Roohr, 2014).

As a reminder, all Revel product information can be found on the Pearson Revel site.

www.pearson.com/revel



Learning reimagined

Pearson Revel is an interactive learning environment that enables students to read, practice, and study in one continuous experience.

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- Training & Support

Students >

- Mobile App
- Get Started
- Support

Pearson Education

LMS Integration

Pearson provides Blackboard Learn™, Canvas™, Brightspace by D2L, and Moodle integration, giving institutions, instructors, and students easy access to Revel. Our Revel integration delivers streamlined access to everything your students need for the course in these learning management system (LMS) environments.

SINGLE SIGN-ON With a single sign-on, students are ready on their first day. From your LMS course, students have easy access to an interactive blend of author's narrative, media, and assessment.



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GRADE SYNC Flexible, on-demand grade synchronization capabilities allow you to control exactly which Revel grades should be transferred to the LMS gradebook.

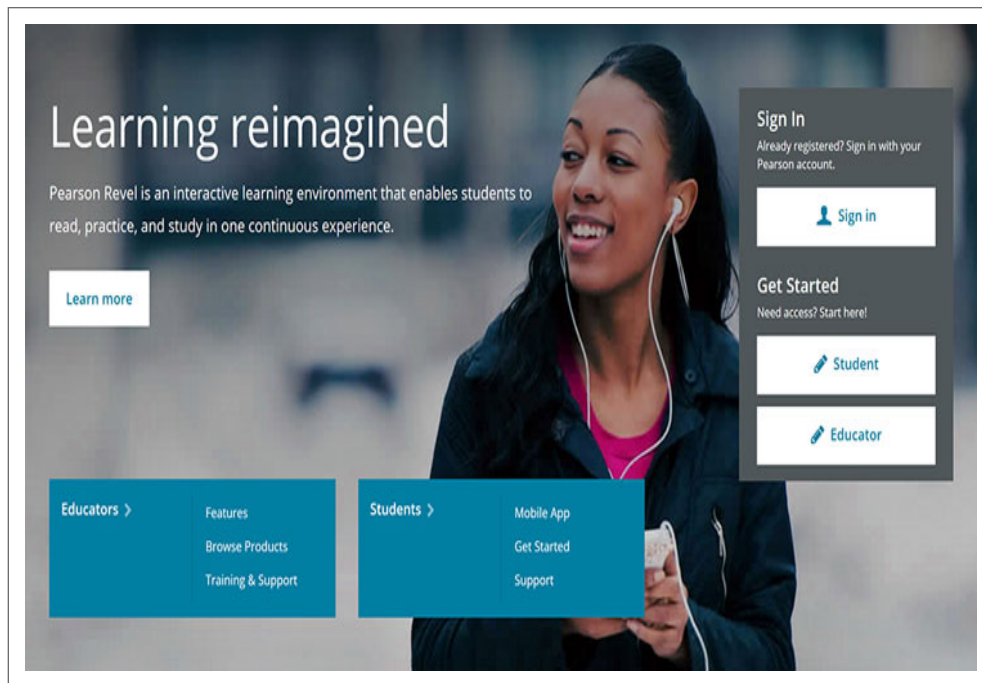
BEFORE YOU GET STARTED

Visit www.pearsonhighered.com/revel/educators/lms-integration-services/ for administration and training guides related to your LMS.

Summary

With Revel, Pearson authors have been able to reimagine the way students learn content, applying new and engaging learning and assessment strategies that were not possible in the past with a print textbook. If you want your students to read, retain what they have read, understand concepts more fully, and develop and apply critical thinking skills, you have one choice.

Choose Revel.



Pearson Education

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Part 1 An Introduction

Chapter 1

Organizational Behaviour and Management

◀ Listen to the Audio



Learning Objectives

After reading Chapter 1, you should be able to:

- 1.1 Define *organizations* and describe their basic characteristics.
- 1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.
- 1.3 Define *management* and describe what managers do to accomplish goals.
- 1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.
- 1.5 Describe the *contingency approach* to management.
- 1.6 Explain what managers do—their roles, activities, agendas for action, and thought processes.
- 1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

Maplewave

Maplewave is a provider of software and retail optimization services for the telecommunications industry. It specializes in telecommunications for the retail sector. Its software is used in more than 40 countries, and in some places, you can't buy a mobile phone without using Maplewave software. Maplewave has been expanding from its headquarters in Dartmouth, Nova Scotia, and now has offices in the U.K., Dubai, and Johannesburg.

Maplewave is a family-owned company that treats its employees as family. The company values include being flexible, caring, collaborative, committed, and transparent and the belief that "nothing is more sacred than doing the right thing." It has a profit-sharing program that invests employees in the business's performance by encouraging efficiency, entrepreneurship, and cost-savings strategies. After year-end financial results are finalized, Maplewave shares 5 percent of net income with employees. The profit-sharing plan has been enhanced with a matching Registered Retirement Savings Plan (RRSP), matching up to 50 percent of the bonus amount. Employees can take the bonus in full or choose to invest all or part of it in an RRSP.

Maplewave employees are also eligible for a generous, comprehensive group benefits package. In addition to prescription, dental, and paramedical coverage, the plan provides coverage for mental health therapists and counselling. In addition, employees receive a discretionary health spending account of up to \$300 per year for health-related expenses that may not be covered by insurance. Maplewave's on-site wellness program holds regular events on company time that include workshops, group fitness classes, massage therapy, and more.

Maplewave employs a culture of the quiet "good job" all year around, in which managers personally thank staff members for their work and peer-to-peer acknowledgment is the norm. At the annual Christmas party, employees are recognized for their achievements. The Pride

Award—a trophy created in honour of former staff member Fraser Pryde—goes to a stellar employee who is inquisitive and helpful and works with integrity. Maplewave also issues various playful individual awards based on an entertaining anecdote that happened during the past year. Each winner is presented with a trophy with their likeness superimposed on an appropriate pop-culture image that represents the story.

Maplewave grants staff company-paid time off during the workday to attend personal appointments such as doctor visits, auto repair, parent-teacher conferences, etc. When travel is required, flexible recovery time from a long trip, catching up on appointments, or just having downtime are a given. In certain situations, such as dangerous weather and road conditions, working from home is an approved, practical necessity. There are no hard and fast rules for vacation dates; however, one Maplewave directive is non-negotiable: Employees are encouraged to actually use their vacation time, and their managers are primed to support them in doing so.



In 2018, Maplewave received the American Psychological Association's (APA) Psychologically Healthy Workplace Award in

recognition of its efforts to create a healthy, high-performing work environment.

Aleksandr Davydov / Alamy Stock Photo

Maplewave has a policy of promoting from within, and numerous employees have advanced their careers at the company. A comprehensive performance review program is a collaborative, continual process with equal participation between managers and staff. Managers hold informal monthly one-on-one meetings to review any challenges the employee may be having, set goals, and check progress. Their meetings give employees a chance to offer their perspectives and valuable feedback to their managers.

Two years ago, Maplewave participated in an employee survey program. As a result of the feedback, Maplewave significantly revamped its human resource policies to increase vacation days and sick time, improve pay equity, eliminate vacation restrictions, and launch its hugely popular profit-sharing program. Since then, employee satisfaction has increased from 60 percent to 81 percent, and turnover was just 2 percent in 2017. From 2015 to 2016, Maplewave saw a 55 percent increase in revenue, kicking off a profitable, upward momentum that continues to this day.

In 2018, Maplewave received the American Psychological Association's (APA) Psychologically Healthy Workplace Award in recognition of its efforts to create a healthy, high-performing work environment. It has also won the Nova Scotia Psychological Association's provincial-level Psychologically Healthy Workplace Award and has been named one of the best places to work in Atlantic Canada.¹

What we have here is an example of work life and management—just what this resource is about. The example also highlights many important aspects of organizational behaviour, such as organizational culture,

employee recognition and rewards, work–life balance, health and wellness, motivation, compensation, and communication. It raises some very interesting questions: Why does Maplewave have a profit-sharing program? Why does it have a culture that treats employees like family? Why does Maplewave promote from within and have a comprehensive performance review program? Why do managers personally thank employees for their work? This resource will help you uncover the answers to these kinds of questions.


In this chapter, we will define *organizations* and *organizational behaviour* and examine their relationship to management. We will explore historical and contemporary approaches to management and consider what managers do and how they think. The chapter concludes with some issues of concern to contemporary organizations.

What Are Organizations?

LO 1.1 Define *organizations* and describe their basic characteristics.

◀ Listen to the Audio

This resource is about what happens in organizations. Most of us will earn our livelihood working in organizations, and our well-being, as well as that of our communities, depends on organizations. We are often identified, in part, by what we do and where we do it. We live in an organizational society.² But what exactly is an organization?

Organizations  are social inventions for accomplishing common goals through group effort. Maplewave is obviously an organization, but so are the Toronto Raptors, CTV, and college sororities or fraternities.

Social Inventions

◀ Listen to the Audio

When we say that organizations are social inventions, we mean that their essential characteristic is the coordinated presence of *people*, not necessarily things. Maplewave owns a lot of things, such as equipment and offices. However, you are probably aware that, through advanced information technology and contracting out work, some contemporary organizations make and sell products, such as computers or clothes, without owning much of anything. Also, many service organizations, such as consulting firms, have little physical capital. Still, these organizations have people—people who present both opportunities and challenges. *The field of organizational behaviour is about understanding people and managing them to work effectively.*



In a variety of different organizations, individuals work together to accomplish goals through group effort. Though the motivation of a television news station might differ from that of another organization, all organizations strive for goal accomplishment and survival.

Tara Walton/ZUMApres/Newscom

Goal Accomplishment

◀ Listen to the Audio

Individuals are assembled into organizations for a reason. The organizations mentioned earlier have the very basic goals of providing software and retail optimization services, winning basketball games, delivering news, or providing social networks. Non-profit organizations have goals such as saving souls, promoting the arts, helping the needy, or educating people. Virtually all organizations have survival as a goal. Despite this, consider the list of organizations that have failed to survive: Canadian Airlines, Sears Canada, the Montreal Expos, and Columbia House, to name just a few. *The field of organizational behaviour is concerned with how organizations can survive and adapt to change.* Certain behaviours are necessary for survival and adaptation. People have to do the following:

- Be motivated to join and remain in the organization
- Carry out their basic work reliably, in terms of productivity, quality, and service
- Be willing to continuously learn and upgrade their knowledge and skills
- Be flexible and innovative³

The field of organizational behaviour is concerned with all these basic activities. Innovation and flexibility, which foster adaptation to change, are especially important for contemporary organizations. Management guru Tom Peters has gone so far as to advise firms to “Get Innovative or

Get Dead.”⁴ Demonstrating the validity of his advice, layoffs and the loss of market share at Blackberry several years ago were attributed to the company’s failure to innovate. Perhaps it is not surprising that 87 percent of executives believe that innovation is a strategic priority for their organizations.⁵

Group Effort

◀ Listen to the Audio

The final component of our definition of organizations is that they are based on group effort. At its most general level, this means that organizations depend on interaction and coordination among people to accomplish their goals. Much of the intellectual and physical work done in organizations is performed by groups, whether they are permanent work teams or short-term project teams. Also, informal grouping occurs in all organizations because friendships develop and individuals form informal alliances to accomplish work. The quality of this informal contact, in terms of communication and morale, can have a strong impact on goal achievement. For all these reasons, *the field of organizational behaviour is concerned with how to get people to practise effective teamwork.*

Now that we have reviewed the basic characteristics of organizations, let's look more directly at the meaning and scope of organizational behaviour.















What Is Organizational Behaviour?

LO 1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.

LO 1.3 Define *management* and describe what managers do to accomplish goals.

◀ Listen to the Audio

Organizational behaviour refers to the attitudes and behaviours of individuals and groups in organizations. The discipline of organizational behaviour systematically studies these attitudes and behaviours and provides insight about effectively managing and changing them. It also studies how organizations can be structured more effectively and how events in their external environments affect organizations. Those who study organizational behaviour are interested in attitudes—how satisfied people are with their jobs, how committed they feel to the goals of the organization, or how supportive they are of promoting women or minorities into management positions. Behaviours such as cooperation, conflict, innovation, resignation, or ethical lapses are important areas of study in the field of organizational behaviour.

A closely related but distinct discipline is human resources management.

Human resources management refers to programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations. You are probably familiar with many human resource practices such as recruitment and selection, compensation, and training and development. As you will see throughout this text, knowledge of

organizational behaviour will help you understand human resource management as organizational behaviour often provides the theoretical basis for human resource practices such as selection (personality), training and development (learning), and compensation (motivation). For example, in [Chapter 3](#), you will learn about the role that perceptions play in recruitment, the employment interview, and performance appraisals. In [Chapter 4](#), you will learn about the factors that contribute to employee absenteeism and turnover, knowledge of which is necessary for developing effective human resource practices to lower absenteeism and retain employees. In [Chapters 5](#) and [6](#), you will learn how theories of motivation help us understand the effects of different compensation strategies on employee motivation and performance. In [Chapter 8](#), you will learn how human resource practices such as realistic job previews and employee orientation programs contribute to the onboarding and socialization process in organizations. Thus, learning about organizational behaviour will improve your understanding of human resources management.

Using an organizational behaviour perspective, reconsider the Maplewave vignette that opened the chapter. The immediate question is, *What are the factors that make an organization successful and a great place to work?* Although we will not answer this question directly, we can pose some questions highlighting some of the topics that the field of organizational behaviour covers, which we will explore in later chapters.

- What does it mean to recognize and reward employees for their performance, and why is this important? At Maplewave, managers personally thank employees for their work and hand out rewards at the annual Christmas party. Recognition and rewards are discussed in [Chapter 2](#).
- How can organizations improve job satisfaction and lower turnover? Maplewave increased employee job satisfaction from 60 percent to 81

percent and in 2017 turnover was just 2 percent. [Chapter 4](#) describes different theories of job satisfaction as well as its contributors and consequences such as turnover.

- How can organizations motivate employees, and how important is compensation? Maplewave has a profit-sharing program that shares 5 percent of net income with employees and matches RRSPs up to 50 percent of the bonus amount. [Chapter 5](#) describes different theories of motivation, and the role of money as a motivator is discussed in [Chapter 6](#).
- What is an organizational culture, and what role does it play in an organization's success? The culture at Maplewave emphasizes family and its values involve being flexible, caring, collaborative, committed, and transparent. How cultures are built and maintained and their role in organizational effectiveness is covered in [Chapter 8](#).
- What is the purpose of an employee survey? Maplewave conducted an employee survey, and as a result of the feedback it significantly revamped its human resource policies. An employee survey is an organizational approach to improve communication, which is covered in [Chapter 10](#).
- What can organizations do to help employees manage stress and achieve a work-life balance? Maplewave provides employees with company-paid time off during the workday to attend personal appointments, flexible recovery time from a long trip, and an on-site wellness program that includes workshops and fitness classes. The topic of stress and organizational strategies for managing it such as work-life balance programs are the focus of [Chapter 13](#).

These questions provide a good overview of some issues that those in the field of organizational behaviour study. Accurate answers to these questions would go a long way toward understanding why Maplewave is a successful organization and how other organizations can make changes

to become more effective. Analysis followed by action is what organizational behaviour is all about.

Why Study Organizational Behaviour?

◀ Listen to the Audio

Why should you attempt to read and understand the material in *Organizational Behaviour*? As described next, organizational behaviour is interesting and important, and it makes a difference for employees and organizations.

Organizational Behaviour Is Interesting

At its core, organizational behaviour is interesting because it is about people and human nature. Why does Maplewave have a profit-sharing program, and what effect does this have on employee attitudes and behaviour? These questions are interesting because they help us understand why employees become committed to an organization and what motivates them to work hard.

Organizational behaviour includes interesting examples of success as well as failure. Later in the text, we will study a company that promotes job satisfaction among its mostly young workforce (Facebook, [Chapter 4](#)); an organization that provides all employees \$2500 per year for any vocational training, \$100 per month for travel expenses, an annual \$1200 cellphone and home-internet subsidy, and free beer on Fridays from the company's beer fridge (DevFacto Technologies Inc., [Chapter 5](#)); an organization that has a strong commitment to employment equity and diversity (Cogeco Connexion, [Chapter 3](#)); a company where teams are the building blocks of the organization (Whole Foods, [Chapter 7](#)); and a company where employees have flexible work hours, daily workout

breaks, catered monthly meetings called “pow-wows,” and fun days for outdoor activities like hiking, rafting, kayaking, mountain bike excursions, and skiing (Kicking Horse Coffee, [Chapter 8](#)). All of these companies are extremely successful, and organizational behaviour helps explain why.

Organizational behaviour does not have to be exotic to be interesting. Anyone who has negotiated with a recalcitrant bureaucrat or had a really excellent boss has probably wondered what made them behave the way they did. Organizational behaviour provides the tools to find out why.

Organizational Behaviour Is Important

Looking through the lens of other disciplines, it would be possible to frame Maplewave’s success in terms of technology, marketing, and sales. Notice, however, that underlying these perspectives, it is *still* about organizational behaviour. What happens in organizations often has a profound impact on people. It is clear that the impact of organizational behaviour does not stop at the walls of the organization. The consumers of an organization’s products and services, such as the customers who purchase Maplewave’s products, are also affected. Thus, organizational behaviour is important to managers, employees, and consumers, and understanding it can make us more effective managers, employees, or consumers.

We sometimes fail to appreciate that there is tremendous variation in organizational behaviour. For example, skilled salespeople in insurance or real estate make many, many more sales than some of their peers. Similarly, for every Greenpeace or Sierra Club, there are dozens of failed organizations that were dedicated to saving the environment. The field of organizational behaviour is concerned with explaining these differences

and using the explanations to improve organizational effectiveness and efficiency.

Organizational Behaviour Makes a Difference

In his book *Competitive Advantage Through People*, Jeffrey Pfeffer argued that organizations can no longer achieve a competitive advantage through the traditional sources of success, such as technology, regulated markets, access to financial resources, and economies of scale.⁶ Today, the main factor that differentiates organizations is their workforce and human capital. **Human capital** refers to the knowledge, skills, and abilities (KSAs) embodied in an organization's employees. It includes employees' education, training, and experience. The results of research on human capital are unequivocal: Human capital is strongly and positively related to organizational performance and is a key determinant of an organization's competitiveness and success.⁷ Thus, sustained competitive advantage and organizational effectiveness are increasingly related to the management of human capital and organizational behaviour.

In addition to human capital, the development of social capital is also important for individuals and organizations. **Social capital** refers to the social resources that individuals obtain from participation in a social structure. It has to do with interpersonal relationships, social ties, and one's network of relationships with others who can assist them in their work and careers. Social capital creates value for individuals and organizations and is positively related to job performance.⁸

Pfeffer identified 16 practices of companies that are effective through their management of people. Many of these practices—such as incentive pay, participation and empowerment, teams, job redesign, and training and

skill development—are important topics in organizational behaviour and are discussed in this resource. Pfeffer’s research helps to point out that organizational behaviour is not just interesting and important but that it also makes a big difference for the development of human and social capital and the effectiveness and competitiveness of organizations.

Organizations like Maplewave that have been named best places to work, best managed companies, and top employers are living examples of the importance of organizational behaviour. As shown in [Exhibit 1.1](#), the best companies to work for in Canada have implemented management practices that have their basis in organizational behaviour such as flexible work schedules, diversity programs, and employee recognition and reward programs. This raises an interesting question: Are the best companies to work for also the most profitable? Some might argue that just because an organization is a great place to work does not necessarily mean that it is a great organization when it comes to competitiveness and performance. What do you think?

As it turns out, the best companies to work for are also the most successful. Research has found that the best companies outperformed a matched group of companies that have never been on the 100 best list but are comparable in terms of industry, size and operating performance, financial performance and stock returns.⁹ Thus, it makes good business sense for organizations to be great places to work, and that is what organizational behaviour is all about.

Exhibit 1.1 Management practices of the best companies to work for in Canada.

- Flexible work schedules (flex-time, telecommuting, job sharing, and compressed workweek)
- Stock options, profit-sharing plans, and performance bonuses
- Extensive training and development programs
- Mentorship programs
- Family assistance programs
- On-site fitness facilities, daycare, wellness programs, and spending accounts
- Career development programs including career days, career plans, and tuition subsidies
- Flexible or cafeteria-style benefit plans
- Monthly staff socials, family holiday parties, and picnics
- Stress-reduction programs
- Monthly all-employee meetings
- Formal workplace diversity programs to encourage women and minorities
- Employee recognition and reward programs

Sources: Brearton, S., & Daly, J. (2003, January). The 50 best companies to work for in Canada. *Report on Business Magazine*, 19(2), 53–66; Hannon, G. (2002, January). The 50 best companies to work for. *Report on Business Magazine*, 18(7), 41–52; Jermyn, D. (2018, April 18). Canada's Top SME employers create forward-thinking, fun workplaces. *The Globe and Mail*, <https://www.theglobeandmail.com/business/careers/top-employers/article-canadas-top-sme-employers-create-forward-thinking-fun-workplaces/>

How Much Do You Know About Organizational Behaviour?

◀ Listen to the Audio

Although this is probably your first formal course in organizational behaviour, you already have a number of opinions about the subject. To illustrate this, consider whether the following statements are true or false. Please jot down a one-sentence rationale for your answer. There are no tricks involved!

1. Effective organizational leaders tend to possess identical personality traits.
2. Nearly all workers prefer stimulating, challenging jobs.
3. Managers have a very accurate idea about how much their peers and superiors are paid.
4. Workers have a very accurate idea about how often they are absent from work.
5. Pay is the best way to motivate employees and improve job performance.
6. Women are just as likely as men to become leaders in organizations.

Now that you have your answers, do one more thing. Assume that the correct answer is opposite to the one you have given; that is, if your answer is true for a statement, assume that it is actually false, and vice versa. Now, give a one-sentence rationale for why this opposite answer could also be correct.

Each of these statements concerns the behaviour of people in organizations. Furthermore, each statement has important implications for the functioning of organizations. If effective leaders possess identical personality traits, then organizations might sensibly hire leaders who have such traits. Similarly, if most employees prefer stimulating jobs, there are many jobs that could benefit from upgrading. In this resource we will investigate the extent to which statements such as these are true or false and why they are true or false.

The answers to this quiz may surprise you. Substantial research indicates that each of the statements in the quiz is essentially false. Of course, there are exceptions, but in general, researchers have found that the personalities of effective leaders vary a fair amount, many people prefer routine jobs, managers are not well informed about the pay of their peers and superiors, workers underestimate their own absenteeism, pay is not always the most effective way to motivate workers and improve job performance, and women are underrepresented in leadership roles in organizations. However, you should not jump to unwarranted conclusions based on the inaccuracy of these statements until we determine *why* they tend to be incorrect. There are good reasons for an organization to tie pay to job performance to motivate employees and to improve their performance. Also, we can predict who might prefer challenging jobs and who will be motivated by pay. We will discuss these issues in more detail in later chapters.

Experience indicates that people are amazingly good at giving sensible reasons to why the same statement is either true or false. Thus, pay will always motivate workers because most people want to make more money and will work harder to get more pay. Conversely, workers will work only as hard as they have to, regardless of how much money they are paid. The ease with which people can generate such contradictory responses

suggests that “common sense” develops through unsystematic and incomplete experiences with organizational behaviour.

However, because common sense and opinions about organizational behaviour do affect management practice, practice should be based on informed opinion and systematic study. To learn more about how to study organizational behaviour, see the [Appendix](#). Now, let’s consider the goals of organizational behaviour.

Goals of Organizational Behaviour

◀ Listen to the Audio

Like any discipline, the field of organizational behaviour has a number of commonly agreed-upon goals. Chief among these are effectively predicting, explaining, and managing behaviour that occurs in organizations. For example, in [Chapter 6](#) we will discuss the factors that predict which pay plans are most effective in motivating individuals and groups. Then we will explain the reasons for this effectiveness and describe how managers can implement effective pay plans.

Predicting Organizational Behaviour

Predicting the behaviour of others is an essential requirement for everyday life, both inside and outside of organizations. Our lives are made considerably easier by our ability to anticipate when our friends will get angry, when our professors will respond favourably to a completed assignment, and when salespeople and politicians are telling us the truth about a new product or the state of the nation. In organizations, there is considerable interest in predicting when people will make ethical decisions, create innovative products, or engage in sexual harassment.

The very regularity of behaviour in organizations permits the prediction of its future occurrence. However, untutored predictions of organizational behaviour are not always as accurate. Through systematic study, the field of organizational behaviour provides a scientific foundation that helps improve predictions of organizational events. Of course, being able to

predict organizational behaviour does not guarantee that we can explain the reason for the behaviour and develop an effective strategy to manage it. This brings us to the second goal of the field.

Explaining Organizational Behaviour

Another goal of organizational behaviour is to explain events in organizations—why do they occur? Prediction and explanation are not synonymous. Ancient societies were capable of predicting the regular setting of the sun but were unable to explain where it went or why it went there. In general, accurate prediction precedes explanation. Thus, the very regularity of the sun's disappearance gave some clues about why it was disappearing.

Organizational behaviour is especially interested in determining why people are more or less motivated, satisfied, or prone to resign. Explaining events is more complicated than predicting them. For one thing, a particular behaviour could have multiple causes. People may resign from their jobs because they are dissatisfied with their pay, because they are discriminated against, or because they have failed to respond appropriately to an organizational crisis. An organization that finds itself with a "turnover problem" is going to have to find out why this is happening before it can put an effective correction into place. This behaviour could have many different causes, each of which would require a specific solution. Furthermore, explanation is also complicated by the fact that the underlying causes of some event or behaviour can change over time. For example, the reasons people quit may vary greatly depending on the overall economy and whether there is high or low unemployment in the field in question. Throughout the resource, we will consider material that should improve your grasp of organizational behaviour. The ability to understand behaviour is a necessary prerequisite for effectively managing it.

Managing Organizational Behaviour

Management is defined as the art of getting things accomplished in organizations through others. Managers acquire, allocate, and utilize physical and human resources to accomplish goals.¹⁰ This definition does not include a prescription about how to get things accomplished. As we proceed through the text, you will learn that a variety of management styles might be effective, depending on the situation at hand.

If behaviour can be predicted and explained, it can often be managed. That is, if we truly understand the reasons for high-quality service, ethical behaviour, or anything else, we can often take sensible action to manage it effectively. If prediction and explanation constitute analysis, then management constitutes action. Unfortunately, we see all too many cases in which managers act without analysis, looking for a quick fix to problems. The result is often disaster. The point is not to overanalyze a problem. Rather, it is to approach a problem with a systematic understanding of behavioural science and organizational behaviour research and to use that understanding and research to make decisions; this is known as evidence-based management.

Evidence-based management involves translating principles based on the best scientific evidence into organizational practices. By using evidence-based management, managers can make decisions based on the best available scientific evidence from social science and organizational research rather than personal preference and unsystematic experience. Evidence-based management derives principles from research evidence and translates them into practices that solve organizational problems. The use of evidence-based management is more likely to result in the attainment of organizational goals, including those affecting employees, stockholders, and the public in general (see [Chapter 11](#) for a more detailed discussion of evidence-based management and decision

making).¹¹ For a good example of management and evidence-based management, see the [Applied Focus: The Management of Meaningful Work](#).

Applied Focus

The Management of Meaningful Work

Many workers want their work to be meaningful, and many organizations try to provide employees with meaningful work. In fact, important and meaningful work is considered to be the single most valued feature of employment for most workers. Research on the meaningfulness of work has found that the experience of meaningful work is associated with a number of beneficial outcomes for workers and organizations such as high levels of motivation, work engagement, creativity, and performance as well as more positive attitudes. But what exactly is meaningful work?

Meaningful work refers to work that is satisfying and fulfilling to the individual and serves a wider cause or gives rise to a sense of belonging to a broader group. Thus, meaningful work is concerned with undertaking work-related activities that are pleasant, enjoyable, and personally enriching, as well as making a positive contribution to something beyond pure self-interest.

The experience of meaningfulness can arise from four different sources. First, meaningfulness can arise from the actual *work tasks* that an individual performs. Meaningful work tasks are those that include some degree of skill variety (the opportunity to do a variety of job activities using various skills and talents),

task significance (the impact that a job has on other people), and identity (the extent to which a job involves doing a complete piece of work, from beginning to end) and when workers have some power to effect change, exercise control, and make a difference or impact. Meaningful work tasks also provide service to society or the community and contributes to the sense of a “greater good” or higher purpose. Second, meaningfulness can arise from the *roles* that people perform. For example, meaningfulness is experienced when people feel they perform valued, important, or high-status roles. Third, meaningfulness can also arise from *interactions*, either within the organization or with other stakeholders, which gives rise to a sense of belonging or connectedness with others or when one’s work benefits others. Fourth, meaningfulness also arises from the *organization* itself when people can identify with the organization’s values, goals, and mission. While each one of these sources contributes to the experience of meaningfulness, the greatest experience of meaningfulness comes from a sense of consistency across several of these sources rather than just one.

How can organizations manage meaningfulness? Research suggests a number of strategies that can be used to create a work environment that is conducive to the experience of meaningfulness by tapping into the four sources of meaningful work. These strategies have to do with the nature of the work that employees actually do and the context in which the work is performed and include job design, human resource management, leadership, and culture and values.

Job design has to do with designing jobs to enhance skill variety, task significance, and task identity, as these characteristics are associated with greater meaningfulness as

well as providing opportunities for interpersonal interaction, either with co-workers, clients, or the public. *Human resource practices* such as recruitment, selection, and socialization that focus on ensuring a strong fit with the organizations' values can contribute to meaningfulness as well as fair pay, job security, personal development, and employee participation. *Leadership style* can also influence meaningfulness, especially when leaders emphasize ethical values and behave congruently with those values and demonstrate the link between individuals' work, organizational ethical goals and standards, and higher-level societal ethical outcomes. Finally, meaningfulness has been associated with "strong" value-driven organizational *culture and values* that create a sense of community and belonging in serving a wider ideal.

In summary, research has identified a number of ways in which organizations can manage meaningful work. This is likely to be beneficial for employees and organizations. Employees who find their work meaningful are more likely to experience positive outcomes such as job satisfaction, happiness, a sense of community, greater motivation, work engagement, and performance.

Source: Based on Bailey, C., Madden, A., Alfes, K., Shantz, A., & Soane, E. (2017). The mismanaged soul: Existential labor and the erosion of meaningful work. *Human Resource Management Review*, 27, 416–430.

Now that you are familiar with the goals of organizational behaviour, read [You Be the Manager: The Cost of a Minimum Wage Hike](#) and answer the questions. At the end of the Interactive, you will find out what organizational behaviour teaches us about the effects of reducing employee benefits to minimize the labour cost of a minimum wage hike. This is not a test but rather an exercise to improve critical thinking,

analytical skills, and management skills. Pause and reflect on these application features as you encounter them in each chapter.

You Be the Manager: The Cost of a Minimum Wage Hike

In January of 2018, Ontario raised the minimum wage to \$14 an hour from \$11.60. The wage hike was part of other labour reforms (Bill 148) to provide greater protection for low-wage, part-time, and temporary workers.

Some business groups, however, expressed concern that these reforms and especially the minimum wage hike would be costly for businesses. In response to the minimum wage increase, some businesses decided to offset the increased cost of labour by eliminating paid breaks and other benefits.

Among those organizations that reduced employee benefits were several Tim Hortons franchise owners. Workers at some locations were told that they could no longer accept tips or have paid breaks and will have to pay for their uniforms and at least half the cost of their dental and health benefits. One franchisee cut employee perks such as paid breaks and free hot drinks on the job, and reduced health benefit coverage. Workers at nearly a dozen Tim Hortons outlets across Ontario reported similar cutbacks at their store to offset the minimum wage hike. According to some franchisees, head office will not allow them to offset the minimum wage hike by raising prices.

These actions resulted in a major backlash and protests at Tim Hortons restaurants throughout Ontario. At one location in Toronto, protesters chanted, "Hold the sugar, hold the cream, Tim Hortons, don't be mean" as passing vehicles honked in support. The protesters did not stop people from going into the restaurants but, rather, wanted to spread a message of support for the worker's and apply pressure to the chain's parent company, Restaurant Brands International (RBI) in hopes of having the "punitive" responses to the minimum wage increase reversed.

Then in January, a National Day of Action was held in support of Tim Hortons workers. Labour activists

Reset

Next

Source: McKeen, A., & Mojtehdzadeh, S. (2018, January 11). Tim Hortons hit by protests over clawbacks. *Toronto Star*, A3; Wells, J. (2018, January 14). Time for both sides to sit down over a coffee and sort this out. *Toronto Star*, A3; Mojtehdzadeh, S. (2018, January 19). Tim Hortons protests sweep the nation after minimum-wage hike. *Toronto Star*, <https://www.thestar.com/news/gta/2018/01/19/tim-hortons-protests-sweep-the-nation-after-minimum-wage-hike.html>; Dangerfield, D. (2018, April 5). Tim Hortons' reputation plummets in new survey—why Canadians may be fed up. *Global News*, <https://globalnews.ca/news/4124961/tim-hortons-brand-reputation-survey/>; Harris, S. (2018, January 19). Tim Hortons franchise owners tell workers to blame Wynne for benefit cuts and to "not vote Liberal." *CBC News*, <https://www.cbc.ca/news/business/tim-hortons-minimum-wage-hike-ontario-government-1.4493436>; Sagan, A. (2018, January 9). Tim Hortons regulars launch #NoTimmiesTuesday over minimum wage. *The Canadian Press*, <https://www.theglobeandmail.com/report-on-business/tim-hortons-regulars-launch-boycott-over-minimum-wage-response/article37543427/>; Giovannetti, J. (2018, January 10). Anger brews in Cobourg over Tim Hortons' response to Ontario minimum wage. *The Globe and Mail*, <https://www.theglobeandmail.com/report-on-business/labour-groups-protest-tim-hortons-response-to-ontario-minimum-wage/article37553813/>; Farren, M. (2018, January 10). How economic theory explains the Tim Hortons wage debate. *Globe and Mail*, <https://www.theglobeandmail.com/opinion/how-economic-theory-explains-the-tim-hortons-wage-debate/article37554383/>; The Canadian Press (2018, May 24). Tim Hortons falls 54 spots in reputation rankings. *Toronto Star*, B1, B6.

















Early Prescriptions Concerning Management

LO 1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.

LO 1.5 Describe the *contingency approach* to management.

 Listen to the Audio

For many years, experts interested in organizations were concerned with prescribing the “correct” way to manage an organization to achieve its goals. There were two basic phases to this prescription, which experts often call the classical view and the human relations view. A summary of these viewpoints will illustrate how the history of management thought and organizational behaviour has developed.

The Classical View and Bureaucracy

◀ Listen to the Audio

Most of the major advocates of the classical viewpoint were experienced managers or consultants who took the time to write down their thoughts on organizing. For the most part, this activity occurred in the early 1900s. The classical writers acquired their experience in military settings, mining operations, and factories that produced everything from cars to candy. Prominent names include Henri Fayol, General Motors executive James D. Mooney, and consultant Lyndall Urwick.¹² Although exceptions existed, the classical viewpoint tended to advocate a very high degree of specialization of labour and a very high degree of coordination. Each department was to tend to its own affairs, with centralized decision making from upper management providing coordination. The classical view suggested that, to maintain control, managers have fairly few workers, except for lower-level jobs, where machine pacing might substitute for close supervision.

Frederick Taylor (1856–1915), the father of scientific management, was also a contributor to the classical school, although he was mainly concerned with job design and the structure of work on the shop floor.¹³ Rather than informal “rules of thumb” for job design, Taylor’s scientific management advocated the use of careful research to determine the optimum degree of specialization and standardization. He also supported the development of written instructions that clearly defined work procedures, and he encouraged supervisors to standardize workers’ movements and breaks for maximum efficiency. Taylor even extended

scientific management to the supervisor's job, advocating "functional foremanship," whereby supervisors would specialize in particular functions. For example, one might become a specialist in training workers, while another might fulfill the role of a disciplinarian.

The practising managers and consultants had an academic ally in Max Weber (1864–1920), the distinguished German social theorist. Weber made the term *bureaucracy* famous by advocating it as a means of rationally managing complex organizations. During Weber's lifetime, managers were certainly in need of advice. In this time of industrial growth and development, most management was done by intuition, and nepotism and favouritism were rampant. According to Weber, a bureaucracy [Ⓢ] has the following qualities:

- A strict chain of command in which each member reports to only a single superior
- Criteria for selection and promotion based on impersonal technical skills rather than nepotism or favouritism
- A set of detailed rules, regulations, and procedures ensuring that the job gets done regardless of who the specific worker is
- The use of strict specialization to match duties with technical competence
- The centralization of power at the top of the organization¹⁴

Weber saw bureaucracy as an "ideal type" or theoretical model that would standardize behaviour in organizations and provide workers with security and a sense of purpose. Jobs would be performed as intended rather than following the whims of the specific role occupant. In exchange for this conformity, workers would have a fair chance of being promoted and rising in the power structure. Rules, regulations, and a clear-cut chain of command that further clarified required behaviour provided the workers with a sense of security.

Even during this period, some observers, such as the “business philosopher” Mary Parker Follett (1868–1933), noted that the classical view of management seemed to take for granted an essential conflict of interest between managers and employees.¹⁵ This sentiment found expression in the human relations movement.

The Human Relations Movement and a Critique of Bureaucracy

◀ Listen to the Audio

The human relations movement generally began with the famous Hawthorne studies of the 1920s and 1930s.¹⁶ These studies, conducted at the Hawthorne plant of Western Electric near Chicago, began in the strict tradition of industrial engineering. They were concerned with the impact of fatigue, rest pauses, and lighting on productivity. However, during the course of the studies, the researchers (among others, Harvard University's Elton Mayo and Fritz Roethlisberger, and Hawthorne's William J. Dickson) began to notice the effects of psychological and social processes on productivity and work adjustment. This impact suggested that there could be dysfunctional aspects to how work was organized. One obvious sign was resistance to management through strong informal group mechanisms, such as norms that limited productivity to less than what management wanted.

After the Second World War, a number of theorists and researchers, who were mostly academics, took up the theme begun at Hawthorne. Prominent names included Chris Argyris, Alvin Gouldner, and Rensis Likert. The human relations movement called attention to certain dysfunctional aspects of classical management and bureaucracy and advocated more people-oriented styles of management that catered more to the social and psychological needs of employees. This critique of bureaucracy addressed several specific problems:

- Strict specialization is incompatible with human needs for growth and achievement.¹⁷ This can lead to employee alienation from the organization and its clients.
- Strong centralization and reliance on formal authority often fail to take advantage of the creative ideas and knowledge of lower-level members, who are often closer to the customer.¹⁸ As a result, the organization will fail to learn from its mistakes, which threatens innovation and adaptation. Resistance to change will occur as a matter of course.
- Strict, impersonal rules lead members to adopt the minimum acceptable level of performance that the rules specify.¹⁹ If a rule states that employees must process at least eight claims a day, eight claims will become the norm, even though higher performance levels are possible.
- Strong specialization causes employees to lose sight of the overall goals of the organization.²⁰ Forms, procedures, and required signatures become ends in themselves, divorced from the true needs of customers, clients, and other departments in the organization. This is the “red-tape mentality” that we sometimes observe in bureaucracies.

Obviously, not all bureaucratic organizations have these problems. However, they were common enough that human relations advocates and others began to call for the adoption of more flexible systems of management and the design of more interesting jobs. They also advocated open communication; more employee participation in decision making; and less rigid, more decentralized forms of control.

Contemporary Management—The Contingency Approach

◀ Listen to the Audio

How has the apparent tension between the classical approach and the human relations approach been resolved? First, contemporary scholars and managers recognize the merits of both approaches. The classical advocates pointed out the critical role of control and coordination in getting organizations to achieve their goals. The human relationists pointed out the dangers of certain forms of control and coordination and addressed the need for flexibility and adaptability. Second, as we will study in later chapters, contemporary scholars have learned that management approaches need to be tailored to fit the situation. For example, we would generally manage a payroll department more bureaucratically than a research and development department. Getting out a payroll every week is a routine task with no margin for error. Research requires creativity that is fostered by a more flexible work environment.

Reconsider the six questions we posed earlier about the factors that make an organization successful and a great place to work. Answering these questions is not an easy task, partly because human nature is so complex. This complexity means that an organizational behaviour text cannot be a “cookbook.” In what follows, you will not find recipes to improve job satisfaction or service quality, with one cup of leadership style and two cups of group dynamics. We have not discovered a simple set of laws of organizational behaviour that you can memorize and then retrieve when

necessary to solve any organizational problem. It is this “quick fix” mentality that produces simplistic and costly management fads and fashions.²¹

There is a growing body of research and management experience to help sort out the complexities of what happens in organizations. However, the general answer to many of the questions we will pose in the following chapters is: *It depends*. Which leadership style is most effective? This depends on the characteristics of the leader, those of the people being led, and what the leader is trying to achieve. Will an increase in pay lead to an increase in performance? This depends on who is getting the increase and the exact reason for the increase.

These dependencies are called contingencies. The **contingency approach** to management recognizes that there is no one best way to manage; rather, an appropriate style depends on the demands of the situation. Thus, the effectiveness of a leadership style is contingent on the abilities of the followers, and the consequence of a pay increase is partly contingent on the need for money. Contingencies illustrate the complexity of organizational behaviour and show why we should study it systematically. Throughout the text, we will discuss organizational behaviour with the contingency approach in mind.

















What Do Managers Do?

LO 1.6 Explain what managers do—their roles, activities, agendas for action, and thought processes.

◀ Listen to the Audio

Organizational behaviour is not just for managers or aspiring managers. As we noted earlier, a good understanding of the field can be useful for consumers or anyone else who has to interact with organizations or get things done through them. Nevertheless, many readers of this text have an interest in management as a potential career. Managers can have a strong impact on what happens in and to organizations. They both influence and are influenced by organizational behaviour, and the net result can have important consequences for organizational effectiveness.

There is no shortage of texts and popular press books oriented toward what managers *should* do. However, the field of organizational behaviour is also concerned with what really happens in organizations. Let's look at several research studies that explore what managers *do* do. This provides a context for appreciating the usefulness of understanding organizational behaviour.

Managerial Roles

◀ Listen to the Audio

Canadian management theorist Henry Mintzberg conducted an in-depth study of the behaviour of several managers.²² The study earned him a PhD from the Massachusetts Institute of Technology (MIT) in 1968. Mintzberg discovered a rather complex set of roles played by the managers: figurehead, leader, liaison person, monitor, disseminator, spokesperson, entrepreneur, disturbance handler, resource allocator, and negotiator. These roles are summarized in [Exhibit 1.2](#).

Exhibit 1.2 Mintzberg's Managerial Roles

Review Mintzberg's managerial roles, then "Check Your Understanding" when you're ready.

Informational Roles	Interpersonal Roles	Decisional Roles
Monitor	Figurehead	Entrepreneur
Disseminator	Leader	Disturbance handler
Spokesperson	Liaison	Resource allocator
		Negotiator

Check Your Understanding

Source: Reprinted by permission of Dr. Henry Mintzberg.

Interpersonal Roles

Interpersonal roles are expected behaviours that have to do with establishing and maintaining interpersonal relations. In the *figurehead role*, managers serve as symbols of their organization rather than active decision makers. Examples of the figurehead role are making a speech to a trade group, entertaining clients, or signing legal documents. In the *leadership role*, managers select, mentor, reward, and discipline employees. In the *liaison role*, managers maintain horizontal contacts inside and outside the organization. This might include discussing a project with a colleague in another department or touching base with an embassy delegate of a country where the company hopes to do future business.

Informational Roles

These roles are concerned with the various ways managers receive and transmit information. In the *monitor role*, managers scan the internal and external environments of the firm to follow current performance and to keep themselves informed of new ideas and trends. For example, the head of research and development might attend a professional engineering conference. In the *disseminator role*, managers send information on both facts and preferences to others. For example, the R&D head might summarize what he or she learned at the conference in an email to employees. The *spokesperson role* concerns mainly sending messages into the organization's external environment—for example, drafting an annual report to stockholders or giving an interview to the press.

Decisional Roles

The final set of managerial roles Mintzberg discussed deals with decision making. In the *entrepreneur role*, managers turn problems and

opportunities into plans for improved changes. This might include suggesting a new product or service that will please customers. In the *disturbance handler role*, managers deal with problems stemming from employee conflicts and address threats to resources and turf. In their *resource allocation role*, managers decide how to deploy time, money, personnel, and other critical resources. Finally, in their *negotiator role*, managers conduct major negotiations with other organizations or individuals.

Of course, the relative importance of these roles will vary with management level and organizational technology.²³ First-level supervisors do more disturbance handling and less figureheading. Still, Mintzberg's major contribution to organizational behaviour is to highlight the *complexity* of the roles managers are required to play and the variety of skills they must have to be effective, including leadership, communication, and negotiation. His work also illustrates the complex balancing act managers face when they must play different roles for different audiences. A good grasp of organizational behaviour is at the heart of acquiring these skills and performing this balancing act.

Managerial Activities

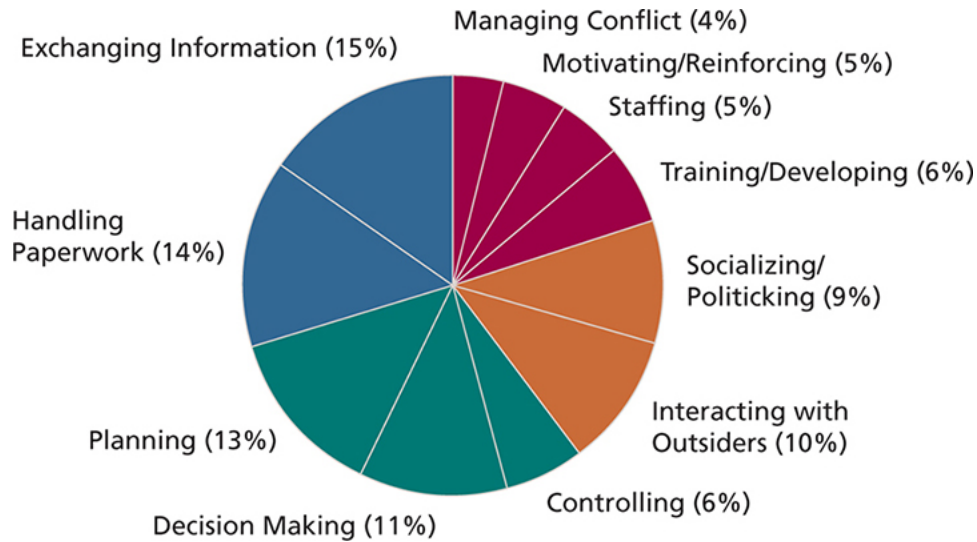
◀ Listen to the Audio

Fred Luthans, Richard Hodgetts, and Stuart Rosenkrantz studied the behaviour of a large number of managers in a variety of organizations.²⁴ They determined that the managers engage in four basic types of activities:

- *Routine communication.* This includes the formal sending and receiving of information (as in meetings) and the handling of paperwork.
- *Traditional management.* Planning, decision making, and controlling are the primary types of traditional management.
- *Networking.* Networking consists of interacting with people outside of the organization and informal socializing and politicking with insiders.
- *Human resource management.* This includes motivating and reinforcing, disciplining and punishing, managing conflict, staffing, and training and developing employees.

Exhibit 1.3 summarizes these managerial activities and shows how a sample of 248 managers divided their time and effort, as determined by research observers (discipline and punishment were done in private and were not open to observation). Perhaps the most striking observation about this figure is how all these managerial activities involve dealing with people.

Exhibit 1.3 Summary of managerial activities.



Source: Adapted from Luthans, F., Hodgetts, R. M., & Rosenkrantz, S. A. (1988). *Real managers*. Cambridge, MA: Ballinger. Reprinted by permission of Dr. F. Luthans on behalf of the authors.

One of Luthans and his colleagues' most fascinating findings is how emphasis on these various activities correlated with managerial success. If we define success as moving up the ranks of the organization quickly, networking proved to be critical. The people who were promoted quickly tended to do more networking (politicking, socializing, and making contacts) and less human resource management than the averages in [Exhibit 1.3](#). If we define success in terms of unit effectiveness and employee satisfaction and commitment, the more successful managers were those who devoted more time and effort to human resource management and less to networking than the averages in the exhibit. A good understanding of organizational behaviour should help you manage this trade-off more effectively, reconciling the realities of organizational politics with the demands of accomplishing things through others.

Managerial Agendas

◀ Listen to the Audio

John Kotter studied the behaviour patterns of a number of successful general managers.²⁵ Although he found some differences among them, he also found a strong pattern of similarities that he grouped into the categories of agenda setting, networking, and agenda implementation.

Agenda Setting

Kotter's managers, given their positions, all gradually developed agendas of what they wanted to accomplish for the organization. Many began these agendas even before they assumed their positions. These agendas were almost always informal and unwritten, and they were much more concerned with "people issues" and were less numerical than most formal strategic plans. The managers based their agendas on wide-ranging informal discussions with a variety of people.

Networking

Kotter's managers established a wide formal and informal network of key people both inside and outside of their organizations. Insiders included peers, employees, and bosses, but they also extended to these people's employees and bosses. Outsiders included customers, suppliers, competitors, government officials, and the press. This network provided managers with information and established cooperative relationships relevant to their agendas. Formal hiring, firing, and reassigning shaped

the network, but so did informal liaisons in which managers created dependencies by doing favours for others.

Agenda Implementation

The managers used networks to implement the agendas. They would go *anywhere* in the network for help—up or down, in or out of the organization. In addition, they employed a wide range of influence tactics, from direct orders to subtle language and stories that conveyed their message indirectly.



John Kotter's research of successful business managers showed that exemplary managers practise agenda setting, networking, and agenda implementation. Heather Reisman of Indigo Books and Music, is an example of such a manager.

Fernando Morales/The Globe and Mail

The theme that runs through Kotter's findings is the high degree of informal interaction and concern with people issues that were necessary for the managers to achieve their agendas. To be sure, the managers used

their formal organizational power, but they often found themselves dependent on people over whom they wielded no power. An understanding of organizational behaviour helps to recognize and manage these realities.

Managerial Minds

◀ Listen to the Audio

In contrast to exploring how managers act, which is the focus of the previous section, Herbert Simon and Daniel Isenberg explored how managers think.²⁶ Although they offer a wealth of observations, we will concentrate here on a specific issue that each examined in independent research—managerial intuition.

Some people think that organizational behaviour and its implications for management are just common sense. However, careful observers of successful managers have often noted that intuition seems to guide many of their actions. Isenberg's research suggests that experienced managers use intuition in several ways:

- To sense that a problem exists
- To perform well-learned mental tasks rapidly (e.g., sizing up a written contract)
- To synthesize isolated pieces of information and data
- To double-check more formal or mechanical analyses (“Do these projections look correct?”)

Does the use of intuition mean that managerial thinking is random, irrational, or undisciplined? Both Simon and Isenberg say no. In fact, both strongly dispute the idea that intuition is the opposite of rationality or that intuitive means unanalytical. Rather, good intuition is problem identification and problem solving based on a long history of systematic

and extensive education and experience that enables the manager to locate problems within a network of previously acquired information. The theories, research, and management practices that we cover in *Organizational Behaviour* will contribute to your own information network and give you better managerial intuition about decisions that involve how to make an organization a great place to work and a financial success.



International managers must adapt to cross-cultural differences to successfully interact with potential clients and overseas affiliates.

International Managers

◀ Listen to the Audio

The research we discussed earlier describes how managers act and think in North America. Would managers in other global locations act and think the same way? Up to a point, the answer is probably yes. After all, we are dealing here with some very basic behaviours and thought processes. However, the style in which managers do what they do and the emphasis they give to various activities will vary greatly across cultures because of cross-cultural variations in values that affect both managers' and employees' expectations about interpersonal interaction. Thus, in [Chapter 5](#), we study cross-cultural differences in motivation. In [Chapter 9](#), we study cultural differences in leadership, and in [Chapter 10](#), we explore how communication varies across cultures.

Geert Hofstede has done pioneering work on cross-cultural differences in values that we will study in [Chapter 4](#). Hofstede provides some interesting observations about how these value differences promote contrasts in the general role that managers play across cultures.²⁷ He asserts that managers are cultural heroes and are even a distinct social class in North America, where individualism is treasured. In contrast, Germany tends to worship engineers and has fewer managerial types. In Japan, managers are required to pay obsessive attention to group solidarity rather than to star employees. In the Netherlands, managers are supposed to exhibit modesty and strive for consensus. In the family-run businesses of Taiwan and Singapore, "professional" management, North American style, is greatly downplayed. The contrasts that Hofstede raises

are fascinating because the technical requirements for accomplishing goals are actually the same across cultures. It is only the *behavioural* requirements that differ.

Thus, national culture is one of the most important contingency variables in organizational behaviour. The appropriateness of various leadership styles, motivation techniques, and communication methods depends on where one is in the world.
















Some Contemporary Management Concerns

LO 1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

 Listen to the Audio

In this section, we will briefly examine four issues with which organizations and managers are currently concerned. As with previous sections, our goal is to illustrate how the field of organizational behaviour can help you understand and manage these issues.

Diversity—Local and Global

◀ Listen to the Audio

The demographics of the North American population and workforce have been changing and, as a result, both the labour force and customers are becoming increasingly culturally diverse. In Canada, visible minorities are the fastest-growing segment of the population.²⁸ Employment and Immigration Canada has projected that two-thirds of today's new entrants to the Canadian labour force will be women, visible minorities, Indigenous people, and persons with disabilities.²⁹ By 2031, 30.6 percent of the Canadian population will be visible minorities, and 60 percent of the population in Toronto and Vancouver will belong to a visible minority group.³⁰

Diversity of age is also having an impact in organizations. In less than a decade, the workforce will be dominated by people over the age of 40. With the elimination of mandatory retirement at age 65, along with the recent global recession in which many people saw their life savings diminish, a growing number of Canadians over 65 will remain in the workforce. A survey found that older Canadians are redefining the concept of retirement and that 75 percent of the participants who had not yet retired expected to continue working past the age of 65.³¹ Perhaps you have observed people of various ages working in fast-food restaurants that were at one time staffed solely by young people. Both the re-entry of retired people into the workforce and the trend to remove vertical layers in organizations have contributed to much more intergenerational contact in the workplace than was common in the past.

In response to this demographic shift, organizations are beginning to adopt new programs, such as flexible benefit plans, compressed workdays, and part-time jobs, to attract and retain older workers. For example, Orkin/PCO Services Corp. of Mississauga, a pest-control service, dealt with a shortage of pest-control specialists by introducing a more flexible part-time schedule with benefits to attract and retain employees who otherwise would have retired or left the industry.³²

Diversity is also coming to the fore as many organizations realize that in many aspects of employment, they have not treated certain segments of the population fairly—for instance, women; members of the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community; and the disabled. Organizations have to be able to get the best from *everyone* to be truly competitive. Although legal pressures (such as the *Employment Equity Act*) have contributed to this awareness, general social pressure, especially from customers and clients, has also done so.

Finally, diversity issues are having an increasing impact as organizations “go global.” Increasing business and foreign sales by multinational corporations are growing faster than their sales of exports.³³ Multinational expansion, strategic alliances, and joint ventures increasingly require employees and managers to come into contact with their counterparts from other cultures. Although many of these people have an interest in North American consumer goods and entertainment, it is naïve to assume that business values are rapidly converging on a North American model. As a result, North American organizations that operate in other countries need to understand how the workforce and customers in those countries are diverse and culturally different.

What does diversity have to do with organizational behaviour? The field has long been concerned with stereotypes, conflict, cooperation, and teamwork. These are just some of the factors that managers must manage

effectively for organizations to benefit from the considerable opportunities that a diverse workforce affords. We will have more to say about workforce diversity in [Chapter 3](#) and cultural differences in values in [Chapter 4](#).

Employee Health and Well-Being

◀ Listen to the Audio

During the past decade, employees have faced increasing concerns over job security, increasing job demands, and work-related stress, all of which have contributed to a deterioration of their physical and psychological health and well-being. At the same time, organizations are faced with employees who are disengaged, disillusioned, and suffering from physical and mental sicknesses. Absenteeism and employee turnover in Canadian organizations are also on the rise. According to Statistics Canada, there has been an alarming and unprecedented increase in absenteeism rates since the mid-1990s. The increase in absenteeism has been found across all age groups and sectors and translates into millions of dollars in lost productivity. It has been estimated that the total cost of reported absenteeism in Canada is \$16.6 billion annually. Although there is no one definitive cause, increasing stress levels and poorly designed jobs are major contributors. In fact, all types of employees are experiencing more workplace stress today than a decade ago, and the incidence of work-related illness is also on the rise. A study of professionals found that 46 percent of Canadian workers feel more stressed out today than they did five years ago. In addition, an increasing number of Canadian workers, especially women (more than half), are struggling to achieve work–life balance.³⁴

Work–life conflict is also a major stressor for employees. A study of Canadian employees estimated that the direct cost of absenteeism due to high work–life conflict is approximately \$3 to \$5 billion per year, and

when both direct and indirect costs are included in the calculation, work–life conflict costs Canadians approximately \$6 to \$10 billion per year.³⁵

In addition, there has been an increasing awareness of mental health in the workplace. Mental illness in Canada is said to be costing business billions of dollars in lost productivity and absenteeism. As shown in **Exhibit 1.4**, it is estimated that by 2020, mental health problems will be the second cause of disability. Workplace mental health and safety have become so important that in 2013 a new national standard for workplace mental health and safety (Psychological Health and Safety in the Workplace) was introduced to help Canadian organizations create workplaces that promote a mentally healthy workplace and support employees dealing with mental illness. The standard provides guidelines to help organizations identify potential hazards to mental health and how they can improve policies and practices.³⁶ In response, organizations have begun to implement mental health initiatives and to make mental health a priority at work.

Exhibit 1.4 Mental health in the workplace.

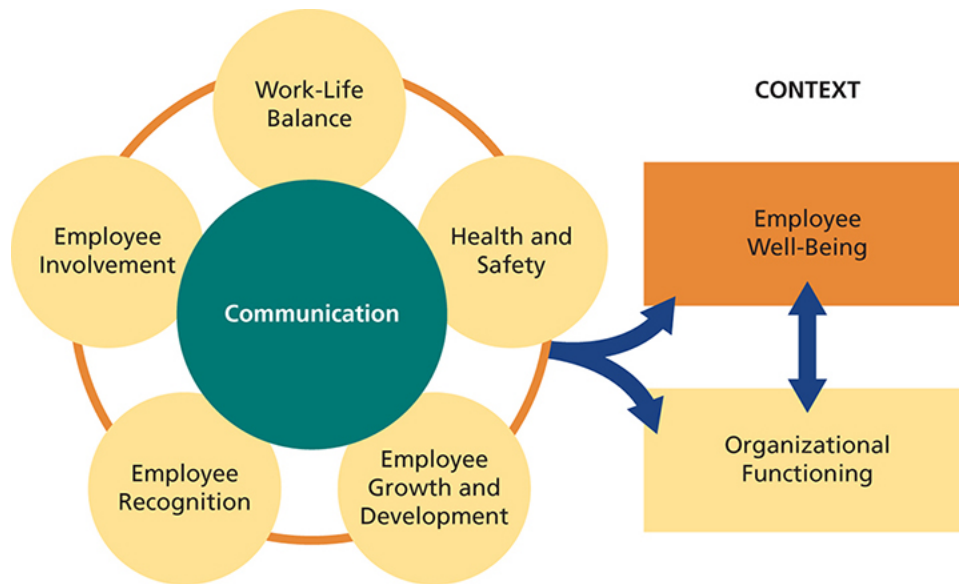
- An average of \$51 billion is lost each year to the Canadian economy due to the impact of mental illness.
- Mental health problems will cost \$198 billion in lost productivity over the next 30 years.
- Lost labour-force participation due to mental illness costs \$20.7 billion a year.
- Forty-four percent of workers say they have or have had a mental health issue at work.
- On any given week, more than 500 000 Canadians will not go to work due to mental illness.
- One in five people will experience a mental illness in their lifetime.
- More than 30 percent of disability claims and 70 percent of disability claim costs are due to mental health concerns.
- Mental health problems will be the number two cause of disability by 2020.

Sources: Alderson, P. (2015, March 23). Do EAPs really make a difference? *Canadian HR Reporter*, 28(5), 13; Jurgens, K. (2014, February). Fostering mental health in the workplace. *Media Planet* (Sponsored Feature in the *Toronto Star*), 5; Grant, T. (2015, February 1). How Canadian employers are tackling the terrain where office culture, productivity and mental health intersect. Balancing office culture and productivity with mental health. *The Globe and Mail*, <http://www.theglobeandmail.com/life/health-and-fitness/health/balancing-office-culture-and-productivity-with-mental-health/article22725410/>.

In addition, employees are searching for meaning and purpose in their work lives, and many organizations have begun to focus on employees' physical and mental health by providing wellness initiatives and creating more positive work environments. What does a positive work environment and employee mental health and well-being have to do with organizational behaviour?

Organizational behaviour is concerned with creating positive work environments that contribute to employee health and wellness. While organization wellness programs in the past focused primarily on physical health, an increasing number of organizations like Maplewave are now also focusing on creating a psychologically healthy workplace. Psychologically healthy workplaces focus on employee health and well-being while enhancing organizational performance. According to the American Psychological Association for Organizational Excellence, the practices that help to create a healthy and productive work environment include employee involvement, health and safety, employee growth and development, work–life balance, and employee recognition. Communication is also important and is the foundation for the five psychologically healthy workplace practices (see [Exhibit 1.5](#)).³⁷

Exhibit 1.5 Essential components of a psychologically healthy workplace.



Source: Psychologically healthy workplace and organizational excellence awards 2018, page 21, American Psychological Association Center for Organizational Excellence; Anonymous (2018, March 14).

Two other examples of creating positive work environments that contribute to employee health and wellness are workplace spirituality (or a spiritual workplace) and positive organizational behaviour. Let's take a closer look at each of these.

Workplace Spirituality

Workplace spirituality ³⁸ is found in workplaces that provide employees with meaning, purpose, a sense of community, and a connection to others. It is important to realize that workplace spirituality is not about religion in the workplace but, rather, providing employees with a meaningful work life that is aligned with their values. In a spiritual workplace, employees have interesting work that provides meaning and a feeling of purpose, a sense that they belong to and are part of a caring and supportive community, and a sense of connection to their work and others. Employees in a spiritual workplace have opportunities for personal growth and development, and they feel valued and supported.³⁸

Positive Organizational Behaviour

Organizational behaviour is concerned with developing employees and providing them with the resources they need to achieve their goals and to improve their performance and well-being. This is best reflected in what is known as positive organizational behaviour. **Positive organizational behaviour (POB)** is “the study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement in today’s workplace.”³⁹

The psychological capacities that can be developed in employees are known as psychological capital (PsyCap). **Psychological capital** refers to an individual’s positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience. **Self-efficacy** refers to one’s confidence to take on and put in the necessary effort to succeed at challenging tasks (see [Chapter 2](#) for a more detailed discussion of self-efficacy); **optimism** involves making internal attributions about positive events in the present and future and external attributions about negative events (see [Chapter 3](#) for a more detailed discussion on attributions); **hope** refers to persevering toward one’s goals and, when necessary, making changes and using multiple pathways to achieve one’s goals (see [Chapter 5](#) for a more detailed discussion of goals and goal setting); and **resilience** refers to one’s ability to bounce back or rebound from adversity and setbacks to attain success.⁴⁰

It is important to note that each of the components of PsyCap are considered to be states or positive work-related psychological resources that can be changed, modified, and developed. In other words, they are not fixed, stable, or static personality traits.⁴¹

Research on POB has found that PsyCap is positively related to employee psychological well-being as well as more positive job attitudes, behaviours, and job performance, and negatively related to undesirable attitudes and behaviours such as employee anxiety, stress, and turnover intentions.⁴² There is also evidence that PsyCap interventions (PCI) that focus on enhancing each of the components of PsyCap are effective for developing employees' PsyCap. Thus, POB is an effective approach for organizations to improve employee health and well-being by developing employees' PsyCap.⁴³

Talent Management and Employee Engagement

◀ Listen to the Audio

During the past decade, organizations have become increasingly concerned about talent management and employee engagement. Consider this: a survey of senior executives from all over the world found that talent was ranked as the second most critical challenge, just behind business growth. According to another recent survey, 42 percent of Canadian employers are having trouble filling jobs and a shortage of global talent is at a 12 year high.⁴⁴ In addition, many employees today are disengaged in their work. Let's take a closer look at talent management and employee engagement.

Talent Management

Talent management[Ⓜ] refers to an organization's processes for attracting, developing, retaining, and deploying people with the required skills to meet current and future business needs.⁴⁵

The ability of organizations to attract and retain talent has always been important; however, today it has become especially critical for many organizations that are struggling to find the employees they need to compete and survive. As a result, the management of talent has become a major organizational concern that involves a concerted effort and the involvement of all levels of management.

An increasing number of organizations are having trouble finding qualified talent, a problem stemming in part from changing demographics that will result in a dramatic shortage of skilled workers over the next 10 years, as the baby boomers begin to retire, leaving a large skills gap. It is predicted that there will be a 30 percent shortfall of workers between the ages of 25 and 44. This, combined with the increasing willingness of knowledge workers to relocate anywhere in the world and fewer Canadians entering the skilled trades, means that Canadian organizations will increasingly face severe labour shortages. There are already shortages in scientific, technical, and high-tech industries and in senior management, communications, and marketing positions. A poll of Canadian organizations found that more than 60 percent say that labour shortages are limiting their productivity and efficiency. Most of Canada's top CEOs believe that retaining talent has become their number-one priority and attracting new talent is their fourth priority, just behind financial performance and profitability. Three-quarters of CEOs say they cannot find enough competent employees.⁴⁶

Employee Engagement

Organizations have also become very concerned about employee engagement. As you will learn in [Chapter 13](#), **work engagement** is a positive work-related state of mind that is characterized by vigour, dedication, and absorption.⁴⁷ It has been reported that only one-third of workers are engaged, and yet engaged workers have more positive work attitudes and higher job performance. Employee engagement is considered to be key to an organization's success and competitiveness, and it can have a significant impact on productivity, customer satisfaction, profitability, and innovation. One study found that in a sample of 65 firms from different industries, the top 25 percent on an engagement index had greater return on assets (ROA), greater profitability, and more than double the shareholder value compared to the bottom 25 percent. What's

more, it has been estimated that disengaged employees are costing organizations billions of dollars a year.⁴⁸ There is also evidence that the level of engagement within an organization also has implications for firm performance. To learn more, see [Research Focus: Collective Organizational Engagement and Firm Performance](#).

What does organizational behaviour have to do with talent management and employee engagement? Organizational behaviour provides the means for organizations to be designed and managed in ways that optimize the attraction, development, retention, engagement, and performance of talent.⁴⁹ For example, providing opportunities for learning and designing jobs that are challenging, meaningful, and rewarding; providing recognition and monetary rewards for performance; managing a diverse workforce; offering flexible work arrangements; and providing effective leadership are just some of the factors that are important for the effective management of talent and employee engagement. These are, of course, some of the practices of the best companies to work for in Canada (see [Exhibit 1.1](#)), and their annual rate of turnover is lower than the national average and half that of some other companies.⁵⁰ As described in the chapter-opening vignette, turnover at Maplewave was just 2 percent in 2017.

Research Focus

Collective Organizational Engagement and Firm Performance

While work engagement has to do with an individual's level of engagement in his or her work, *collective organizational engagement* refers to the shared perceptions of organizational

members that members of the organization are, as a whole, physically, cognitively, and emotionally invested in their work.

To learn more about the link between collective organizational engagement and firm performance, Murray R. Barrick, Gary R. Thurgood, Troy A. Smith, and Stephen H. Courtright tested a model in which several factors predict collective organizational engagement—which, in turn, predicts firm performance. First, they suggested that three organizational-level resources would lead to collective organizational engagement: motivating work design, human resource management (HRM) practices, and CEO transformational leadership behaviours.

Motivating work design has to do with the extent to which the work of entry-level employees is enriched through the use of five job characteristics from the job characteristics model (autonomy, skills variety, task significance, task identity, and feedback; see [Chapter 6](#) for a complete description of the job characteristics model). Human resource practices are expected to lead to collective organizational engagement when they focus on a firm's expectations of employees and enhance employees' expected rewards and outcomes (pay equity, job security, developmental feedback, and pay for performance). CEO transformational leadership has to do with the extent to which the CEO shares a compelling vision, intellectually stimulates followers, and sets challenging goals and expectations (see [Chapter 9](#) for a complete description of transformational leadership).

Second, the authors suggested that the relationship between the organizational resources and collective organizational engagement would be strongest when strategic implementation is high. Strategic implementation has to do

with the extent to which top management in an organization specify, pursue, and monitor the organization's strategic objectives. Thus, the effect of the organizational resources on collective organizational engagement will be augmented when senior management effectively implements the organization's strategic objectives. Third, the authors predicted that collective organizational engagement would create value for an organization and would be positively related to firm performance.

To test their model, the authors conducted a study of 83 small- to medium-sized credit unions located throughout the United States. The study participants included employees from various levels in each organization (top management, mid-level managers, and entry-level employees). The results indicated that all three of the organizational-level resources (motivating work design, HRM practices, and CEO transformational leadership) were positively related to collective organizational engagement, and these relationships were strongest when top management was high on implementing the organization's objectives and strategies. In addition, collective organizational engagement was positively related to firm performance.

The results of this study indicate that organizations can enhance their performance and gain a competitive advantage by creating high levels of collective organizational engagement. This can be achieved by enriching the jobs of entry-level employees; using HRM practices that are expectation enhancing and provide employees' with rewards and outcomes; and when the CEO is a transformational leader. Furthermore, these effects are strongest when top management actively strives to implement the organization's objectives and strategy.

Source: Based on Barrick, M. R., Thurgood, G. R., Smith, T. A., & Courtright, S. H. (2015). Collective organizational engagement: Linking motivational antecedents, strategic implementation, and firm performance. *Academy of Management Journal*, 58, 111–135.

Corporate Social Responsibility

◀ Listen to the Audio

Organizations have become increasingly concerned about corporate social responsibility (CSR) and the need to be good corporate citizens.

Corporate social responsibility ⁵¹ refers to an organization taking responsibility for the impact of its decisions and actions on its stakeholders (e.g., employees, customers, suppliers, environmentalists, the community, owners/shareholders). It has to do with an organization's overall impact on society at large and extends beyond the interests of shareholders to the interests and needs of employees and the community in which it operates.

CSR practices can be external or internal. CSR that involves practices aimed at the local community, the environment, and consumers is known as *external CSR*. Practices and activities that are focused on the internal workforce are known as *internal CSR*. Thus, CSR involves a variety of issues that range from community involvement, environmental protection, product safety, and ethical marketing, as well as employee diversity, safe working environments, and local and global labour practices. Ultimately, CSR has to do with how an organization performs its core functions of producing goods and providing services while doing so in a socially responsible way.⁵¹

What does a focus on social responsibility have to do with organizational behaviour? For starters, many CSR issues have to do with organizational behaviour—such as an organization's treatment of employees,

management practices such as promoting diversity, work–family balance, and employment equity. Organizations that rank high on CSR are good employers because of the way they treat their employees and because of management practices that promote employee well-being. As indicated earlier, these are the kinds of practices employed by the best companies to work for in Canada.

CSR also involves environmental, social, and governance (ESG) issues. Organizations' social and environmental actions are increasingly being scrutinized, and shareholders and consumers are holding firms to higher CSR standards on the environment, employment, and other social issues. Governance issues such as executive compensation have also begun to receive greater attention. CSR is so important that a number of research firms now rank and rate organizations on CSR.⁵²

In 2009, *Maclean's* published its inaugural list of the 50 Most Socially Responsible Corporations in Canada, corporations that are raising the standard of what it means to be a good corporate citizen. Corporate Knights also publishes a list of the Best 50 Corporate Citizens in Canada. In 2018, Hydro-Quebec was named the top corporate citizen followed by Toronto Hydro.⁵³ These rankings, along with the belief that CSR has implications for an organization's reputation and financial performance, have led to an increasing number of organizations placing greater emphasis on CSR initiatives.

For example, many organizations make donations to charitable organizations and have implemented programs to help their communities. Cameco Corp. of Saskatoon, one of the world's largest producers of uranium, has a community investment program that focuses on improving the quality of life for people in the communities in which it operates. The company has contributed \$3 million to the University of Saskatchewan to promote greater access for Aboriginal peoples, women,

and northerners to studies in engineering and science. Unilever Canada has a community vitality fund and donates 1 percent of pre-tax profits to initiatives in children's health and water resources, which are both linked to its products. The company also encourages volunteerism and gives employees four afternoons off each year for community activities.⁵⁴

A concern for the environment and green initiatives is also an example of CSR. What does going green have to do with organizational behaviour? Green programs require changes in employees' attitudes and behaviours. For example, at Fairmont Hotels and Resorts, employees volunteer to be on green teams that meet monthly to brainstorm environmental initiatives. The company also recognizes and rewards employees for their efforts. The program has had a positive effect on employee engagement and motivation, and employees are proud to be working for an environmentally responsible organization.⁵⁵



Fairmont Hotels and Resorts recognizes and rewards employees for their involvement in environmental initiatives.

In summary, CSR is becoming a major concern for organizations today, and some organizations even issue CSR reports along with their annual reports. Hudson's Bay Company (HBC) publishes an annual Corporate Social Responsibility Report that is available on its website. Research has found that an organization's CSR activities and policies are positively associated with a firm's financial performance as well as positive employee attitudes, work engagement, and performance.⁵⁶ CSR also has implications for the recruitment and retention of employees, as an increasing number of workers want to work for organizations that are environmentally friendly and rank high on CSR.⁵⁷ Thus, organizational behaviour has much to offer organizations in their quest to become more socially responsible.

We hope this brief discussion of some of the issues that are of concern to organizations and managers has reinforced your awareness of using organizational behaviour to better understand and manage life at work. These concerns permeate today's workplace, and we will cover them in more detail throughout the text.

Watch the video about Red Frog Events, an event planning company with a non-conventional organizational structure. Then, answer the multiple choice questions on the next screen.

Watch Red Frog Events: Nonconventional Organizational Structure





























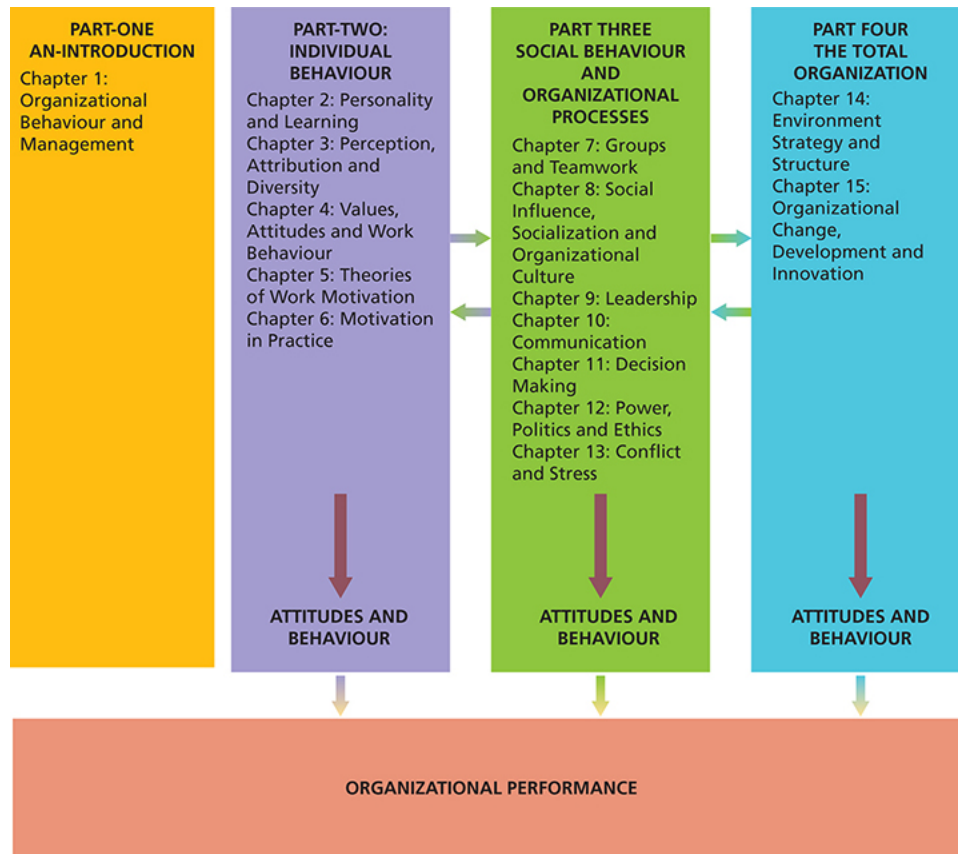
Summary: Organizational Behaviour and Management

◀ Listen to the Audio

To conclude the chapter, we provide a road map of the structure of the rest of the resource and a model of organizational behaviour. In this first chapter ([Part 1](#)), we have introduced you to the discipline of organizational behaviour—the attitudes and behaviours of individuals and groups in organizations. You have learned about the nature of organizations, the goals of organizational behaviour, and the concept of management, and you have reviewed several contemporary management concerns. Throughout the chapter, we have made references to various topics that you will learn about throughout the text.

To put this in perspective and provide you with a road map of the remainder of the text, we have provided a model of organizational behaviour ([Exhibit 1.6](#)), which shows the remaining chapters in the text and how they are related.

Exhibit 1.6 Model of organizational behaviour.



In **Part 2** (Individual Behaviour), we focus on the topics of personality and learning (**Chapter 2**), perception, attribution, diversity (**Chapter 3**), values, attitudes, and work behaviour (**Chapter 4**), theories of work motivation (**Chapter 5**), and motivation in practice (**Chapter 6**). These topics are primarily concerned with individuals and have implications for individual attitudes, behaviours, and performance.

Part 3 (Social Behaviour and Organizational Processes) includes chapters on groups and teamwork (**Chapter 7**), social influence, socialization, and organizational culture (**Chapter 8**); leadership (**Chapter 9**); communication (**Chapter 10**); decision making (**Chapter 11**); power, politics, and ethics (**Chapter 12**); and conflict and stress (**Chapter 13**). These chapters deal with group-level factors and

organizational processes and have implications for individual and group attitudes, behaviour, and performance.

Part 4 (The Total Organization) includes chapters on the environment, strategy, and structure (**Chapter 14**) and organizational change, development, and innovation (**Chapter 15**). These chapters deal with organizational issues that concern the total organization and have implications for individuals, groups, and the organization itself.

The model highlights several important points about organizational behaviour. First, it shows that organizational behaviour involves three levels of analysis: the individual level (**Part 2**), the group level (**Part 3**), and the organizational level (**Part 4**). Second, the factors within each level influence individual and group attitudes and behaviours. Third, each level can influence the factors and processes at the other levels. For example, leadership can influence employee motivation, personality can influence conflict and stress, and organizational structure can influence group dynamics and behaviour and how jobs are designed (motivation in practice). Fourth, all three levels of organizational behaviour, as well as individual and group attitudes and behaviours, influence organizational performance.

In summary, the model of organizational behaviour provides a road map and guide of how the text is structured as well as some fundamental things about the three levels of organizational behaviour. As you cover each of the chapters in the text, you can refer back to the model of organizational behaviour and think about how the material in each chapter fits into the model and how it influences and is influenced by other factors in the model.

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 1.

1.1 Define *organizations* and describe their basic characteristics.

Organizations are social inventions for accomplishing common goals through group effort. The basic characteristic of organizations is that they involve the coordinated efforts of people working together to accomplish common goals.

1.2 Explain the concept of *organizational behaviour* and describe the goals of the field.

1.3 Define *management* and describe what managers do to accomplish goals.

1.4 Contrast the *classical viewpoint* of management with that advocated by the *human relations movement*.

1.5 Describe the *contingency approach* to management.

1.6 Explain what managers do—their roles, activities, agendas for action, and thought processes.

1.7 Describe the four contemporary management concerns facing organizations and how organizational behaviour can help organizations understand and manage these concerns.

Key Terms

Start Over

Swap

0/23 REVIEWED · 0 MASTERED

Optimism



Previous

Next

Got It!



*On-the-Job Challenge Question

Pay to Work or Pay to Quit?

What would you do if your employer offered you \$2000 to quit? Would you stay or would you take the money and run? That is a decision that employees at Amazon and Zappos must make. Zappos offers new hires \$2000 to quit. However, less than 2 percent of its employees have accepted the offer. Amazon, which acquired Zappos in 2009, also has a pay-to-quit program. Amazon offers its fulfillment centre employees \$2000 to quit to start and up to \$1000 more per year up to \$5000. However, only a small percentage of employees accept the offer. According to Amazon, "The goal is to encourage folks to take a moment and think about what they really want. In the long run, an employee staying somewhere they don't want to be isn't healthy for the employee or the company."

What do you think about Zappos and Amazon's pay-to-quit programs? Using an organizational behaviour perspective, what effect do you think it has on employees' attitudes and behaviour? Discuss the program in terms of the goals of organizational behaviour. In other words, what can be predicted, how can you explain it, and what is being managed? Does a pay-to-quit program make sense in terms of any of the contemporary management concerns discussed in the chapter? Do you think it is a good idea for organizations to have pay-to-quit programs? Explain your answer.

Source: Based on Dobson, S. (2014, May 19). Quitting for money. *Canadian HR Reporter*, 27(10), 1, 16.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Good Job, Bad Job

The purpose of this exercise is to help you get acquainted with some of your classmates by learning something about their experiences with work and organizations. To do this, we will focus on an important and traditional topic in organizational behaviour—what makes people satisfied or dissatisfied with their jobs (a topic that we will cover in detail in [Chapter 4](#)).

1. Students should break into groups of four to six people. Each group should choose a recording secretary.
2. In each group, members should take turns introducing themselves and then describing to the others either the best job or the worst job that they have ever had. Take particular care to explain why this particular job was either satisfying or dissatisfying. For example, did factors such as pay, co-workers, your boss, or the work itself affect your level of satisfaction? The recording secretary should make a list of the jobs group members held, noting which were “good” and which were “bad.” (15 minutes)
3. Using the information from step 2, each group should develop a profile of four or five characteristics that seem to contribute to dissatisfaction in a job and four or five characteristics that contribute to satisfaction. In other words, are there some common experiences among the group members? (10 minutes)
4. Each group should write its “good job” and “bad job” characteristics on the board. (3 minutes)

5. The class should reconvene, and each group's recording secretary should report on the specific jobs the group considered good or bad. The instructor will discuss the profiles on the board, noting similarities and differences. Other issues worth probing are behavioural consequences of job attitudes (e.g., quitting) and differences of opinion within the groups (e.g., one person's bad job may have seemed attractive to someone else). (15 minutes)
- * 6. Why do you think that a good job for one person might be a bad job for another and vice versa? What are the implications of this for management and organizational behaviour?

* Question 6 is also assignable in Writing Space.

Experiential Exercise

OB in the News

Every day there are stories in the news about organizations, the workplace, careers, and jobs. Now that you are learning about organizational behaviour, you can begin to interpret and understand these stories in a more informed manner. So let's get started. Look for a recent news story that has something to do with work, employees, or an organization. Pay particular attention to articles in the business or careers section of newspapers. Read the article as you normally would, and then write a short summary of the article and what you have learned from it. Then read the article again, but this time answer the following questions:

1. What does the article tell you about organizational behaviour? Refer to the sections *What Are Organizations?* and *What Is Organizational Behaviour?* in this chapter to answer this question.
2. Use the events described in the article to explain why organizational behaviour is important and makes a difference.
- * 3. How can the goals of organizational behaviour be used to better understand the events in the article or solve a problem or concern that is noted in the article? Be sure to relate each of the goals of organizational behaviour to the article (i.e., predicting, explaining, and managing behaviour).
4. Does the article address any of the contemporary management concerns described in the chapter? Try to interpret the article in terms of one or more of the contemporary management concerns.
5. Compare your first reading and interpretation of the article to your second reading and interpretation. What did you learn about

the events in the article when interpreting it through your new organizational behaviour “lens”?

6. How can learning about organizational behaviour improve your understanding and interpretation of stories and events like the one described in your article?

* Question 3 is also assignable in Writing Space.

Experiential Exercise

How Engaged Are You?

To find out about your work or student engagement, answer the 17 questions below as frankly and honestly as possible. Note that to answer the questions for work engagement, you should refer to your current or most recent job. Refer to the wording in parentheses if you are answering the questions as a student rather than an employee. Use the following response scale to respond to each question:

0–Never

1–Almost never

2–Rarely

3–Sometimes

4–Often

5–Very often

6–Always

_____ 1. When I get up in the morning, I feel like going to work (class).

_____ 2. To me, my job (studies) is (are) challenging.

_____ 3. When I am working (studying), I forget everything else around me.

_____ 4. At my work (When I'm doing my work as a student), I feel bursting with energy.

_____ 5. My job (study) inspires me.

_____ 6. Time flies when I am working (studying).

_____ 7. At my work (As far as my studies are concerned), I always persevere, even when things do not go well.

_____ 8. I am enthusiastic about my job (studies).

_____ 9. I get carried away when I am working (studying).

_____ 10. I can continue working (studying) for very long periods at a time.

_____ 11. I am proud of the work (my studies) that I do.

_____ 12. It is difficult to detach myself from my job (studies).

_____ 13. At my job (As far as my studies are concerned), I am very resilient, mentally.

_____ 14. I find the work (my studies) that I do full of meaning and purpose.

_____ 15. I am immersed in my work (studies).

_____ 16. At my job (When I'm studying or going to class), I feel strong and vigorous.

_____ 17. I feel happy when I am working (studying) intensely.

Source: Republished with permission of Kluwer Academic Publishers (Dordrecht), from Schaufeli, W. B., Salanova, M., González-Romá, V., & Bakker, A. B. (2002). The measurement of engagement and burnout: A two sample confirmatory factor analytic approach. *Journal of Happiness Studies*, 3, 71–92; permission conveyed through Copyright Clearance Center, Inc.

Scoring and Interpretation

You have just completed the Utrecht Work Engagement Scale (UWES) developed by Wilmar B. Schaufeli, Marisa Salanova, Vicente González-Romá, and Arnold B. Bakker. Work engagement is a positive work-related state of mind that is characterized by vigour, dedication, and absorption. *Vigour* is characterized by high levels of energy and mental resilience while working, the willingness to invest effort into one's work, and persistence even in the face of difficulties. *Dedication* is characterized by a sense of significance, enthusiasm, inspiration, pride, and challenge. *Absorption* is characterized by being fully concentrated and deeply engrossed in one's work to such a degree that time passes quickly and one has difficulties detaching oneself from work. The average score of a sample of undergraduate students on each dimension was as follows: Vigour, 3.30; Dedication 4.41; and Absorption, 3.37. The average score of a sample of employees was as follows: Vigour, 3.82; Dedication 3.74; and Absorption, 3.53.

To obtain your score on each dimension of work engagement (vigour, dedication, and absorption), calculate the average of the items for each dimension as indicated in the following instructions. To obtain your overall engagement score, calculate the average of your responses to all 17 questions.

Vigour: Add 1, 4, 7, 10, 13, and 16, and divide by 6.

Dedication: Add 2, 5, 8, 11, and 14, and divide by 5.

Absorption: Add 3, 6, 9, 12, 15, and 17, and divide by 6.

Overall engagement score: Add all 17 items, and divide by 17.

Questions

To facilitate class discussion and your understanding of work engagement, form a small group with several other members of the class and consider the following questions:

1. Compare your own scores on each work engagement dimension. Which dimension is highest and which is lowest? What does this say about your work or student engagement?
2. Each group member should present their scores on each dimension of work or student engagement as well as their overall work engagement score. What is the range of group members' scores on each dimension and overall work or student engagement? What dimensions do group members have high and low scores on? What is the average overall work or student engagement score in your group?
3. Try to understand why some group members have a low or high work or student engagement score. Each group member should try to explain what factors they think account for their low or high engagement score. If the group completed the scale for student engagement, you might discuss the courses you are taking, how many courses you are taking, course assignments, and your course instructors. If you completed the scale for work engagement, you might discuss the type of job each group member has, the type of tasks they perform, and the amount of autonomy and control they have in how they perform their job. Can you explain and understand why some group members have higher engagement scores than others?

- * 4. What effect do you think your level of student or work engagement has on your attitudes, behaviour, and performance? If you completed the scale for student engagement, consider your attitudes toward your program and your grades. If you completed the scale for work engagement, consider your job attitudes and job performance. Do students with higher engagement scores have more positive attitudes and higher grades or job performance?
5. Based on your work or student engagement score, what have you learned about yourself as a student or an employee? What are the implications of this for your attitudes, grades, and performance?
6. How can knowledge of your work or student engagement help you as a student and as an employee? What can you do to become a more engaged student and employee? What are the potential consequences of being a more engaged student and employee?

* Question 4 is also assignable in Writing Space.

Experiential Exercise

Corporate Social Responsibility

To find out about how your organization scores on corporate social responsibility, answer the 35 questions below as frankly and honestly as possible. If you are not currently employed, answer the questions thinking about the last organization where you worked. Use the following response scale to respond to each question:

1–Strongly disagree

2–Disagree

3–Somewhat disagree

4–Somewhat agree

5–Agree

6–Strongly agree

_____ 1. Our company invests in humanitarian projects in poor countries.

_____ 2. Our company provides financial support for humanitarian causes and charities.

_____ 3. Our company contributes to improving the well-being of populations in the areas where it operates by providing help for schools, sporting, events, etc.

_____ 4. Our company invests in the health of populations of developing countries (e.g., vaccination, fight against AIDs).

_____ 5. Our company helps NGOs (non-governmental organizations or not-for-profit organizations) and similar associations such as UNICEF, the Red Cross, and emergency medical services for the poor.

_____ 6. Our company gives financial assistance to the poor and deprived in the areas where it operates.

_____ 7. Our company assists populations and local residents in case of natural disasters and/or accidents.

_____ 8. Our company takes action to reduce pollution related to its activities (e.g., choice of materials, eco-design, and dematerialization).

_____ 9. Our company contributes toward saving resources and energy (e.g., recycling, waste management).

_____ 10. Our company makes investments to improve the ecological quality of its products and services.

_____ 11. Our company respects and promotes the protection of biodiversity (i.e., the variety and diversity of species).

_____ 12. Our company measures the impact of its activities on the natural environment (e.g., carbon audit, reduction of greenhouses gas emissions, global warming).

_____ 13. Our company invests in clean technologies and renewable energies.

_____ 14. Our company encourages its members to adopt eco-friendly behaviour (sort trash, save water and electricity) to

protect the natural environment.

_____ 15. Our company implements policies that improve the well-being of its employees at work.

_____ 16. Our company promotes the safety and health of its employees.

_____ 17. Our company avoids all forms of discrimination (age, sex, disability ethnic or religious origin) in its recruitment and promotion policies.

_____ 18. Our company supports equal opportunities at work (e.g., gender equality policies).

_____ 19. Our company encourages employees' diversity in the workplace.

_____ 20. Our company helps its employees in case of hardship (e.g., medical care, social assistance).

_____ 21. Our company supports its employees' work and life balance (e.g., flextime, part-time work, flexible working arrangements).

_____ 22. Our company endeavours to ensure that all its suppliers (and subcontractors) wherever they may be, respect and apply current labour laws.

_____ 23. Our company makes sure that its suppliers (and subcontractors) respect justice rules in their own workplaces.

_____ 24. Our company cares that labour laws are applied by all its suppliers (and subcontractors), wherever they may be.

_____ 25. Our company would not continue to deal with a supplier (or subcontractor) who failed to respect labour laws.

_____ 26. Our company helps its suppliers (and subcontractors) to improve the working conditions of their own workers (e.g., safe working environment, etc.).

_____ 27. Our company checks the quality of goods and/or services provided to customers.

_____ 28. Our company is helpful to customers and advises them about its products and/or services.

_____ 29. Our company respects its commitments to customers.

_____ 30. Our company invests in innovations that are to the advantage of customers.

_____ 31. Our company ensures that its products and/or services are accessible for all its customers.

_____ 32. Our company respects the financial interests of all its shareholders.

_____ 33. Our company ensures that communication with shareholders is transparent and accurate.

_____ 34. Our company takes action to ensure that shareholders' investments are profitable and perennial in the long term.

_____ 35. Our company makes sure that shareholders exert effective influence over strategic decisions.

Source: El Akremi, A., Gond, J-P., Swaen, V., De Roeck, K., & Igalens, J. (2018). How do employees perceive corporate responsibility? Development and validation of a multidimensional corporate stakeholder responsibility scale. *Journal of Management*, 44, 619–657.

Scoring and Interpretation

You have just completed the Corporate Stakeholder Responsibility (CStR) Scale. This scale measures an organization's context-specific actions and policies designed to enhance the welfare of various stakeholder groups by accounting for the triple bottom line of economic, social, and environmental performance. The scale consists of six dimensions that correspond to CSR toward six stakeholder groups: community-oriented CSR, natural environment-oriented CSR, employee-oriented CSR, supplier-oriented CSR, customer-oriented CSR, and shareholder-oriented CSR. Research of the development of the scale found that CStR scores were positively related to organizational pride, organizational identification, job satisfaction, and organizational commitment.

To obtain your score on each dimension of the CStR, calculate the average of the questions for each dimension as indicated in the instructions that follow. To obtain your total CStR score, calculate the average of your responses to all 35 questions. Scores can range from 1 to 6, higher scores indicate greater CSR.

Community-oriented CSR: Add 1, 2, 3, 4, 5, 6, and 7, and divide by 7.

Natural environment-oriented CSR: Add 8, 9, 10, 11, 12, 13, and 14, and divide by 7.

Employee-oriented CSR: Add 15, 16, 17, 18, 19, 20, and 21, and divide by 7.

Supplier-oriented CSR: Add 22, 23, 24, 25, and 26, and divide by 5.

Customer-oriented CSR: Add 27, 28, 29, 30, and 31, and divide by 5.

Shareholder-oriented CSR: Add 32, 33, 34, and 35, and divide by 4.

Total CSR: Add all 35 items, and divide by 35.

Questions

To facilitate class discussion and your understanding of corporate social responsibility, form a small group with several other members of the class and consider the following questions:

1. Group members should compare and contrast their scores on each dimension. On what dimensions does your organization score high and low on? Are there any patterns with respect to those dimensions that are particularly high or low within the group? On what dimensions do organizations seem to do best and worst on?
2. Group members should compare their scores with one another. How does your organization compare to other group members' organization on each dimension of CSR and the total CSR score?
3. Group members should consider their pride towards their organization as well as their organizational identification, job satisfaction, and organizational commitment. Do some group members feel more strongly about these attitudes, and is there a connection between their attitudes and their organization's CSR?
- * 4. Based on your scores, what have you learned about your organization? What in particular does your organization have to focus on and do to improve their CSR? What are the implications of doing so?
5. How can knowledge of corporate social responsibility help you in your future search for employment and in your career?

* Question 4 is also assignable in Writing Space.

Case Incident

Mayfield Department Stores

As competition in the retail market began to heat up, Mayfield Department Stores realized it needs to hire more sales staff. At the same time, they also needed to motivate staff to increase sales and improve their work engagement and retention. Therefore, the company implemented a new program that they believed would increase the number of job applicants and improve employee motivation and work engagement and retain staff for longer periods of time. The program introduced a new incentive for employees that gave them a chance to win a trip to Mexico.

Each month, employees in the department with the highest sales have a chance to win the free trip to Mexico along with \$5000 spending money. At the end of every year, the names of all employees in those departments that had the highest sales for at least one month during the year have their name entered into a draw. The more months a department has the highest sales, the more times an employee has his or her name entered into the draw. At the end of the year, three names are then chosen to win a one-week trip to Mexico with all expenses paid, plus \$5000 cash.

At first, the program was very effective for recruiting new hires and current employees were excited about the chance to win a trip to Mexico. In the first month after the program was introduced, Mayfield received more applications than in any previous month. The program also had a

positive effect on employees' motivation and work engagement as sales increased during the first three months of the program.

However, after four months, many employees began to complain about the program and wondered if they would ever be rewarded for their hard work. As a result, many of the new hires decided to quit, as well as some employees who had been with the company for years. After six months, sales began to drop and almost all the new hires had left Mayfield.

In exit interviews, many employees complained that they did not think the program was fair and that they felt that they had been misled about the chance to win a trip to Mexico. As a result, the company decided to end the program after the first year and began to consider if they should replace it with something that might be more effective.

1. What does this case have to do with organizational behaviour? What are some of the key issues that are relevant to understanding and managing organizational behaviour?
- * 2. Use the three goals of organizational behaviour (prediction, explanation, and management) to explain what happened at Mayfield Department Stores. What are they trying to predict and explain, and what are they trying to manage?
3. Why do you think the program was not very effective? What might be a more effective program for attracting, motivating, engaging, and retaining employees? Use the goals of organizational behaviour to describe a more effective program.

* Question 2 is also assignable in Writing Space.

Case Study

Argamassa Construction Materials

At what point had Eduardo Santiago, plant manager at Argamassa—a construction materials company in Rio de Janeiro, Brazil—moved from admiring his boss to feeling like walking out? After all, if it weren't for Leandro Giuntini, the director of Argamassa, Santiago may not have had the opportunity to move into management—something he deeply wanted. Yet by the end of 2010, Santiago was feeling something less than gratitude toward Giuntini, who also happened to be a long-time friend. Santiago disagreed with the cost-cutting strategy Giuntini had implemented the previous year. And he believed that other more recent changes Giuntini had made had created an adversarial environment between management and labour.

Struggling with the situation while trying to remain professional, Santiago decided to arrange a dinner meeting with Giuntini. Now he wondered whether he should go ahead with his plan to give feedback to his boss or keep his thoughts to himself and view the outing as a personal dinner between friends.

Brazil and the Labour Market

With a population of slightly less than 200 million in 2010, Brazil was by far the most populated country in South America; its work force was also among the largest, at roughly 102 million.¹ Considered a developing economy, Brazil's industrial sectors—such as aircraft, cars and car parts, cement, chemicals, iron ore, lumber, steel, textiles, and tin—made up 26 percent of its GDP. Unskilled labourers to fill positions in these sectors

were in demand. Despite the need, workers' salaries were low. More than 60 percent of the population lived on BRL230 (\$70US) per month.²

The Brazilian work force was correlated with the country's social class categories—a calculated system using the letters A, B, C, D, and E to indicate decreasing levels of income (see [Table 1](#))—which determined one's position in life. Those capable of earning higher levels of income were considered Class A and B and tended to be mostly white. Most who had finished high school, a technical school, or some college tended to fit in Class C (50.4 percent of Brazilians fell in this category).³ Those who had no high school diploma made up Class D, and those who did not finish elementary school or who were illiterate usually had income levels more aligned with Class E. Both D and E classes tended to be mostly non-white.

Table 1 Distribution of social class system in 2009 and gross monthly earnings per household.

Class	Income (BRL) ^a	% Total Population
A	Above 10 200	5.1
B	Above 5100	5.5
C	Above 2040	50.4
D	Above 1020	23.6
E	Below 1020	15.3

Data sources: Andréa Novais, "Social Classes in Brazil," *The Brazil Business*, October 7, 2011, <http://thebrazilbusiness.com/article/social-classes-in-brazil>; and Emy Shayo Cherman and Fabio Akira, "Brazil 101: The 2011 Country Handbook," J.P. Morgan Latin America Equity Research, April 18, 2011, https://www.jpmorgan.com/cm/BlobServer/Brazil_101_the_2011_country_handbook.pdf?blobkey=id&blobnocache=true&blobwhere=1158631510475&blobheader=application/pdf&blobcol=urldata&blobtable=MungoBlobs (both accessed Jul. 17, 2015).

Although wages were low, employee benefits were generous. Under Brazilian law, employers in the manufacturing industry were obligated to provide transportation costs to and from work, provide a meal inside the workplace (or give employees the price of a standard meal or provide a *cesta básica* (a boxed meal with rice, beans, sugar, coffee, pasta, etc.)), give 30 days' paid vacation a year, and pay a 13th month's salary, which was equal to one month's pay. And although not the law, employers

commonly provided daycare assistance for employees' families (spouses and children) too.

Argamassa and Leandro Giuntini

After learning the cement mortar business by working for his father's company, Leandro Giuntini and his brother Flavio founded Argamassa in 2003. Their father provided financial backing as well as connections in the industry. The company grew to become a medium-sized Brazilian construction materials firm focused on the production and distribution of cement mortar and colored grout. The firm competed on cost and relied on economies of scale for generating profits. Given the heavy weight of its products and significant transportation costs, Argamassa served only clients within a 300-kilometer radius of Rio de Janeiro. Argamassa had two types of clients—small to medium retailers and medium to large construction firms. And customers were loyal to Argamassa because it guaranteed a two- to three-day lead time delivery—significantly quicker than competitors—and very effective customer service.

By 2010, Argamassa owned three manufacturing plants and employed over 90 people. Most employees were from Class D and Class E. All lived paycheck to paycheck and worked in an industry where labourers were not generally well treated. They were usually pejoratively mistreated as *peões* (drudges) and when executives and labourers encountered each other, workers tended to neither be acknowledged nor greeted—indeed, they were usually perceived as potential thieves. More often than not, companies had some type of inspector who checked on employees to ensure they weren't stealing products or company assets.

While employees may have been mistreated in the greater area, at Argamassa, they were treated respectfully—Giuntini knew most by name. And it was common knowledge that he helped employees build homes

and that he lent money for motorcycle purchases. From motivating employees to get their driver's licences to providing capital to purchase items to improve their lives, Argamassa employees appreciated Giuntini. Argamassa employees were also paid a higher wage than others in the industry. Giuntini celebrated the company's anniversaries and Christmases with gifts and prizes (televisions, fridges, and microwave ovens)—gestures that went a long way with employees. And benefits such as lunch and groceries went beyond what most firms provided employees. For those reasons, retention was high.

While Flavio focused on sales, Leandro Giuntini worked on manufacturing operations and product formulas. It was clear to everyone that the real engine of Argamassa's phenomenal growth was Leandro Giuntini's dogged determination and capacity to handle many tasks at the same time. Regardless of his generous nature, Leandro Giuntini's managerial style was demanding, and almost every decision passed through him. He calculated raw material purchases, defined optimum delivery routes, set production schedules, and organized marketing efforts. He managed all these technical tasks while at the same time serving as the general director of the company.

Despite the great time commitment of these varied responsibilities, Leandro Giuntini managed to deliver a high-quality product with greater speed than his competitors. The company thrived under his micromanagement. Sales increased by 86 percent in 2005 and another 48 percent in 2006. The company attracted the attention of many in the business community. Several potential buyers made lucrative offers for the company—Leandro Giuntini confidently rejected each one. The sky seemed to be the limit. In 2007, however, the company's rapid growth ground to a halt. Seeking some advice about the abrupt turn of events, one of the people Leandro Giuntini spoke with was his old friend, Eduardo Santiago.

Eduardo Santiago

Born in rural northeastern Brazil, Eduardo Santiago studied electrical engineering and later finance at the University of Pernambuco. He spent five years in the IT industry working on enterprise resource planning and improving and streamlining company processes. Although it seemed clear he could rise to the top in that field, Santiago's real desire was to work in business administration—a notion that seemed like a pipe dream. Then his childhood friend and owner of Argamassa presented him with an opportunity.

Leandro Giuntini shared some of his company's issues with Santiago, asked for his advice, and offered Santiago the opportunity to work as an independent consultant on a seven-month project to align processes. Deciding to drop his more immediate plans to apply to an MBA program, Santiago accepted the position at Argamassa. At the end of his tenure, Santiago had produced an impressive list of recommendations that would help Argamassa break out of its rut. Convinced that Santiago's proposed changes were on the right track, Leandro Giuntini asked him to join the company to spearhead the project himself. Santiago was thrilled about the opportunity. He could implement his recommendations to address Argamassa's issues, help out a long-time friend, and at the same time make the jump into his aspired career track. Santiago began the position as plant manager in March 2008.

Argamassa, Leandro Giuntini, and Eduardo Santiago

When Santiago joined Argamassa, Leandro Giuntini told him that he had free rein to manage and execute the restructuring. He was to solve the rampant disorganization and inefficiency. Production was using 55 percent of its capacity, yet employees were consistently working overtime. Variable costs had increased by 15 percent and fixed costs by

10 percent in 2007, resulting in an 81 percent drop in profits. Santiago reorganized divisions to create economies of scale, and he appointed a new crop of competent managers. Key performance indicators were chosen to generate continuous improvement throughout the company. In addition, Santiago reduced material wastage and, by the end of 2008, there was no overtime pay.

Things were humming along smoothly until Leandro Giuntini made a decision to increase prices just as two new entrants joined the market with reduced prices. Sales dropped by 10 percent. When the company looked as though it was headed toward serious financial trouble in 2009, harsh cutbacks were instituted. Leandro Giuntini stopped consulting Santiago and reduced employee benefits to just above the minimum required by law: He stopped paying for lunches or groceries, a large part of the reason why some employees came to work with Argamassa; ended a policy of salary advances; and greatly reduced Christmas bonuses and gifts. The workers, to their credit, accepted the cuts because Santiago promised them that benefits would return when profits did, and they trusted Leandro Giuntini.

Eventually the cost reductions seemed to be paying off as Argamassa's profitability started to recover by the first quarter of 2010. Instead of reinstating the firm's previously generous benefits, money was instead spent on new trucks and on a new product line. Employees became disgruntled.

By the end of 2010, it seemed as though the company was headed toward another loss. Santiago could feel the toxic relationship between labour and management. Employees were taking longer to do their jobs, and they were less productive. Some were doing poor work so that they could stay later and receive overtime pay as compensation for their slashed

benefits. Others were simply quitting, and although they were easily replaced, new hires immediately adopted their bad habits.

Leandro Giuntini went directly to Santiago's managers and ordered them to fix employee production issues. That directive resulted in two bitter public firings by one manager. Santiago was frustrated. He believed that at the first sign of trouble, Leandro Giuntini had begun his obsessive micromanaging again.

Production wasn't the only area suffering from low morale; sales reps who normally pushed Argamassa products started dedicating more time to other companies' products, and sales growth dropped. Discouraged over the situation, Santiago sought the counsel of another friend and co-worker at Argamassa, Bruno Fonseca. As he listened to Santiago vent about his boss, Fonseca reminded him that it was Leandro Giuntini who was the driver who had built a successful company. And it was Leandro Giuntini who took a chance by hiring Santiago to fix some issues in the first place. Fonseca continued:

You're not the only one who owes something to Leandro. We all do. He helped me when I had a severe financial problem. He helped Ediliea in financial management to buy a nice home to raise her family in. You can ask nearly every worker in the shop—they are all thankful to Leandro for something, whether a motorcycle, car, or grocery payments. Behind the temper and hunger for results, he really is a good man. At the moment, the intense pressure for numbers has obscured that in the eyes of the workers.

Their conversation had Santiago deeply worried. Fonseca's insights regarding how much employees depended upon the company to take care of them reminded him of something else. Leandro Giuntini had just decided to cut the snack budget for the transportation team—again. He had reinstated it when things improved after the first round of cost cutting.

Fix It—Again?

In his mind, Santiago had two choices to change the firm's situation, which he figured would otherwise end with bankruptcy or a takeover. He could apply to MBA programs and quit his job before he was fired, or he could stay and try to tackle the problems. He wondered how he would explain working at the company for only three years and being part of its second major loss in profits—not a successful track record that he would be proud to show potential employers or write on MBA program applications.

For Santiago, staying at Argamassa implied approaching Leandro Giuntini about a plan to turn things around. In Santiago's view, the problems had little to do with the high costs Giuntini was determined to continue fixing. Instead he felt the root cause of Argamassa's issues was that both he and Leandro Giuntini were doing practically the same job. This confused and upset employees and prevented the company from having clear leadership.

Santiago's plan to turn things around was twofold. First, he would propose to increase Argamassa's sales. Cost-cutting measures had been tried and had not worked. It was clear to him that if management wanted to fix Argamassa's bottom line and growth in sales, cost-cutting measures would not be the proper means. Santiago would achieve sales growth by focusing on the marketing and commercial division and by finding ways to acquire new customers. This, Santiago thought, was the right way to stop the company's losses. Second, he would revive employee morale by rebuilding the company's earlier positive culture. He would do more to engage employees and clients in the company and show that management really did care. Santiago believed his plan would work *only* if Leandro Giuntini took a big step back from the plant and gave him complete freedom to implement it.

Santiago's head hurt from the lack of sleep over the way things could play out at Argamassa. His mind turned to his complicated working relationship with Leandro Giuntini and the unknown if he decided to leave the firm. How would he approach his conversation with Giuntini? Was dinner with him going to be one between a boss and his manager or between two old friends?

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Questions

- * 1. Explain the relevance and importance of organizational behaviour for the issues described in the case and the problems at Argamassa. What are the main issues, and what do they have to do with organizational behaviour?
2. Describe employee attitudes, behaviour, and performance at the following time periods: (a) 2003 to 2008; (b) after Giuntini's cutbacks in 2009; and (c) by the end of 2010. How, when, and why did employees' attitudes, behaviour, and performance change?
3. Using the goals of organizational behaviour, discuss the impact of Giuntini's cutbacks on employees and the relationship between labour and management. In other words, predict and explain the effects of the cutbacks, and describe what you would do to manage them.
4. Consider Leandro Giuntini's performance in terms of managerial roles and activities. What roles and activities does he engage in, and how effective is he in performing them? What roles and activities does he need to do more or less of and why?
5. Do you think Santiago's plan to turn things around will be successful? What changes would you recommend for returning

the company to profitability and why?

* Question 1 is also assignable in Writing Space.

1 The World Bank, "Labor Force, Total," <http://data.worldbank.org/indicator/SL.TLF.TOTL.IN> (accessed Feb. 27, 2015).

2 BRL = Brazilian real. USD = U.S. dollar. Causa Operaria Online, "60% do brasileiros vivem com menos de um salario minimo," <http://www.pco.org.br/nacional/60-dos-brasileiros-vivem-com-menos-de-um-salario-minimo/asia,e.html>, and historical currency conversion: <http://www.x-rates.com/historical/?from=USD&amount=70&date=2015-03-19> (both accessed Mar. 19, 2015).

3 "Meet the 'C' Class—Brazil's Rising Middle Class, The Hope of a Nation," Worldcrunch, July 19, 2012, <http://www.worldcrunch.com/culture-society/meet-the-c-class-brazil-s-rising-middle-class-the-hope-of-a-nation/c3s5888/#.VPDz4zYo6Uk>; and https://www.jpmorgan.com/cm/BlobServer/Brazil_101_the_2011_country_handbook.pdf?blobkey=id&blobnocache=true&blobwhere=1158631510475&blobheader=application/pdf&blobcol=urldata&blobtable=MungoBlobs, 11 (both accessed Jul. 17, 2015).

4 BRL1 = USD0.35.

Integrative Case

Ken Private Limited: Digitization Project

Late one evening in August 2004, Saiyumn Savarker, chief operating officer (COO) of Ken Private Limited (Ken), was sitting alone in his corporate office. While he gazed at the panoramic view from his workplace in the Philippines, his thoughts raced to the vexing problems encountered in the first phase of the Genesis Digitization Project.

The Genesis Digitization Project required Ken to create digital archives of an American daily newspaper, *The Genesis Times*,¹ for its client, Dogma International. The coverage of this newspaper spanned 150 years. Ken had begun the project in April 2004 and had promised 10 years of digitized newspaper to the client by the end of July 2004. Unfortunately, Ken could not meet this deadline, and the delay did not sit well with Dogma International, since it had, in turn, already made a commitment to its customers. Infuriated by the delay, Dogma International sent out a dire warning: If Ken was unable to honour the commitment, Dogma International would not hesitate to cancel the project.

The project was in a state of flux. Ken had to deliver 35 years of digitized newspapers with enhanced image quality to Dogma International in a time frame of just two months. Moreover, the cross-cultural context exacerbated Ken's problems and presented Savarker with a tough business issue. The gravity of the situation forced him to call an emergency meeting with the various managers of the Genesis Digitization Project to discuss and develop an action plan for successful execution and on-time delivery of the project to the client.

Company Background

Ken Private Limited

Ken Private Limited was established in March 1991 in Texas, United States, and was in the business of providing knowledge outsourcing and technology services. The firm helped its clients to use information efficiently as well as cost-effectively. The outsourcing content services of the company focused on fabrication services and knowledge services. Included in Ken's fabrication services were processes such as digitization, XML and mark-up services, imaging, data conversion, content creation services, and language translation services. Knowledge services, on the other hand, included content enhancement, vocabulary development, taxonomy, hyperlinking mark-up, indexing and abstracting, and other general editorial services. The technology services focused on the design, implementation, integration and deployment of systems to author, manage, and distribute content. By 2004, Ken had earned a great reputation in the market for its excellent performance. It had established offices in America, Europe, and Asia, employing more than 5000 employees, and its net profit in 2004 amounted to \$90 million. Ken was one of the best market players in the industry, having earned many accolades for its superior performance, and its client base included many of the world's pre-eminent information, media and publishing companies, as well as leading enterprises in information-intensive industries.

Dogma International

Dogma International was a leading global content-publishing company, located in Michigan, United States. The company's history spanned 55 years, and its reputation in the market was based on the high quality and excellence of its services. The company developed information databases through multiple sources like newspapers, magazines, and journals and from the works of thousands of publishers, in turn making the

information available to customers through a web-based online information system. Large organizations and individuals alike depended on Dogma International to provide reliable and trustworthy information.

Dogma International acquired the rights to the microfilm archives of *The Genesis Times*, one of the most prestigious newspapers in America. The company considered it advantageous to shift from microfilm to a web-based product and decided to digitize the newspaper. For Dogma International, this decision represented a key strategic move as well as a prestigious project—to make available over the web millions of pages currently on microfilm, dating as far back as the 18th century.

As a part of this project, Dogma International aimed to convert the microfilm archives of the newspaper into a comprehensive digital archive. The main goal of the project was to make the content available and accessible, from anywhere in the world, to scholars, researchers, students, teachers, libraries, and others needing the information. Every issue was to be digitized from cover to cover in an easily searchable, user-friendly format. Thus, the company sought to provide the information in both text-only format and full-page format so that users could view the information as originally published. The company also planned to index every issue thoroughly in order to enhance the browsing experience of the user, an effort that would require additional features, such as the ability to narrow searches (by date, author's name, keyword, etc.), view brief abstracts, and access each page with a user-friendly URL. Dogma International approached Ken to take on this task.

Strategic Agreement: Digitizing 150 Years of History

On March 21, 2004, Ken entered into an agreement with Dogma International to provide its services for the Digitization Project, creating a

digital historical archive of full runs of *The Genesis Times*. Under the agreement, Ken was expected to provide the client with a range of services that included product manufacturing services, such as digitization and imaging services; XML conversion and transformation services, professional services; and editorial services, such as abstracting and indexing. (See [Exhibit 1](#) for project summary.)

Exhibit 1 Project Summary

Project Description	A newspaper digitization project required to create digital archives of 150 years of the newspaper, <i>The Genesis Times</i> .
Input Materials	Newspapers in 35 mm roll microfilm. Each shipment will contain multiple reels. <ul style="list-style-type: none"> ● Each reel may contain several complete issues; an issue will not span more than one reel. ● Each issue may contain several pages. ● Each page contains a number of articles.
Output Requirements	Both full page and clipped images (of individual article zones) are required. Text will be delivered in XML. For each article (which may include ads and other non-article kinds of individual content) are the following requirements: <ul style="list-style-type: none"> ● One XML file, containing all the metadata and zone content for the article ● One tagged image file (TIFF) containing article images ● Exception: photographic zones and charts are to be provided as jpeg images instead of TIFF
Accuracy Requirement	<ul style="list-style-type: none"> ● 99.95 percent character accuracy for header information (headlines, sub-headlines, bylines, photo captions, and first full paragraph of the article) ● 100 percent accuracy for quality pre-audit of the product submitted ● 100 percent tag accuracy
Mode of Transmission	Processed files shall be burn-in DLT tapes
Special Project Requirements	<p>Processed file should be delivered issue by issue directory as follows:</p> <pre> newspaper_issuedate (directory) ├── each article XML file and all article TIFF or JPEG files from that issue. ├── page (directory) │ └── all full-page TIFF files from that issue </pre> <p>Each file (whether XML, TIFF or JPEG) will be uniquely named.</p> <p>In addition to the required deliverable are the following:</p> <ul style="list-style-type: none"> ● Exact count of pages in each reel delivered to IDI ● Exact count of pages in each batch delivered to client ● Exact count of articles (by headline) of each batch delivered to the client (transmitted) ● Exact count of articles (per batch delivered) not processed

Source: Company files.

The history of the newspaper spanned almost 150 years, from its first issue in 1851 until 1999, which included more than 3.4 million pages and represented a 15-month project for Ken. As per the agreement, Ken had to deliver the first batch (i.e., 10 years of digitized newspaper) within four months of the project's commencement. Thereafter, Ken was to deliver a bulk order of 25 years' worth of digitized newspaper content every two months.

The Preparation: Technology and Content Strategy

Shekhar Sharma, who had recently joined Ken's Hyderabad office, was appointed as project manager for the Genesis Digitization Project. Sharma, an Indian, had six years of experience working for an Indian information technology (IT) company and four years of formal education in technology.

The digitization of *The Genesis Times* represented the first time that Ken had handled a project of this kind. So far, the company had been using the traditional method of web-page delivery, wherein PCs were used to access HTML web pages that were displayed page by page. However, owing to the large volume of data in the newspapers and the requirements of the client, the Genesis Digitization Project could not be carried out using this method. Further, XML was rapidly replacing HTML as a standard format within the industry, and the project required the newspaper data to be converted to the XML format, which demanded an XML-based repository structure. However, compared to HTML and other conventional data sets, the use of XML posed a unique set of challenges. The XML format required creation of rich metadata with a high degree of precision and consistency, as well as a technology-intensive manufacturing environment.

Ken's recently established XML content factory in Tacloban City, Philippines, was thought to be the appropriate location to carry out a large-scale project like this. The factory was equipped with all the tools required to meet the challenges posed by the newspaper digitization process.

A new process and methodology were created for the project. The process involved gathering data from the microfilms, normalizing

disparate data formats, digitizing non-digital assets and creating XML files, which were uploaded to the client's digital warehouse. However, to implement the conversion process, it was essential for Ken to operate on advanced technological platforms, which had to be built to facilitate the needs of the project. Such technology development functions were, by and large, performed at the company's office in Hyderabad, India.

Both tasks—content processing and technology development—were indispensable for the project. Keeping this fact in mind, Sharma decided to split the activities of the production and technology development between the Philippines office and the Indian office. It was the first time that the company had adopted this kind of an arrangement to execute a project. The Indian team was given the responsibility of developing a technological platform and transferring it to the Filipino team, whereas the latter was given the task of content processing and production using the newly developed technical platform.

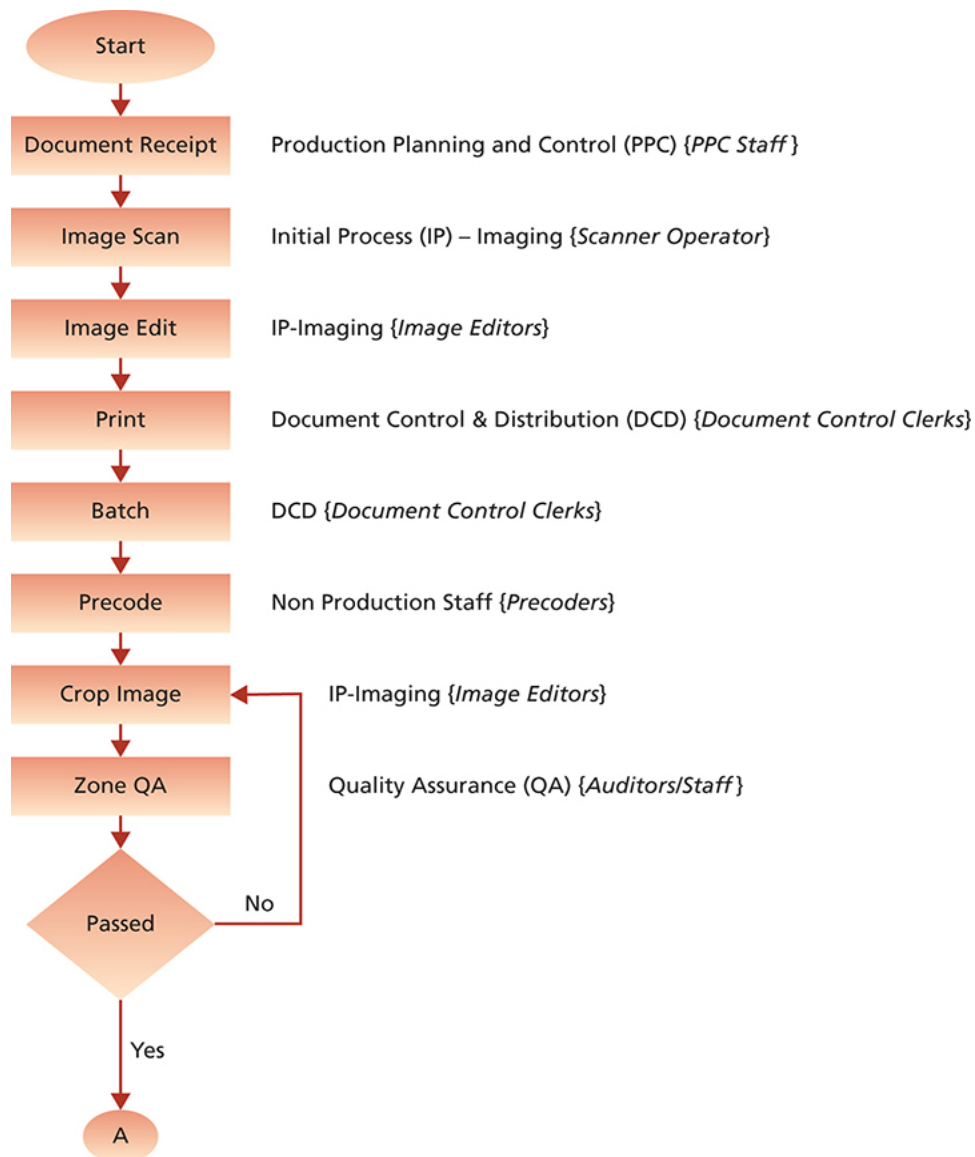
Distant Teams, Different Backgrounds

Sharma, the project manager, took charge of the Genesis Digitization Project, relocated to the Philippines, and decided to start work simultaneously at both locations to save time. The project started on April 1, 2004.

To carry out the project, Ken created a team of 1600 employees, with 1400 members in the Philippines and 200 in India. The Filipino team was segregated into five departments: Production Planning and Control (PPC), Initial Process Imaging (IPI), Document Control and Distribution (DCD), Non-Production Staff (NPS) and Quality Assurance (QA) (see [Exhibit 2](#)). The employees in each department were assigned clear tasks. A department manager was associated with each department and was accountable for the department he or she managed. The Indian team

had three assistant managers supervising the project in India in three shifts. Each of the three managers was responsible for delivery from their respective teams.

Exhibit 2 Process Flow



Source: Company files.

The Indian team initiated the project through the planning and design of the technological platform, transferring each technology segment to the

Filipino team throughout each stage of the development process. While the Indian team was working on the first segment of the technology, the Production Planning and Control department of the Filipino team had the task of receiving the input from the client in the form of microfilms.

The Filipino team members were very comfortable working with the current form of *pragmatic workflow* (a term used for work that required minimal use of high-end technology) since it offered enough flexibility to carry out operations. The members of the Filipino team, however, did not see the benefits of switching over to the new workflow. They were quite skeptical about the new technology that was being developed by the Indian team, and they had reservations about the value of the technology, both to their own team and to the project. Although the team members discussed this issue among themselves, they did not share their concerns with their project manager.

The Widening Gap

While the Filipino team continued to express concerns among themselves about the new workflow, the Indian team was ready with the first segment of the technological platform. The Filipino team received the technology, and its IPI department initiated the scanning of microfilms to create electronic images. The members of the IPI department found the technology frustrating because, in their opinion, it was not very user friendly, and it required significant improvement. Michael Tajale, the IPI department manager, complained to Sharma about the issue, and Sharma passed along the feedback about the glitches to the Indian team. The team in India reviewed the feedback and made the necessary modifications in the first segment of the technology and then transferred the revised version back to the Filipino team.

The Indian team then began to work on the second segment of the platform, soon delivering it to the Filipino team. The second segment was crucial for the Document Control and Distribution (DCD) department, which required this platform in order to print the image files to serve as source documents for production.

The DCD department received the second part of the technological platform and got to work. During implementation, however, the employees determined that the technology was flawed, asserting that the glitches in the technology prevented them from continuing their work. The manager of the DCD department, Albert Lumapas, was frustrated with the situation because production in his department had come to a standstill. Further, this unpleasant development increased the Filipino team's concerns about the technology and the team in India, as the team members became convinced that their initial apprehensions had been justified.

Hitting A Roadblock

As the project manager, Sharma found himself in a quandary because he had never anticipated a situation like this. He realized that he needed to get more involved to straighten out the situation and get the job back on track. With this goal in mind, he convened a meeting with all five department managers and a few employees from each department.

He started off with a general discussion and then gradually began to make inquiries about the delay in the project. He addressed the managers but was met with a stony silence; none of them expressed their concerns. This did not deter Sharma. He insisted that each employee share their views regarding the problems. An employee from the DCC department murmured something about there being a lot of errors in the technology delivered to them and that the team in India was not sensitive to the

production department's needs. Sharma took note of the response, tried to find out more about the problem, and asked the employee to explain what the glitches were; however, the employee refused to share anything more. Sharma tried yet again to get answers from the employees, but none were forthcoming. Feeling irritated and frustrated, Sharma lost his temper and yelled at the employees but still could not get a response. He called the meeting to a close.

The Mystery Deepens

After the meeting, Sharma urged the Indian team to do their job more conscientiously and also directed them to resolve the errors they had made in the second segment of the technological platform before resending it to the Filipino team.

By this time, it was already May 2004, and things were not improving. Sharma felt genuinely worried about the project. While walking around the production facility, he overheard a conversation in the hallway between Tajale and Lumapas, who respectively headed the IPI and DCC departments.

Tajale: Hey, Lumapas. How's the production going in your department? Are things getting any better?

Lumapas: Not really. There are a lot of issues in the technical part. I don't know what the Indian team is up to. I think they are just not concerned about our problems.

Tajale: I agree with you. While we were working on the microfilm conversion, we had minimal support from the engineering department.

Lumapas: Very true. The other day I sent a very important email to the team in India for resolving a technical issue. It was an urgent one, but there was no answer from the Indian team. Those guys just do not

understand the urgency and take their own sweet time to get back to us. My department had to sit idle for the whole day because of the unresolved problem. My team felt frustrated. This was, of course, not the first time that such an incident happened. It's an everyday scenario now with the engineering team.

Tajale: Yeah. That's sad. We didn't have a great experience working with them either. The technology that was transferred to us was not at all user friendly, and moreover, I feel those guys aren't even looking out for inputs from the production department.

Lumapas: That's right, and this is a big barrier. Our team members are not well versed in the use of technology. Of course, the engineering team didn't organize any knowledge-sharing sessions or training. The lack of awareness on the use of technology has made it even more difficult for us to reduce the problems.

Tajale: The Indian team did resolve some issues by making some modifications in the technology and transferred that to us a second time. It became all the more complicated to work on those platforms as the rework processes were not clearly defined.

Lumapas: Oh, I see. I wasn't aware of these intricacies. Thanks, Tajale, for sharing this piece of information.

Tajale: Lumapas, there's one thing that I fail to understand. The problem lies with the Indian team, and the project manager keeps asking us, "What's the problem?"

Lumapas: I know, and finally, if something goes wrong, it is always our team that is blamed. Nobody blames them.

Tajale: Yeah...alright then, Lumapas. I have someone waiting for me at reception. I'll catch you later.

Lumapas: Sure, Tajale. Thanks.

After Sharma overheard the conversation, he felt even more perplexed and overwhelmed by the whole situation, which seemed to be rapidly spinning out of control.

The Other Side

Sharma believed it was essential to talk to the Indian managers before taking any further steps. Consequently, he connected with Rajeev Anand, one of the three assistant managers in India. Sharma expressed his disappointment over the results delivered by the Indian team. He also asked Anand to clarify why things were not proceeding according to the original plan, to which Anand replied:

The team here in India has its expertise in developing technology, but at the moment, we are dealing with a new project. This project is not like any of the usual projects and requires a different kind of treatment. Technology of this kind has not been established in the company and thus has required extra time, effort, and even refinement. There are a few inevitable bottlenecks in technology at the moment. Despite this, the team is trying to fix all the issues and enhance the applications as and when reported.

As far as the Filipino team is concerned, sir, I try to ensure that all their concerns are immediately addressed, and they get a timely response. They are not at all patient, and they create an uproar over every petty issue. I believe there aren't as many errors in the technology as they have made out, and I feel they lack the inclination to learn the processes involved. I wonder if they even understand the project they are working on. We will, of course, take your suggestions into consideration and ensure successful delivery of the technology.

The Deadline Approaches

The project manager's attempts at mediation brought some success. After fixing the errors, the Indian team passed on the technology to the Filipino team, and production in the Philippines finally resumed. The DCC department printed the image files to serve as documents for production and, thereafter, batched source documents per page for easier data tracking and processing.

Meanwhile, the Indian team was preparing its third segment of the technical platform. As a part of the third segment of technical work, the Indian team engineered links that would enable the Filipino team to provide the abstracting, indexing, and other editorial services to the client. This time, they were certain that there were minimal errors.

With the help of the third segment of technology, the NPS department of the Filipino team inserted tags within the content to provide markers that the computer could process. They were also expected to provide the client with certain other services, such as content enhancement, hyperlinking, indexing, abstracting, and general editorial services, which once again proved to be taxing for the Filipinos.

The NPS department faced major difficulties in delivering these services. The team members were not able to comprehend the style of language used in the newspaper as they had never been exposed to such writing before. It was with great difficulty that the project moved to the next step.

The IPI department edited the images in this stage. They cropped the corresponding image file according to the pre-coded source document. The project was subsequently passed on to the Quality Assurance (QA) department to perform the procedures required in order to certify that the processed zones met the zoning quality requirement. The department ascertained that the product being extended to the client was of suitable quality and that it met all the required standards. According to the QA department, there were no errors in the digitization of the newspapers.

Despite the team's best efforts, Ken was prepared to deliver only two years' worth of digitized newspapers on July 31, 2004.

The Angry Client

After four months, it was time for the first delivery to be made, as per the agreement. But to the shock of the client, Ken could deliver just two years of digitized newspapers, not even one-quarter of what it had promised.

Not surprisingly, the client was appalled. Dogma International was extremely unhappy, not just with the delay, but also the quality of the delivery. The company issued an ultimatum to Ken: either Ken would deliver high-quality digitized archives of the newspaper, as per the agreement, within a period of two months, or it would lose the project.

The client's warning was a major wake-up call for Ken. The company managers realized that if they wanted to retain the project, they had no other choice but to deliver the product as per the client's requirement. The loss of an important client and potential damage to Ken's own reputation was at stake. The board of the company got together to find a way out. They zeroed in on COO Saiyumn Savarker as their point man to handle the project at this critical juncture.

Prior to attaining this COO position, Savarker had served as assistant vice-president of project delivery at Ken. He had a long and successful record of managing many national and international project deliveries for the company, and the board appreciated his work and the corporate contributions he had made. Savarker flew from India to the Philippines to assess the issue.

The Missing Link

Savarker's primary focus was to get acquainted with the situation. He met with Sharma, who briefed him about the state of affairs and shared everything that had happened during the four-month period. With the information he gleaned, Savarker gained some insight into the client's

disappointment with the deadlines, but he still could not identify the source of the problem.

Savarker's next step was to go to the QA department in search of further insights. To his surprise, he was told that the product that had been offered to the client was of good quality. The department manager said, "The team captured the client's relevant content and converted it into XML as per the standards. The 99.95 percent character accuracy requirement for header information for headlines, sub-headlines, bylines, photo captions, and first full paragraph of the article was ensured. The team also ensured 100 percent tag accuracy and 100 percent accuracy for quality pre-audit of the product submitted."

Upon discovering this information, Savarker wondered about the all-important missing link. He decided it would be helpful to find out more from the client, so he promptly arranged for a meeting in order to gain a clear understanding as to why Dogma International considered the product to be inadequate. The client replied by saying, "Though the text part was digitized in a correct manner, the quality of the images was really poor." The client told Savarker that they considered the image part important because it had tremendous power to attract users to the product. With the growth of the internet, they expected the demand for images to be huge. As the meeting was about to come to an end, the client exclaimed, "At least you talked to us! This is the first time that somebody from your company has asked for input or feedback from us, so we thought our specifications and expectations must be clear to your company."

Savarker returned to his office and met with Sharma. He explained his conversation with the staff at Dogma International and asked Sharma for an explanation. Sharma said, "We weren't aware that the client was concerned about the aesthetics as well. We had no clue about this

requirement. If we replace our current scanners with high-resolution scanners, we will be able to deliver high-quality images to the client as per their requirement.”

After winding up his meeting with Sharma, Savarker walked directly into his office on the fourth floor. He called his assistant and asked her not to let anybody disturb him for next two hours. He then sat on his chair and said to himself, “There is no time for crying over spilt milk and blaming anybody, but it is sad that this lack of competency or comprehension of the client’s need was attributed to poor knowledge on the company’s part.”

He pondered the situation and realized that Ken needed to digitize approximately 35 years’ worth of newspaper afresh, and it also needed to improve the image quality throughout the process. The task seemed enormous since it had to be done within a period of just two months. As he grappled with the situation, Savarker worked toward finding a solution that would steer the project out of dangerous waters.

Questions

- * 1. Discuss the relevance of organizational behaviour for the issues and problems facing Ken Private Limited with respect to the Genesis Digitization Project. What topics in organizational behaviour help to explain the problems with the Genesis Digitization Project, and what topics are important for the success of the Genesis Digitization Project?
2. Explain how the goals of organizational behaviour would have been helpful for the Genesis Digitization Project. Describe some of the things that Shekhar Sharma might have predicted, explained, and managed.

3. Consider Shekhar Sharma's role as project manager for the Genesis Digitization Project in terms of Mintzberg's managerial roles and Luthans, Hodgetts, and Rosenkrantz's managerial activities. What managerial roles and activities does he exhibit, and how effective is he in performing them? What roles and activities are most important for him to perform and why?
4. To what extent are the contemporary management concerns described in **Chapter 1** ¹ relevant for Ken Private and the Genesis Digitization Project? What should Ken Private be most concerned about, and what should they do to effectively manage the contemporary management concerns?
5. How can organizational behaviour help Saiyumn Savarker find a solution to steer the Genesis Digitization Project out of dangerous waters and to successfully complete the project? What should Savarker do to ensure Ken's successful delivery of the project?

Source: Rupali Pardasani and Professor Asha Bhandarker wrote this case solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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* Question 1 is also assignable in Writing Space.

¹ The name of the newspaper has been disguised to protect confidentiality.













































Part 2 Individual Behaviour

Chapter 2

Personality and Learning

◀ Listen to the Audio



Learning Objectives

After reading Chapter 2, you should be able to:

- 2.1 Define *personality* and describe the *dispositional*, *situational*, and *interactionist* approaches to organizational behaviour.
- 2.2 Discuss the Five-Factor Model of personality, *locus of control*, *self-monitoring*, and *self-esteem*.
- 2.3 Discuss *positive* and *negative affectivity*, *proactive personality*, *general self-efficacy*, and *core self-evaluations* and their consequences.
- 2.4 Define *learning*, and describe what is learned in organizations.
- 2.5 Explain *operant learning theory*, differentiate between *positive* and *negative reinforcements*, and *extinction* and *punishment*, and explain how to use punishment effectively.
- 2.6 Explain when to use immediate versus delayed reinforcement and when to use continuous versus partial reinforcement.
- 2.7 Explain social cognitive theory and discuss *observational learning*, *self-efficacy beliefs*, and *self-regulation*.
- 2.8 Describe the following organizational learning practices: *organizational behaviour modification*, *employee recognition*

programs, and training and development programs.

Naheed Nenshi

What does it take to be the best mayor in the world? Some say politics; some say personality; while others say both. Whatever it takes, Calgary mayor Naheed Nenshi has it. In 2014, the City Mayors Foundation awarded him the World Mayor Prize, which recognizes mayors who have made outstanding contributions to their communities. A year earlier, Maclean's magazine named him the second most powerful person in Canada, second only to the prime minister.

Naheed Nenshi was born in Toronto shortly after his family emigrated from Tanzania in the 1970s. They then moved to Calgary, where Nenshi was raised. After graduating from the University of Calgary with a bachelor of commerce degree and then Harvard University with a master's degree in public policy, he worked for the consulting firm McKinsey & Company before returning to Calgary, where he started his own business and worked as a professor at Mount Royal University.

His interest in civic affairs led him to consider a run for mayor of Calgary in 2010. Few people knew who he was when he entered the race, and he was considered an outside candidate. However, during the final weeks of the campaign, his support and momentum surged. To everyone's surprise, he was elected with 39 percent of the vote, making him the 36th mayor of Calgary and the first Muslim mayor of a major North American city.

Nenshi ran a grassroots campaign that was made up of volunteers. His campaign and surprise victory was called the "Purple Revolution" because of the campaign colour and broad demographic and strong youth support. Supporters were seen in purple clothes, social media

accounts had purple backgrounds, and Nenshi's campaign headquarters was painted purple.

His campaign emphasized community activism with the campaign slogan "Better Ideas" and focused on things such as safe neighbourhoods, poverty reduction, improved transportation, transparent city hall, complete communities, and quick access to the airport. His campaign was also noted for its use of social media, including Twitter, Facebook, and YouTube. He wore a button with the number 3 to urge Calgarians to do three things to better their community. In his acceptance speech to his supporters he said, "Today Calgary is a different place than it was yesterday. A better place."



Naheed Nenshi is the most admired and popular mayor in Canada. Some say it has a lot to do with his personality.

Courtesy of the City of Calgary, Office of the Mayor

During the Calgary floods of June of 2013, Nenshi obtained superhero and rock-star status as he worked tirelessly around the clock. Photos of the mayor were superimposed on Superman movie posters. People sported T-shirts of a smiling Nenshi with goggles and snorkel while others featured a cowboy hat and read "Keep Calm and Nenshi On." Nenshi worked for 43 hours straight and urged residents to help their neighbours and hug emergency providers. Many people lined up to hug him.

He was in helicopters, in front of news cameras, providing updates several times a day, visiting flood-struck zones, and he went door-to-door to people's homes to see how they were doing. He used traditional and social media to provide Calgarians with up-to-date information. His constant presence led to a social media movement to get him to go home and get some sleep.

In an editorial that appeared in the Calgary Sun, Nenshi was commended "for his amazing leadership under the most trying of circumstances.... He has been a beacon of strength, support and optimism as Calgary battles the effects of the single-biggest disaster to hit our city.... But most importantly, he has been positive in the face of unprecedented chaos."

The flood crisis confirmed Nenshi's leadership ability, and in October 2013 he was re-elected as mayor of Calgary in a landslide victory. In 2017, he was re-elected for a third term, and this time his personality, which some have described as wonkish and witty while others have described as condescending towards those he disagrees with, became a key issue. In response to the criticism, he stated that "scrappy" leaders have long been celebrated in Alberta. In his victory speech, he said, "This has been a very tough campaign. It has been tough for many reasons. It was a campaign that was often more about personality than policy."

Many have described Naheed Nenshi as a people person who is whip-smart and jolly. He has a track record of success and a reputation for innovative thinking and is a great communicator. He remains one of the most admired and popular mayors in Canada. Nenshi's popularity and success have led some to suggest that he would be the ideal candidate for premier of Alberta. For now, however, he is just the best mayor in the world.¹

Naheed Nenshi seems to have what it takes to be a successful leader and politician. But what is it about him that has contributed to his success? Does it have something to do with his personality? What kind of personality does he have? And what kind of personality is important for leadership and career success? In this chapter, we will try to answer these questions.

While research in organizational behaviour has shown that behaviour is partly a function of people's personalities, learning is also a critical requirement for effective organizational behaviour. Therefore, we will also consider the role of learning in this chapter. But first, we begin with the important role of personality in organizational behaviour.

What Is Personality?

LO 2.1 Define *personality* and describe the *dispositional*, *situational*, and *interactionist* approaches to organizational behaviour.

LO 2.2 Discuss the Five-Factor Model of personality, *locus of control*, *self-monitoring*, and *self-esteem*.

◀ Listen to the Audio

The notion of personality permeates thought and discussion in our culture. We are bombarded with information about “personalities” in the print and broadcast media. We are sometimes promised exciting introductions to people with “nice” personalities. We occasionally meet people who seem to have “no personality.”

Personality is so important that some companies focus on personality when hiring employees. For example, Kirmac Collision Services, an automotive collision repair company based in Coquitlam, British Columbia, focuses more on personality and less on industry-specific experience and skills when recruiting and hiring employees. And if you are interested in participating in the Mars One mission, which will send a crew of four to Mars in 2024, it is your personality, not your knowledge or technical skills, that is the focus of the selection process. A recent survey of Canadian organizations found that when it comes to hiring recent graduates, many employers rank personality as more important than work experience and education.² But what exactly *is* personality?

Personality is the relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment and how he or she feels, thinks, and behaves. An individual's personality summarizes his or her personal style of dealing with the world. You have certainly noticed differences in personal style among your parents, friends, professors, bosses, and employees. They are reflected in the distinctive ways that they react to people, situations, and problems.

Where does personality come from? Personality consists of a number of dimensions and traits that are determined in a complex way by genetic predisposition and by one's long-term learning history. Although personality is relatively stable, it is certainly susceptible to change through adult learning experiences. And while we often use labels such as "high self-esteem" to describe people, we should always remember that people have a *variety* of personality characteristics. Excessive typing of people does not help us to appreciate their unique potential to contribute to an organization.



Personality is the focus of the selection process for the Mars One Mission which will send a crew of four to Mars in 2024.

Personality and Organizational Behaviour

◀ Listen to the Audio


Personality has a rather long history in organizational behaviour. Initially, it was believed that personality was an important factor in many areas of organizational behaviour, including motivation, attitudes, performance, and leadership. In fact, after the Second World War, the use of personality tests for the selection of military personnel became widespread, and in the 1950s and 1960s, it became popular in business organizations.

This approach to organizational behaviour is known as the **dispositional approach** because it focuses on individual dispositions and personality. According to the dispositional approach, individuals possess stable traits or characteristics that influence their attitudes and behaviours. In other words, individuals are predisposed to behave in certain ways. However, decades of research produced mixed and inconsistent findings that failed to support the usefulness of personality as a predictor of organizational behaviour and job performance. As a result, there was a dramatic decrease in personality research and a decline in the use of personality tests for selection.

Researchers began to shift their attention to factors in the work environment that might predict and explain organizational behaviour. This approach became known as the **situational approach**. According to the situational approach, characteristics of the organizational setting, such as rewards and punishment, influence people's feelings, attitudes,

and behaviour. For example, many studies have shown that job satisfaction and other work-related attitudes are largely determined by situational factors, such as the characteristics of work tasks.³

Over the years, proponents of both approaches have argued about the importance of dispositions versus the situation in what is known as the “person–situation debate.” Although researchers argued over which approach was the right one, it is now believed that both approaches are important for predicting and understanding organizational behaviour. This led to a third approach to organizational behaviour, known as the “interactionist approach,” or “interactionism.”

According to the interactionist approach , organizational behaviour is a function of both dispositions and the situation. In other words, to predict and understand organizational behaviour, one must know something about an individual’s personality and the setting in which he or she works. This approach is now the most widely accepted perspective within organizational behaviour.⁴

To give you an example of the interactionist perspective, consider the role of personality in different situations. To keep it simple, we will describe situations as being either “weak” or “strong.” In weak situations, it is not always clear how a person should behave, while in strong situations, there are clear expectations for appropriate behaviour. As a result, personality has the most impact in weak situations. This is because in these situations (e.g., a newly formed volunteer community organization), there are loosely defined roles, few rules, and weak reward and punishment contingencies. However, in strong situations, which have more defined roles, rules, and contingencies (e.g., routine military operations), personality tends to have less impact.⁵



© Cartoonresource/Shutterstock.com

Thus, as you can see, the extent to which personality influences people’s attitudes and behaviour depends on the situation. Later in the text ([Chapter 13](#)), you will learn that the extent to which people perceive stressors as stressful and the way they react to stress is also influenced by their personality. This is another example of the interactionist approach to organizational behaviour.

One of the most important implications of the interactionist perspective is that some personality characteristics are most useful in certain organizational situations. According to trait activation theory, personality traits lead to certain behaviours only when the situation makes the need for that trait salient. In other words, personality characteristics influence people’s behaviour when the situation calls for a particular personality characteristic.⁶ Thus, there is no one best personality, and managers need to appreciate the advantages of employee diversity. A key concept here is *fit*: putting the right person in the right job, group, or organization and exposing different employees to different management styles.

In recent years, there has been a resurgence of interest in personality research in organizational behaviour. One of the main problems with the early research on personality was the use of inadequate measures of personality characteristics. However, advances in measurement and trends in organizations have prompted renewed interest. For example, increased emphasis on service jobs with customer contact, concern about ethics and integrity, and contemporary interest in teamwork and cooperation all point to the potential contribution of personality.⁷

Another reason for the renewed interest in personality has been the development of a framework of personality characteristics known as the Five-Factor Model, or the “Big Five,” which provides a framework for classifying personality characteristics into five general dimensions. This framework makes it much easier to understand and study the role of personality in organizational behaviour.⁸

In what follows, we discuss the five general personality dimensions of the Five-Factor Model. Then we cover three well-known personality characteristics with special relevance to organizational behaviour. We then discuss recent developments and advances in personality research. Later in the text, we will explore the impact of personality characteristics on job satisfaction, motivation, leadership, ethics, organizational politics, and stress.

The Five-Factor Model of Personality

◀ Listen to the Audio

People are unique, people are complex, and there are literally hundreds of adjectives that we can use to reflect this unique complexity. Yet, over the years, psychologists have discovered that there are about five basic but general dimensions that describe personality. These Big Five dimensions are known as the Five-Factor Model (FFM) of personality and are summarized in [Exhibit 2.1](#) along with some illustrative traits.⁹ The dimensions are the following:

- **Extraversion.** This is the extent to which a person is outgoing versus shy. Persons who score high on extraversion tend to be sociable, outgoing, energetic, joyful, and assertive. High extraverts enjoy social situations, while those low on this dimension (introverts) avoid them. Extraversion is especially important for jobs that require a lot of interpersonal interaction, such as sales and management, where being sociable, assertive, energetic, and ambitious is important for success.
- **Emotional stability/Neuroticism.** This is degree to which a person has appropriate emotional control. People with high emotional stability (low neuroticism) are self-confident and have high self-esteem. Those with lower emotional stability (high neuroticism) tend toward self-doubt and depression. They tend to be anxious, hostile, impulsive, depressed, insecure, and more prone to stress. As a result, for almost any job, the performance of persons with low emotional stability is likely to suffer. Persons who score high on emotional

stability are likely to have more effective interactions with co-workers and customers because they tend to be more calm and secure.

- **Agreeableness.** This is the extent to which a person is friendly and approachable. More agreeable people are warm, considerate, altruistic, friendly, sympathetic, cooperative, and eager to help others. Less agreeable people tend to be cold and aloof. They tend to be more argumentative, inflexible, uncooperative, uncaring, intolerant, and disagreeable. Agreeableness is most likely to contribute to job performance in jobs that require interaction and involve helping, cooperating, and nurturing others, as well as in jobs that involve teamwork and cooperation.
- **Conscientiousness.** This is the degree to which a person is responsible and achievement oriented. More conscientious people are dependable and positively motivated. They are orderly, self-disciplined, hard working, and achievement striving, while less conscientious people are irresponsible, lazy, and impulsive. Persons who are high on conscientiousness are likely to perform well on most jobs, given their tendency toward hard work and achievement.
- **Openness to experience.** This is the extent to which a person thinks flexibly and is receptive to new ideas. More open people tend toward creativity and innovation. Less open people favour the status quo. People who are high on openness to experience are likely to do well in jobs that involve learning and creativity, given that they tend to be intellectual, curious, and imaginative and tend to have broad interests.

Exhibit 2.1 The Five-Factor Model of personality.

Study the table below, and then try a challenge when you're ready.

Extraversion	Emotional Stability	Agreeableness	Conscientiousness	Openness to Experience
Sociable, Talkative vs. Withdrawn, Shy	Stable, Confident vs. Depressed, Anxious	Tolerant, Cooperative vs. Cold, Rude	Dependable, Responsible vs. Careless, Impulsive	Curious, Original vs. Dull, Unimaginative


Start Challenge

The Big Five dimensions are relatively independent. That is, you could be higher or lower in any combination of dimensions. Also, they tend to hold up well cross-culturally. Thus, people in different cultures use these same dimensions when describing the personalities of friends and acquaintances. There is also evidence that the Big Five traits have a genetic basis.¹⁰

Research Evidence

Research has linked the Big Five personality dimensions to organizational behaviour. First, there is evidence that each of the Big Five dimensions is related to job performance, employee engagement, and organizational citizenship behaviours (voluntary behaviour that contributes to organizational effectiveness, such as helping co-workers; see [Chapter 4](#) for a detailed discussion of organizational citizenship behaviour).¹¹

Generally, traits like those in the top half of [Exhibit 2.1](#) lead to better job performance, higher engagement, and more citizenship behaviours.

Further, the Big Five dimensions that best predict job performance depend on the occupation. For example, high extraversion is important for managers and salespeople. Nonetheless, high conscientiousness predicts performance in all jobs across occupations and is the strongest predictor of all the Big Five dimensions of overall job performance. Furthermore, organizations with more conscientious employees have higher organizational financial performance.¹² However, an exception to these findings is the prediction of a particular kind of performance known as adaptive performance. To find out more, see the [Research Focus: *Personality and Adaptive Performance*](#) .

Research Focus

Personality and Adaptive Performance

Changes in technology and the design of work have made it increasingly important and necessary for employees to be able to adapt quickly to changes and novel situations in the workplace. The increasing uncertainty in organizational environments means that employees and managers must be attuned to workplace changes and adjust and modify their behaviour accordingly. Being able to adjust and adapt to changes is key to the success of employees and their organizations.

The ability to adapt to changes is a particular kind of job performance known as adaptive performance. Adaptive performance has been defined as the proficiency with which an individual alters his or her behaviour in response to the demands of a new task, event, situation, or environmental constraints. Thus, adaptive performance involves responding to environmental changes by modifying one's behaviour.

Personality is believed to be an important predictor of adaptive performance. Among the Big Five dimensions, emotional stability, extraversion, and openness to experience are believed to be especially important. Emotional stability should be related to adaptive performance because of the propensity to stay calm and level-headed in the face of challenge and difficulty and a greater willingness to face and deal with change. Extraversion should predict adaptive performance because extraverts are more likely to welcome challenge when confronted with a novel task or work environment and to initiate changes (e.g., enterprising activities). This is especially likely for ambition, which is a specific aspect of extraversion. Openness to experience should be related to adaptive performance because there is evidence that it relates to the pursuit of and adjustment to new environments. On the other hand, because conscientiousness is associated with a preference for routine and structure, conscientious individuals might be too inflexible to cope with and adjust to changes in the work environment. Finally, agreeableness is not likely to be related to adaptive performance because it is of most importance for interpersonal interactions.

The relationship between personality and adaptive performance was investigated in a study that analyzed the results of 71 independent samples of employees and managers from a variety of industries. The results indicated that only emotional stability and ambition were positively related to adaptive performance for both employees and managers. These relationships were stronger for managers than for employees because managers have more opportunities to engage in adaptive performance.

Given the increasing importance of adaptive performance in the workplace today, organizations will increasingly want to identify individuals who can adapt to changing tasks and dynamic situations because they can help an organization gain a competitive advantage. The results of this study indicate that emotional stability and extraversion (ambition component) are two personality variables that are important for adaptive performance in the workplace.

Source: Based on Huang, J. L., Ryan, A. M., Zabel, K. L., & Palmer, A. (2014). Personality and adaptive performance at work: A meta-analytic investigation. *Journal of Applied Psychology*, 99, 162–179.

Second, research has also found that the Big Five are related to other work behaviours. For example, one study found that conscientiousness is related to retention and attendance at work and is also an important antidote for counterproductive behaviours such as theft, absenteeism, and disciplinary problems.¹³ Extraversion has also been found to be related to absenteeism; extraverts tend to be absent more often than introverts. There is also evidence of relationships between personality and unsafe work behaviour and workplace deviance. For example, while high levels of conscientiousness and agreeableness are associated with fewer unsafe behaviours, high levels of extraversion and low emotional stability (neuroticism) are associated with more unsafe behaviours. In addition, higher levels of conscientiousness, agreeableness, and emotional stability are associated with lower levels of workplace deviance. The Big Five are also important for group behaviours as individuals with higher conscientiousness, extraversion, agreeableness, and emotional stability perform better on a team in terms of important team-relevant behaviours such as cooperation, concern, and courtesy to team members.¹⁴

The Big Five are also related to work motivation, job satisfaction, and organizational commitment. In a study that investigated the relationship

between the Big Five and different indicators of work motivation, the Big Five were found to be significantly related to motivation. Among the five dimensions, neuroticism and conscientiousness were the strongest predictors of motivation, with the former being negatively related and the latter being positively related.¹⁵ In another study, the Big Five were shown to be significantly related to job satisfaction. The strongest predictor was emotional stability, followed by conscientiousness, extraversion, and, to a lesser extent, agreeableness. Openness to experience was not related to job satisfaction. Similar results have been found for life satisfaction. In addition, all of the Big Five factors are positively related to organizational commitment, with agreeableness being the factor most strongly related to commitment.¹⁶

The Big Five are also related to career success. High conscientiousness, extraversion, and emotional stability have been found to be positively associated with a higher income and occupational status. These personality traits were related to career success even when the influence of general mental ability was taken into account. Furthermore, both childhood and adult measures of personality predicted career success during adulthood over a period of 50 years. In addition, conscientiousness in adolescence has been shown to be related to lower unemployment throughout adulthood. Thus, the effects of personality on career success are relatively enduring.¹⁷

Now that you are familiar with the Big Five personality dimensions, read the chapter-opening vignette about Naheed Nenshi again, and try to answer some of the questions we posed at the beginning of the chapter. For example, what kind of personality does Naheed Nenshi have with regard to the Five-Factor Model? Which of the five factors do you think best explains Naheed Nenshi's success as a political leader?

Locus of Control

◀ Listen to the Audio

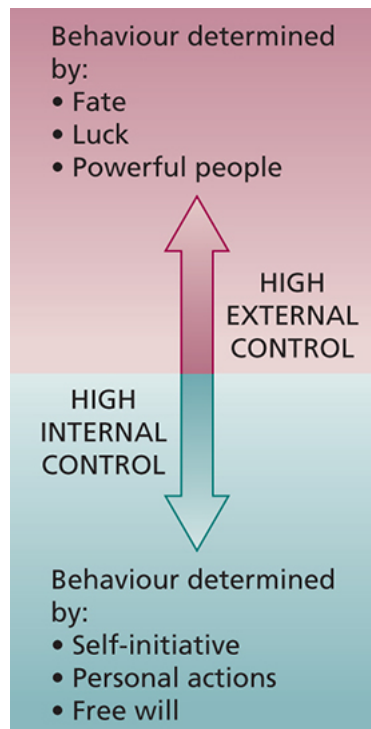
Consider the following comparison. Laurie and Stan are both management trainees in large banks. However, they have rather different expectations regarding their futures. Laurie has just enrolled in an evening master of business administration (MBA) program in a nearby university. Although some of her MBA courses are not immediately applicable to her job, Laurie feels that she must be prepared for greater responsibility as she moves up in the bank hierarchy. Laurie is convinced that she will achieve promotions because she studies hard, works hard, and does her job properly. She feels that an individual makes her own way in the world and that she can control her own destiny. She is certain that she can someday be the president of the bank if she really wants to be. Her personal motto is “I can do it.”

Stan, on the other hand, sees no use in pursuing additional education beyond his bachelor’s degree. According to him, such activities just do not pay off. People who get promoted are just plain lucky or have special connections, and further academic preparation or hard work has nothing to do with it. Stan feels that it is impossible to predict his own future, but he knows that the world is pretty unfair.

Laurie and Stan differ on a personality dimension called **locus of control**. It refers to individuals’ beliefs about the *location* of the factors that control their behaviour. At one end of the continuum are high internals (like Laurie), who believe that the opportunity to control their

own behaviour resides within themselves. At the other end of the continuum are high externals (like Stan), who believe that external forces determine their behaviour. Not surprisingly, compared with internals, externals see the world as an unpredictable, chancy place in which luck, fate, or powerful people control their destinies (see [Exhibit 2.2](#)).¹⁸

Exhibit 2.2 The internal/external locus of control continuum.



Internals tend to see stronger links between the effort they put into their jobs and the performance level that they achieve. In addition, they perceive to a greater degree than externals that the organization will notice high performance and reward it.¹⁹ Since internals believe that their work behaviour will influence the rewards they achieve, they are more likely to be aware of and to take advantage of information that will enable them to perform effectively.²⁰

Research shows that locus of control influences organizational behaviour in a variety of occupational settings. Evidently, because they perceive themselves as being able to control what happens to them, people who are high on internal control are more satisfied with their jobs and more committed to their organizations, and they earn more money and achieve higher organizational positions.²¹ In addition, they seem to perceive less stress, cope with stress better, experience less burnout, and engage in more careful career planning. They are also less likely to be absent from work and more likely to be satisfied with their lives.²²

Self-Monitoring

◀ Listen to the Audio

We are sure that you have known people who tend to “wear their heart on their sleeve.” These are people who act the way they feel and say what they think in spite of their social surroundings. We are also sure that you have known people who are a lot more sensitive to their social surroundings, a lot more likely to fit what they say and do to the nature of those surroundings, regardless of how they think or feel. What we have here is a contrast in **self-monitoring**,²³ which is the extent to which people observe and regulate how they appear and behave in social settings and relationships. People who “wear their heart on their sleeve” are low self-monitors. They are not so concerned with scoping out and fitting in with those around them. Their opposites are high self-monitors, who take great care to observe the thoughts, actions, and feelings of those around them and control the images that they project. In this sense, high self-monitors behave somewhat like actors. In particular, high self-monitors tend to show concern for socially appropriate emotions and behaviours, to tune in to social and interpersonal cues, and to regulate their behaviour and self-presentation according to these cues.

How does self-monitoring affect organizational behaviour?²⁴ For one thing, high self-monitors tend to gravitate toward jobs that require, by their nature, a degree of role-playing and the exercise of their self-presentation skills. Sales, law, public relations, and politics are examples. In such jobs, the ability to adapt to one’s clients and contacts is critical; so are communication skills and persuasive abilities, characteristics that high

self-monitors frequently exhibit. High self-monitors perform particularly well in occupations that call for flexibility and adaptiveness in dealings with diverse constituencies. As well, a number of studies show that managers are inclined to be higher self-monitors than non-managers in the same organization. High self-monitors tend to be more involved in their jobs, to perform at a higher level, and to be more likely to emerge as leaders. However, high self-monitors are also likely to experience more role stress and show less commitment to their organization.²⁵

Are high self-monitors always at an organizational advantage? Not likely. They are unlikely to feel comfortable in ambiguous social settings in which it is hard to determine exactly what behaviours are socially appropriate. Dealing with unfamiliar cultures (national or corporate) might provoke stress. Also, some roles require people to go against the grain or really stand up for what they truly believe in. Thus, high self-monitoring types would seem to be weak innovators and would have difficulty resisting social pressure.

Self-Esteem

◀ Listen to the Audio

How well do you like yourself? This is the essence of the personality characteristic called self-esteem. More formally, self-esteem is the degree to which a person has a positive self-evaluation. People with high self-esteem have favourable self-images. People with low self-esteem have unfavourable self-images and tend to be uncertain about the correctness of their opinions, attitudes, and behaviours. In general, people tend to be highly motivated to protect themselves from threats to their self-esteem.

One of the most interesting differences between people with high and low self-esteem has to do with the *plasticity* of their thoughts, attitudes, and behaviour, or what is known as “behavioural plasticity.” According to behavioural plasticity theory, people with low self-esteem are more susceptible to external and social influences than those who have high self-esteem—that is, they are more pliable. Thus, events and people in the organizational environment have more impact on the beliefs and actions of employees with low self-esteem. This occurs because, being unsure of their own views and behaviour, they are more likely to look to others for information and confirmation. In addition, people who have low self-esteem seek social approval from others, approval that they might gain from adopting others’ views, and they do not react well to ambiguous and stressful situations. This is another example of the interactionist approach, in that the effect of the work environment on people’s beliefs and actions is partly a function of their self-esteem.²⁶

Employees with low self-esteem also tend to react badly to negative feedback—it lowers their subsequent performance.²⁷ This means that managers should be especially cautious when using punishment, as discussed later in this chapter, with employees with low self-esteem. If external factors are thought to be responsible for a performance problem, this should be made very clear. Also, managers should direct criticism at the performance difficulty and not at the person. As we will explain shortly, modelling the correct behaviour should be especially effective with employees with low self-esteem, who are quite willing to imitate credible models and who also respond well to mentoring. Finally, organizations should try to avoid assigning those with low self-esteem to jobs (such as life insurance sales) that inherently provide a lot of negative feedback.

Organizations will generally benefit from a workforce with high self-esteem. Such people tend to make more fulfilling career decisions, they exhibit higher job satisfaction and job performance, and they are generally more resilient to the strains of everyday work-life.²⁸ What can organizations do to bolster self-esteem? Opportunity for participation in decision making, autonomy, and interesting work have been fairly consistently found to be positively related to self-esteem.²⁹ Also, organizations should avoid creating a culture with excessive and petty work rules that signal to employees that they are incompetent or untrustworthy.³⁰

Watch the following video, which discusses the elements and dimensions that Rudi's Organic Bakery looks for in potential employees. Then, answer the multiple choice questions on the next screen.

Watch Rudi's Bakery: Ability and Personality































Advances in Personality and Organizational Behaviour

LO 2.3 Discuss *positive and negative affectivity, proactive personality, general self-efficacy, and core self-evaluations* and their consequences.

◀ Listen to the Audio

In recent years, there has been increased attention to the role of personality and organizational behaviour, and this has led to a number of advances in personality research. In this section, we describe five more personality variables that are important for organizational behaviour: positive and negative affectivity, proactive personality, general self-efficacy, and core self-evaluations.

Positive and Negative Affectivity

◀ Listen to the Audio

Have you ever known somebody who is always happy, cheerful, and in a good mood? Or perhaps you know someone who is always unhappy and in a bad mood. Chances are you have noticed these differences in people. These differences reflect two affective dispositions known as positive affectivity (PA) and negative affectivity (NA). Research has found that they are enduring personality characteristics that might have a genetic and biological basis to them.

People who are high on positive affectivity³¹ experience positive emotions and moods like joy and excitement and view the world, including themselves and other people, in a positive light. They tend to be cheerful, enthusiastic, lively, sociable, and energetic. People who are high on negative affectivity³¹ experience negative emotions and moods like fear and anxiety and view the world in a negative light. They have an overall negative view of themselves and the world around them, and they tend to be distressed, depressed, and unhappy.³¹ It is important to understand that PA and NA are not opposite ends of a continuum but are relatively independent dimensions.³²

Unlike the other personality traits discussed in this chapter, positive and negative affectivity are emotional dispositions that predict people's general emotional tendencies. Thus, they can influence people's emotions and mood states at work and influence job attitudes and work behaviours. Research has found that people who are high on PA have

higher job satisfaction and job performance and engage in more organizational citizenship behaviours. High-PA employees are also more creative at work, and there is some evidence that PA is a key factor that links happiness to success at work and in life. In addition, a recent study on personality and employee engagement found that among eight personality traits, PA is by far the strongest predictor of employee engagement. By comparison, individuals who are high on NA report lower job satisfaction and engagement and have poorer job performance. High-NA employees experience more stressful work conditions and report higher levels of workplace stress and strain. NA has also been found to be associated with counterproductive work behaviours (e.g., harassment and physical aggression), withdrawal behaviours (e.g., absenteeism and turnover), and occupational injury.³³

Proactive Personality

◀ Listen to the Audio

How effective are you at taking initiative and changing your circumstances? Taking initiative to improve one's current circumstances or creating new ones is known as **proactive behaviour**. It involves challenging the status quo rather than passively adapting to present conditions. Some people are very good at this because they have a stable disposition toward proactive behaviour, known as a "proactive personality." Individuals who have a **proactive personality** are relatively unconstrained by situational forces and act to change and influence their environment. Proactive personality is a stable personal disposition that reflects a tendency to take personal initiative across a range of activities and situations and to effect positive change in one's environment.³⁴

Proactive individuals search for and identify opportunities, show initiative, take action, and persevere until they bring about meaningful change. People who do not have a proactive personality are more likely to be passive and to react and adapt to their environment. As a result, they tend to endure and to be shaped by the environment instead of trying to change it.³⁵

Proactive personality has been found to be related to a number of work outcomes, including job satisfaction, employee engagement, job performance, organizational citizenship behaviours, tolerance for stress in demanding jobs, leadership effectiveness, participation in organizational

initiatives, work-team performance, and entrepreneurship. One study found that proactive personality is associated with higher performance evaluations because individuals with a proactive personality develop strong supportive networks and perform initiative-taking behaviours, such as implementing solutions to organizational or departmental problems or spearheading new programs. Individuals with a proactive personality have also been found to have high-quality relationships with their supervisors. There is also evidence that persons with a proactive personality are more successful in searching for employment and career success. They are more likely to find jobs, receive higher salaries and more frequent promotions, and have more satisfying careers.³⁶

General Self-Efficacy

◀ Listen to the Audio

General self-efficacy (GSE)³⁷ is a general trait that refers to an individual's belief in his or her ability to perform successfully in a variety of challenging situations.³⁷ GSE is considered to be a *motivational* trait rather than an *affective* trait, because it reflects an individual's belief that he or she can succeed at a variety of tasks rather than how an individual feels about him- or herself. An individual's GSE is believed to develop over the lifespan as repeated successes and failures are experienced across a variety of tasks and situations. Thus, if you have experienced many successes in your life, you probably have high GSE, whereas somebody who has experienced many failures probably has low GSE. Individuals who are high on GSE are better able to adapt to novel, uncertain, and adverse situations. In addition, employees with higher GSE have higher job satisfaction and job performance.³⁸

Core Self-Evaluations

◀ Listen to the Audio

Unlike the other personality characteristics described in this chapter, **core self-evaluations** (CSEs) are a multidimensional trait and a broad personality concept that consists of several more specific traits. The idea behind the theory of core self-evaluations is that individuals hold evaluations about themselves and their self-worth or worthiness, competence, and capability.³⁹ In a review of the personality literature, Timothy Judge, Edwin Locke, and Cathy Durham identified four traits that make up a person's core self-evaluation. The four traits have already been described in this chapter and include self-esteem, general self-efficacy, locus of control, and neuroticism (emotional stability).

Research on CSEs has found that these traits are among the best dispositional predictors of job satisfaction and job performance. People with more positive CSEs have higher levels of job satisfaction, organizational commitment, and job performance. Furthermore, research has shown that CSEs measured in childhood and in early adulthood are related to job satisfaction in middle adulthood. This suggests that core CSEs are related to job satisfaction over time. CSEs have also been found to be positively related to life and career satisfaction, and individuals with higher CSEs perceive fewer stressors and experience less stress and conflict at work. CSEs have also been found to be positively related to learning outcomes and have implications for the effectiveness of training programs. One of the reasons for the relationship between CSEs and work outcomes is that individuals with a positive self-regard are more

likely to perceive and pay attention to the positive aspects of their environments. They experience their job as more intrinsically satisfying and have higher perceptions of fairness and support.⁴⁰

Now that you are familiar with personality and organizational behaviour, consider this: Can your personality influence how popular you are in the workplace? To find out, see the [Research Focus: Personality and Popularity in the Workplace](#).

Research Focus

Personality and Popularity in the Workplace

Popularity is a condition in which an individual is generally admired or supported by many people. A person can be considered popular if he or she is widely accepted, socially visible, and socially preferred and receive disproportionate amounts of attention from others. Thus, when a person is popular, he or she is generally accepted, admired, and supported by many people.

While we are familiar with popularity as a social factor in childhood and adolescence, we know less about popularity in the workplace. This raises an interesting question: Are some workers more popular than others in the workplace? And if so, who is likely to obtain popularity, and what are the consequences of being popular in the workplace?

To try and answer these questions, Rebecca Garden, Xiaoxiao Hu, Yujie Zhan, and Xiang Yao conducted a study of 213 employees at a large mine trading company located in Jilin, China. They hypothesized that several factors might lead to

popularity and being popular will be associated with work outcomes.

First, the authors suggested that one reason that some workers might be more popular in the workplace is because of their personality. That is, some personality characteristics might cause a person to become more popular. Two personality traits that seem to be especially relevant are core self-evaluations (CSEs) and agreeableness.

CSE is a dispositional trait that reflects the positivism of one's self-construal. Individuals who are high on CSE are self-confident, efficacious, and positive. CSE might be related to popularity because it is likely to facilitate positive social interactions and help employees develop good relationships with others at work. High CSE individuals are likely to interact with others in a way that leaves a favourable impression.

Agreeableness is the tendency to be accommodative, caring, tolerant, trusting, good-natured, and soft-hearted. It is especially relevant for how one treats others in interpersonal interactions. People who are high on agreeableness value interpersonal harmony, care about accommodating others' needs, and actively try to maintain positive relationships. As a result, co-workers are likely to find such individuals pleasant to be around, which can make them popular co-workers.

Second, the authors also suggested that work knowledge might also be important for workplace popularity. This is because employees with high levels of work knowledge can be helpful to others by providing instrumental benefits, intellectually desirable to be around, and embody a standard to which co-workers aspire.

To test these relationships and to also see if being popular has an effect on task performance ratings and promotion potential, the authors asked the participants as well as their co-workers and direct supervisors to complete a survey. Employees completed a survey to measure their personality and work knowledge; their co-workers provided ratings of participants' popularity; and direct supervisors provided ratings of participants' task performance and promotion potential.

The results indicated that agreeableness was positively related to popularity. In addition, CSE was positively related to popularity but only when agreeableness was high. In other words, the positive relationship between CSE and popularity is enhanced when individuals have higher levels of agreeableness. However, work knowledge was not significantly related to popularity. Although popularity was positively related to task performance ratings, it was not significantly related to promotion potential.

The results of this study indicate that employees who have higher levels of agreeableness are more popular in the workplace, and those who are more popular receive higher ratings of task performance. In addition, CSE is positively related to task performance through popularity, especially when agreeableness is high. Thus, personality has implications for popularity in the workplace, which, in turn, has implications for performance.

Source: Based on Garden, R., Hu, X., Zhan, Y., & Yao, X. (2018). Popularity procurement and pay off: Antecedents and consequences of popularity in the workplace. *Journal of Business and Psychology*, 33, 297–310.
















What Is Learning?

LO 2.4 Define *learning*, and describe what is learned in organizations.

◀ Listen to the Audio

So far in this chapter, we have described how people's personalities can influence their work attitudes and behaviours. However, recall from our earlier discussion that the organizational setting can also have a strong effect on an individual's attitudes and behaviour. As you will learn in this section, the environment can change people's behaviour and even shape personalities. But how does this happen? How and why do people change their behaviour? To try and answer this question, let's examine the concept of learning.

Learning  occurs when practice or experience leads to a relatively permanent change in behaviour potential. The words *practice* or *experience* rule out viewing behavioural changes caused by factors like drug intake or biological maturation as learning. One does not learn to be relaxed after taking a tranquilizer, and a child does not suddenly learn to be a bass singer at the age of 14. The practice or experience that prompts learning stems from an environment that gives feedback concerning the consequences of behaviour. But what do employees learn in organizations?

What Do Employees Learn?


◀ Listen to the Audio

Learning in organizations can be understood in terms of taxonomies that indicate what employees learn, how they learn, and different types of learning experiences. The “what” aspect of learning can be described as learning content, of which there are four primary categories: practical skills, intrapersonal skills, interpersonal skills, and cultural awareness.⁴¹

Practical skills include job-specific skills, knowledge, and technical competence. Employees frequently learn new skills and technologies to continually improve performance and to keep organizations competitive. Constant improvement has become a major goal in many organizations today, and learning can give an organization a competitive advantage.⁴²

Intrapersonal skills are skills such as problem solving, critical thinking, learning about alternative work processes, and risk taking. *Interpersonal skills* include interactive skills such as communicating, teamwork, and conflict resolution. Later in this resource, we will discuss the ways in which teams are becoming the major building blocks of organizations ([Chapter 7](#)), as well as the importance of effective communication ([Chapter 10](#)) for organizational success.

Finally, *cultural awareness* involves learning the social norms of organizations and understanding company goals, business operations, and company expectations and priorities. All employees need to learn the cultural norms and expectations of their organizations to function as

effective organizational members. We discuss the learning of social norms and organizational culture in more detail in [Chapter 8](#) .

Now that we have considered what people learn in organizations, let's turn to two theories that describe how people learn.













Operant Learning Theory

LO 2.5 Explain *operant learning theory*, differentiate between *positive* and *negative reinforcements*, and *extinction* and *punishment*, and explain how to use punishment effectively.

LO 2.6 Explain when to use immediate versus delayed reinforcement and when to use continuous versus partial reinforcement.

◀ Listen to the Audio

In the 1930s, psychologist B. F. Skinner investigated the behaviour of rats confined in a box containing a lever that delivered food pellets when pulled. Initially, the rats ignored the lever, but at some point they would accidentally pull it and a pellet would appear. Over time, the rats gradually acquired the lever-pulling response as a means of obtaining food. In other words, they *learned* to pull the lever. The kind of learning Skinner studied is called operant learning because the subject learns to operate on the environment to achieve certain consequences. The rats learned to operate the lever to achieve food. Notice that operantly learned behaviour is controlled by the consequences that follow it. These consequences usually depend on the behaviour, and this connection is what is learned. For example, salespeople learn effective sales techniques to achieve commissions and avoid criticism from their managers. The consequences of commissions and criticism depend on which sales behaviours salespeople exhibit.

Operant learning can be used to increase the probability of desired behaviours and to reduce or eliminate the probability of undesirable behaviours. Let's now consider how this is done.

Increasing the Probability of Behaviour

◀ Listen to the Audio

One of the most important consequences that influences behaviour is reinforcement. **Reinforcement** [Ⓢ] is the process by which stimuli strengthen behaviours. Thus, a *reinforcer* is a stimulus that follows some behaviour and increases or maintains the probability of that behaviour. The sales commissions and criticism mentioned earlier are reinforcers for salespeople. In each case, reinforcement serves to strengthen behaviours, such as proper sales techniques, that fulfill organizational goals. In general, organizations are interested in maintaining or increasing the probability of behaviours such as correct performance, prompt attendance, and accurate decision making. As we shall see, positive reinforcers work by their application to a situation, while negative reinforcers work by their removal from a situation.

Positive Reinforcement

Positive reinforcement [Ⓢ] increases or maintains the probability of some behaviour by the *application or addition* of a stimulus to the situation in question. Such a stimulus is a positive reinforcer. In the basic Skinnerian learning situation described earlier, we can assume that reinforcement occurred because the probability of the lever operation increased over time. We can further assume that the food pellets were positive reinforcers because they were introduced after the lever was pulled.

Consider the experienced securities analyst who tends to read a particular set of financial newspapers regularly. If we had been able to observe the

development of this reading habit, we might have found that it occurred as the result of a series of successful business decisions. That is, the analyst has learned to scan those papers because his or her reading is positively reinforced by subsequent successful decisions. In this example, something is added to the situation (favourable decisions) that increases the probability of certain behaviour (selective reading). Also, the appearance of the reinforcer is dependent or contingent on the occurrence of that behaviour.

In general, positive reinforcers tend to be pleasant things, such as food, praise, money, or business success. However, the intrinsic character of stimuli does not determine whether they are positive reinforcers, and pleasant stimuli are not positive reinforcers when considered in the abstract. Whether or not something is a positive reinforcer depends only on whether it increases or maintains the occurrence of some behaviour by its application. Thus, it is improbable that the holiday turkey that employers give to all the employees of a manufacturing plant positively reinforces anything. The only behaviour that the receipt of the turkey is contingent on is being employed by the company during the third week of December. It is unlikely that the turkey increases the probability that employees will remain for another year or work harder.

Negative Reinforcement

Negative reinforcement [Ⓢ] increases or maintains the probability of some behaviour by the *removal* of a stimulus from the situation in question. Also, negative reinforcement occurs when a response *prevents* some event or stimulus from occurring. In each case, the removed or prevented stimulus is a *negative reinforcer*. Negative reinforcers are usually aversive or unpleasant stimuli, and it stands to reason that we will learn to repeat behaviours that remove or prevent these stimuli.

Let's repeat this point, because it frequently confuses students of organizational behaviour: Negative reinforcers *increase* the probability of behaviour.

Managers who continually nag their employees unless the employees work hard are attempting to use negative reinforcement. The only way employees can stop the aversive nagging is to work hard and be diligent. The nagging maintains the probability of productive responses by its removal. In this situation, employees often get pretty good at anticipating the onset of nagging by the look on their boss's face. This look serves as a signal that they can avoid the nagging altogether if they work harder.

Negative reinforcers generally tend to be unpleasant things, such as nagging or the threat of fines. Again, however, negative reinforcers are defined only by what they do and how they work, not by their unpleasantness. Above, we indicated that nagging could serve as a negative reinforcer to increase the probability of productive responses. However, nagging could also serve as a positive reinforcer to increase the probability of unproductive responses if an employee has a need for attention and nagging is the only attention the manager provides. In the first case, nagging is a negative reinforcer—it is terminated following productive responses. In the second case, nagging is a positive reinforcer—it is applied following unproductive responses. In both cases, the responses increase in probability.

Organizational Errors Involving Reinforcement

Experience indicates that managers sometimes make errors in trying to use reinforcement. The most common errors are confusing rewards with reinforcers, neglecting diversity in preferences for reinforcers, and neglecting important sources of reinforcement.

Confusing Rewards with Reinforcers

Organizations and individual managers frequently “reward” workers with things such as pay, promotions, fringe benefits, paid vacations, overtime work, and the opportunity to perform challenging tasks. Such rewards can fail to serve as reinforcers, however, because organizations do not make them contingent on specific behaviours that are of interest to the organization, such as attendance, innovation, or productivity. For example, many organizations assign overtime work on the basis of seniority, rather than performance or good attendance, even when the union contract does not require it. Although the opportunity to earn extra money might have strong potential as a reinforcer, it is seldom made contingent on some desired behaviour.

Neglecting Diversity in Preferences for Reinforcers

Organizations often fail to appreciate individual differences in preferences for reinforcers. In this case, even if managers administer rewards after a desired behaviour, they may fail to have a reinforcing effect. Intuitively, it seems questionable to reinforce a workaholic’s extra effort with time off from work, yet such a strategy is fairly common. A more appropriate reinforcer might be the assignment of some challenging task, such as work on a very demanding key project. Some labour contracts include clauses that dictate that supervisors assign overtime to the workers who have the greatest seniority. Not surprisingly, high-seniority workers are often the best paid and the least in need of the extra pay available through overtime. Even if it is administered so that the best-performing high-seniority workers get the overtime, such a strategy might not prove reinforcing—the usual time off might be preferred over extra money.

Managers should carefully explore the possible range of stimuli under their control (such as task assignment and time off from work) for their

applicability as reinforcers for particular employees. For example, there is some evidence that employee reward preferences vary as a function of generational differences. One survey of workers found that generation Y prefers non-monetary rewards to a greater extent than generation X and baby boomers.⁴³ Furthermore, organizations should attempt to administer their formal rewards (such as pay and promotions) to capitalize on their reinforcing effects for various individuals.

Neglecting Important Sources of Reinforcement

There are many reinforcers of organizational behaviour that are not especially obvious. While concentrating on potential reinforcers of a formal nature, such as pay or promotions, organizations and their managers often neglect those that are administered by co-workers or are intrinsic to the jobs being performed. Many managers cannot understand why a worker would persist in potentially dangerous horseplay despite threats of a pay penalty or dismissal. Frequently, such activity is positively reinforced by the attention provided by the worker's co-workers. In fact, in a particularly boring job, such threats might act as positive reinforcers for horseplay by relieving the boredom, especially if the threats are never carried out. Two important sources of reinforcement that managers often ignore are performance feedback and social recognition.

Performance feedback[Ⓜ] involves providing quantitative or qualitative information on past performance for the purpose of changing or maintaining performance in specific ways. This reinforcement is available for jobs that provide feedback concerning the adequacy of performance. For example, in some jobs, feedback contingent on performance is readily available. Doctors can observe the success of their treatment by observing the progress of their patients' health, and mechanics can take the cars they repair for a test drive. In other jobs, organizations must build some special feedback mechanism into the job. Performance feedback is most

effective when it is (a) conveyed in a positive manner; (b) delivered immediately after the performance is observed; (c) represented visually, such as in graph or chart form; and (d) specific to the behaviour that is being targeted for feedback.⁴⁴

Social recognition ^① involves informal acknowledgment, attention, praise, approval, or genuine appreciation for work well done from one individual or group to another. It is so important to employees that many would leave their job if their manager failed to provide it. According to a recent survey, two-thirds of workers would leave their job if they didn't feel appreciated, and 54 percent of senior managers said it is common for staff to quit due to a lack of recognition.⁴⁵ Research has found that when social recognition is made contingent on employee behaviour, it can be an effective means for performance improvement.⁴⁶

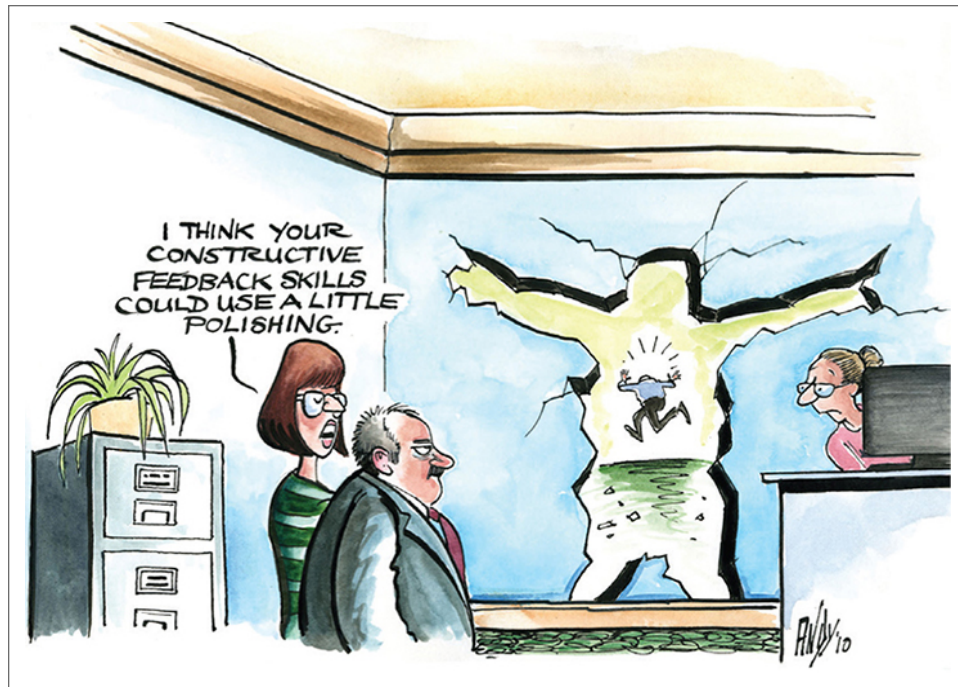
In summary, managers should understand that positive feedback and a "pat on the back" for a job well done are positive reinforcers that are easy to administer and likely to reinforce desirable behaviours.

Reinforcement Strategies

◀ Listen to the Audio

What is the best way to administer reinforcers? Should we apply a reinforcer immediately after the behaviour of interest occurs, or should we wait for some period of time? Should we reinforce every correct behaviour, or should we reinforce only a portion of correct responses?

To obtain the *fast acquisition* of some response, continuous and immediate reinforcement should be used—that is, the reinforcer should be applied every time the behaviour of interest occurs, and it should be applied without delay after each occurrence. Many conditions exist in which the fast acquisition of responses is desirable. These include correcting the behaviour of “problem” employees, training employees for emergency operations, and dealing with unsafe work behaviours. Consider the otherwise excellent performer who tends to be late for work. Under pressure to demote or fire this good worker, the boss might sensibly attempt to positively reinforce instances of prompt attendance with compliments and encouragement. To modify the employee’s behaviour as quickly as possible, the supervisor might station herself near the office door each morning to supply these reinforcers regularly and immediately.



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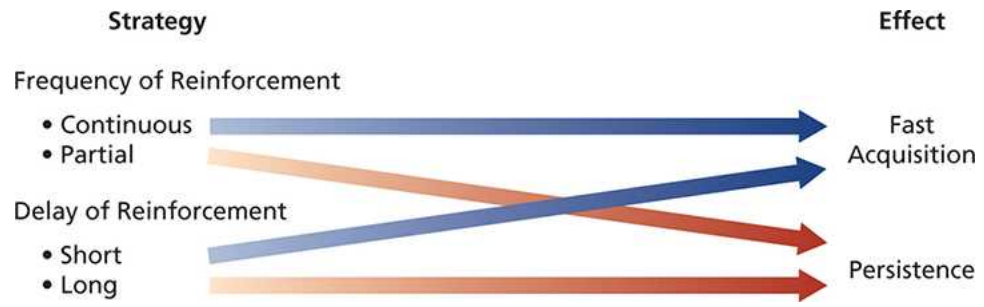
You might wonder when one would not want to use a continuous, immediate reinforcement strategy to change organizational behaviour. Put simply, behaviour that individuals learn under such conditions tends not to persist when reinforced less frequently or stopped. Intuitively, this should not be surprising. For example, under normal conditions, operating the power switch on your iPod is continuously and immediately reinforced by music. If the system develops a short circuit and fails to produce music, your switch-operating behaviour will cease very quickly. In the example in the preceding paragraph, the need for fast learning justified the use of continuous, immediate reinforcement. Under more typical circumstances, we would hope that prompt attendance could occur without such close attention.

Behaviour tends to be *persistent* when it is learned under conditions of partial and delayed reinforcement. That is, it will tend to persist under reduced or terminated reinforcement when not every instance of the

behaviour is reinforced during learning or when some time period elapses between its enactment and reinforcement. In most cases, the supervisor who wishes to reinforce prompt attendance knows that he or she will not be able to stand by the shop door every morning to compliment the crew's timely entry. Given this constraint, the supervisor should complement prompt attendance occasionally, perhaps later in the day. This should increase the persistence of promptness and reduce the employees' reliance on the boss's monitoring.

Let's recap. Continuous, immediate reinforcement facilitates fast learning, and delayed, partial reinforcement facilitates persistent learning (see [Exhibit 2.3](#)). Notice that it is impossible to maximize both speed and persistence with a single reinforcement strategy. Also, many responses in our everyday lives cannot be continuously and immediately reinforced, so in many cases it pays to sacrifice some speed in learning to prepare the learner for this fact of life. All this suggests that managers have to tailor reinforcement strategies to the needs of the situation. Often, managers must alter the strategies over time to achieve effective learning and maintenance of behaviour. For example, the manager training a new employee should probably use a reinforcement strategy that is fairly continuous and immediate (whatever the reinforcer). Looking over the employee's shoulder to obtain the fast acquisition of behaviour is appropriate. Gradually, however, the supervisor should probably reduce the frequency of reinforcement and perhaps build some delay into its presentation to reduce the employee's dependency on his or her attention.

Exhibit 2.3 Summary of reinforcement strategies and their effects.




Reducing the Probability of Behaviour

◀ Listen to the Audio

Thus far in our discussion of learning, we have been interested in *increasing* the probability of various work behaviours, such as attendance or good performance. Both positive and negative reinforcement can accomplish this goal. However, in many cases, we encounter learned behaviours that we wish to *stop* from occurring. Such behaviours are detrimental to the operation of the organization and could be detrimental to the health or safety of an individual employee.

There are two strategies that can reduce the probability of learned behaviour: extinction and punishment.

Extinction

Extinction  simply involves terminating the reinforcement that is maintaining some unwanted behaviour. If the behaviour is not reinforced, it will gradually dissipate or be extinguished.

Consider the case of a bright, young marketing expert who was headed for the “fast track” in his organization. Although his boss, the vice president of marketing, was considering him for promotion, the young expert had developed a very disruptive habit—the tendency to play comedian during department meetings. The vice president observed that this wisecracking was reinforced by the appreciative laughs of two other department members. He proceeded to enlist their aid to extinguish the joking. After the vice president explained the problem to them, they

agreed to ignore the disruptive one-liners and puns. At the same time, the vice president took special pains to positively reinforce constructive comments by the young marketer. Very quickly, joking was extinguished, and the young man's future with the company improved.⁴⁷

This example illustrates that extinction works best when coupled with the reinforcement of some desired substitute behaviour. Remember that behaviours that have been learned under delayed or partial reinforcement schedules are more difficult to extinguish than those learned under continuous, immediate reinforcement. Ironically, it would be harder to extinguish the joke-telling behaviour of a committee member who was only partially successful at getting a laugh than of one who was always successful at getting a laugh.

Punishment

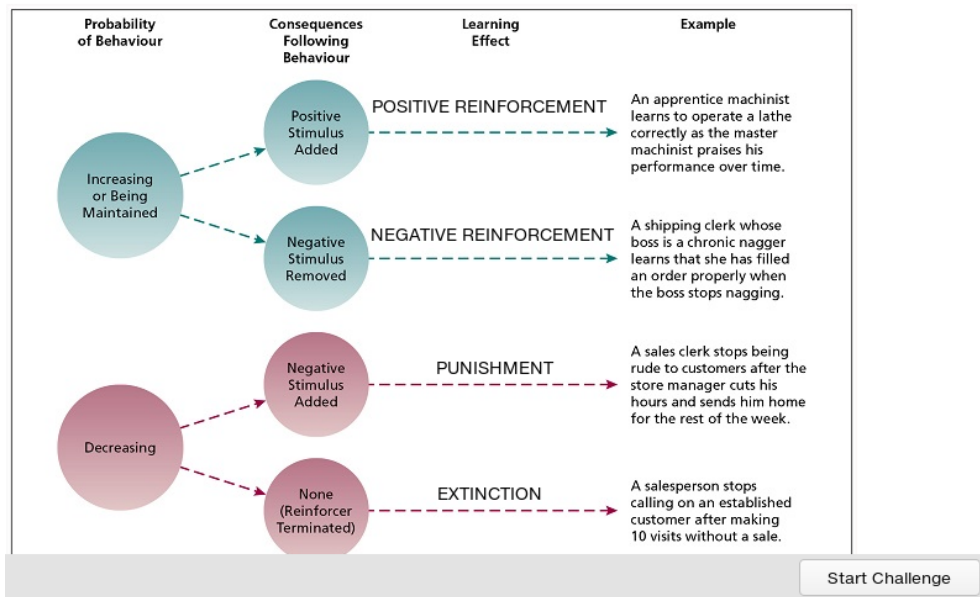


Punishment involves the application of an adverse stimulus to decrease the probability of some unwanted behaviour.

Punishment involves following an unwanted behaviour with some unpleasant, aversive stimulus. In theory, when the actor learns that the behaviour leads to unwanted consequences, this should reduce the probability of the response. Notice the difference between punishment and negative reinforcement. In negative reinforcement, a nasty stimulus is *removed* following some behaviour, increasing the probability of that behaviour. With punishment, a nasty stimulus is *applied* after some behaviour, *decreasing* the probability of that behaviour. If a boss criticizes her assistant after seeing her use the office phone for personal calls, we expect to see less of this activity in the future. **Exhibit 2.4** compares punishment with reinforcement and extinction.

Exhibit 2.4 Summary of Learning Effects

Study the exhibit below, and then try a challenge when you're ready.



Using Punishment Effectively

In theory, punishment should be useful in eliminating unwanted behaviour. After all, it seems unreasonable to repeat actions that cause us trouble. Unfortunately, punishment has some unique characteristics that often limit its effectiveness in stopping unwanted activity. First, while punishment provides a clear signal as to which activities are inappropriate, it does not by itself demonstrate which activities should *replace* the punished response. Reconsider the executive who chastises her assistant for making personal calls at the office. If the assistant makes personal calls only when she has caught up on her work, she might legitimately wonder what she is supposed to be doing during her occasional free time. If the boss fails to provide substitute activities, the message contained in the punishment may be lost.

Both positive and negative reinforcers specify which behaviours are appropriate. Punishment indicates only what is not appropriate. Since no reinforced substitute behaviour is provided, punishment only temporarily suppresses the unwanted response. When surveillance is removed, the response will tend to recur. Constant monitoring is very time-consuming, and individuals become amazingly adept at learning when they can get away with the forbidden activity. The assistant will soon learn when she can make personal calls without detection. The moral here is clear: *Provide an acceptable alternative for the punished response.*

A second difficulty with punishment is that it has a tendency to provoke a strong emotional reaction on the part of the punished individual.⁴⁸ This is especially likely when the punishment is delivered in anger or perceived to be unfair. Managers who try overly hard to be patient with employees and then finally blow up risk over-emotional reactions. So do those who tolerate unwanted behaviour on the part of their employees and then impulsively decide to make an example of one individual by punishing him or her. Managers should be sure that their own emotions are under control before punishing, and they should generally avoid punishment in

front of observers.⁴⁹ Because of the emotional problems involved in the use of punishment, some organizations downplay its use in discipline systems. They give employees who have committed infractions *paid* time off to think about their problems.

In addition to providing correct alternative responses and limiting the emotions involved in punishment, there are several other principles that can increase the effectiveness of punishment.

- *Make sure the chosen punishment is truly aversive.* Organizations frequently “punish” chronically absent employees by making them take several days off work. Managers sometimes “punish” ineffective performers by requiring them to work overtime, which allows them to earn extra pay. In both cases, the presumed punishment may actually act as a positive reinforcer for the unwanted behaviour.
- *Punish immediately.* Managers frequently overlook early instances of rule violations or ineffective performance, hoping that things will “work out.”⁵⁰ This only allows these behaviours to gain strength through repetition. If immediate punishment is difficult to apply, the manager should delay action until a more appropriate time and then reinstate the circumstances surrounding the problem behaviour. For example, the bank manager who observes her teller exhibiting inappropriate behaviour might ask this person to remain after work. She should then carry out punishment at the teller’s window rather than in her office, perhaps demonstrating correct procedures and then role-playing a customer to allow the employee to practise them.
- *Do not reward unwanted behaviours before or after punishment.* Many supervisors join in horseplay with their employees until they feel it is time to get some work done. Then, unexpectedly, they do an about-face and punish those who are still “goofing around.” Sometimes, managers feel guilty about punishing their employees for some rule infraction and then quickly attempt to make up with displays of good-

natured sympathy or affection. For example, the boss who criticizes her assistant for personal calls might show up an hour later with a gift. Such actions present employees with extremely confusing signals about how they should behave, since the manager could be unwittingly reinforcing the very response that he or she wants to terminate.

- *Do not inadvertently punish desirable behaviour.* This happens commonly in organizations. The manager who does not use all his capital budget for a given fiscal year might have the department's budget for the next year reduced, punishing the prudence of his employees. Government employees who "blow the whistle" on wasteful or inefficient practices might find themselves demoted.⁵¹ University professors who are considered excellent teachers might be assigned to onerous, time-consuming duty on a curriculum committee, cutting into their class preparation time.

In summary, punishment can be an effective means of stopping undesirable behaviour. However, managers must apply it very carefully and deliberately to achieve this effectiveness. In general, reinforcing correct behaviours and extinguishing unwanted responses are safer strategies for managers than the frequent use of punishment.















Social Cognitive Theory

LO 2.7 Explain social cognitive theory and discuss *observational learning, self-efficacy beliefs, and self-regulation*.

◀ Listen to the Audio

It has perhaps occurred to you that learning and behaviour sometimes take place without the conscious control of positive and negative reinforcers by managers. People often learn and behave through their own volition and self-influence. Thus, human behaviour is not simply due to environmental influences. Rather, people have the cognitive capacity to regulate and control their own thoughts, feelings, motivation, and actions. Unlike operant learning theory, social cognitive theory (SCT) ⁵² emphasizes the role of *cognitive processes* in regulating people's behaviour.

According to SCT, people learn by observing the behaviour of others. Individuals also manage their own behaviour by thinking about the consequences of their actions (forethought), setting performance goals, monitoring their performance and comparing it to their goals, and rewarding themselves for goal accomplishment. People also develop beliefs about their abilities through their interaction with the environment, and these beliefs influence their thoughts and behaviour.⁵²

Social cognitive theory suggests that human behaviour can best be explained through a system of *triadic reciprocal causation*, in which personal factors and environmental factors work together and interact to influence people's behaviour. In addition, people's behaviour can also

influence personal factors and the environment. Thus, SCT complements operant learning theory in explaining how people learn and organizational behaviour.⁵³

According to Albert Bandura, who is responsible for the development of social cognitive theory, SCT involves three key components: observational learning, self-efficacy beliefs, and self-regulation.⁵⁴

Observational Learning

◀ Listen to the Audio

Besides directly experiencing consequences, people also learn by observing the behaviour of others. For instance, after experiencing just a couple of executive committee meetings, a newly promoted vice president might look like an “old pro,” bringing appropriate materials to the meeting, asking questions in an approved style, and so on. How can we account for such learning?

Observational learning ⁵⁵ is the process of observing and imitating the behaviour of others. With observational learning, learning occurs by observing or imagining the behaviour of others (models), rather than through direct personal experience.⁵⁵ Generally, observational learning involves examining the behaviour of others, seeing what consequences they experience, and thinking about what might happen if we were to act the same way. If we expect favourable consequences, we might imitate the behaviour. Thus, the new vice president doubtless modelled his behaviour on that of the more experienced peers on the executive committee. But has reinforcement occurred here? It is *self-reinforcement* that occurs in the observational learning process. For one thing, it is reinforcing to acquire an understanding of others who are viewed positively. In addition, we are able to imagine that the reinforcers that the model experiences will come our way when we imitate his or her behaviour. Surely, this is why we imitate the behaviour of sports heroes and entertainers, a fact that advertisers capitalize on when they choose them to endorse products.



Observational learning involves observing and imitating the behaviour of others.

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What kinds of models are likely to provoke the greatest degree of imitation? In general, attractive, credible, competent, high-status people stand a good chance of being imitated. In addition, it is important that the model's behaviour provoke consequences that are seen as positive and successful by the observer.

Finally, it helps if the model's behaviour is vivid and memorable—bores do not make good models.⁵⁶ In business schools, it is not unusual to find students who have developed philosophies or approaches that are modelled on credible, successful, high-profile business leaders. Popular examples include Microsoft's Bill Gates and former General Electric CEO Jack Welch, both of whom have been the object of extensive coverage in the business and popular press.

The extent of observational learning as a means of learning in organizations suggests that managers should pay more attention to the process. For one thing, managers who operate on a principle of “do as I say, not as I do” will find that what they do is more likely to be imitated, including undesirable behaviours such as expense account abuse. Also, in the absence of credible management models, workers might imitate dysfunctional peer behaviour if peers meet the criteria for strong models. For example, one study found that the anti-social behaviour of a work group was a significant predictor of an individual’s anti-social workplace behaviour. Thus, an individual’s anti-social workplace behaviour can be shaped, in part, through the process of observation.⁵⁷ In addition, abusive behaviour on the part of managers and supervisors can lead to abusive behaviour among employees.⁵⁸ On a more positive note, well-designed performance appraisal and reward systems permit organizations to publicize the kind of organizational behaviour that should be learned and imitated.

Self-Efficacy Beliefs

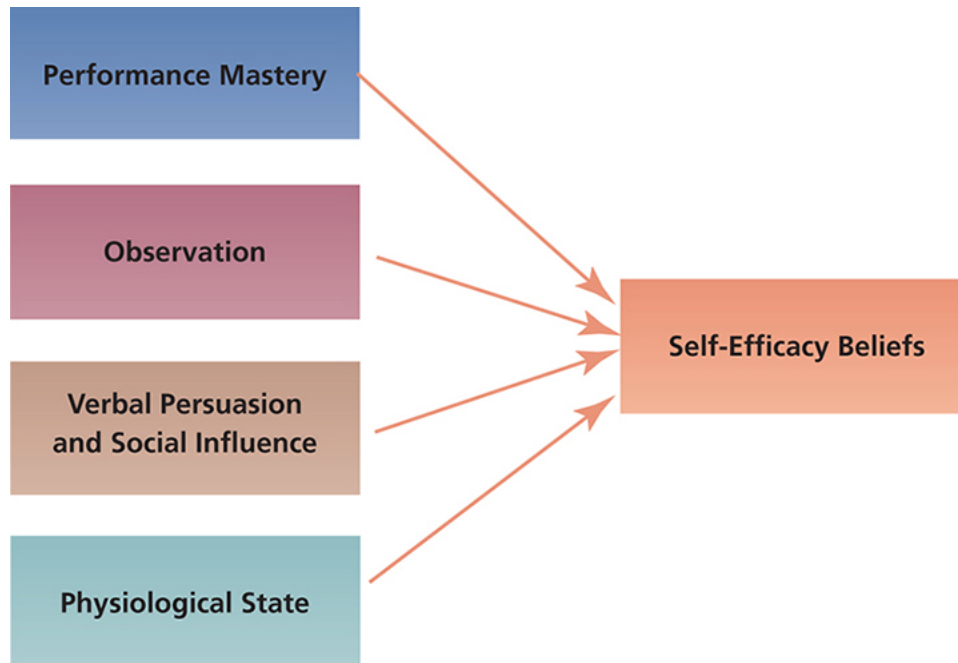
◀ Listen to the Audio

While observational learning may have helped the vice president learn how to behave in an executive committee meeting, you may have wondered what made him so confident about his ability to perform so well. This belief is known as self-efficacy. **Self-efficacy beliefs** ⁵⁹ refer to beliefs people have about their ability to successfully perform a specific task. At this point, it is important to note the difference between task-specific self-efficacy and some of the general personality traits discussed earlier in the chapter. In particular, unlike self-esteem and general self-efficacy, which are general personality traits, self-efficacy is a task-specific cognitive appraisal of one's ability to perform a specific task. Furthermore, people can have different self-efficacy beliefs for different tasks. For example, the vice president might have strong self-efficacy for conducting an executive committee meeting, but low self-efficacy for doing well in a course on organizational behaviour!⁵⁹

Because self-efficacy is a cognitive belief rather than a stable personality trait, it can be changed and modified in response to different sources of information. As shown in **Exhibit 2.5** ⁶⁰, self-efficacy beliefs are influenced by one's experiences and success performing the task in question (performance mastery), observation of others performing the task, verbal persuasion and social influence, and one's physiological or emotional state. Thus, the self-efficacy of the vice president could have been strengthened by observing the behaviour of others during meetings, by encouragement from peers that he would do a great job, and perhaps by

his own sense of comfort and relaxation rather than feelings of anxiety and stress while attending meetings. Finally, his mastery displayed during the meeting is also likely to have further strengthened his self-efficacy beliefs.

Exhibit 2.5 Determinants of self-efficacy beliefs.



Self-efficacy beliefs are important because they influence the activities people choose to perform, the amount of effort and persistence they devote to a task, affective and stress reactions, and job performance.⁶⁰ In the case of the vice president, his strong sense of self-efficacy beliefs obviously contributed to his ability to perform like an “old pro” at the meeting.

Self-Regulation

◀ Listen to the Audio

In much of this chapter, we have been concerned with how organizations and individual managers can use learning principles to manage the behaviour of organizational members. However, according to social cognitive theory, employees can use learning principles to manage their *own* behaviour, making external control less necessary. This process is called self-regulation.⁶¹

How does self-regulation occur? You will recall that observational learning involves factors such as observation of models, imagination, imitation, and self-reinforcement. Individuals can use these and similar techniques in an intentional way to control their own behaviour. The basic process involves observing one's own behaviour (i.e., self-observation), comparing the behaviour with a standard (i.e., self-evaluation), and rewarding oneself if the behaviour meets the standard (i.e., self-reinforcement). A key part of the process is people's pursuit of self-set goals that guide their behaviour. When a discrepancy exists between one's goals and performance, individuals are motivated to modify their behaviour in the pursuit of goal attainment, a process known as *discrepancy reduction*. When individuals attain their goals, they are likely to set even higher and more challenging goals, a process known as *discrepancy production*. In this way, people continually engage in a process of setting goals in the pursuit of ever higher levels of performance. Thus, discrepancy reduction and discrepancy production lie at the heart of the self-regulatory process.⁶²

To illustrate some specific self-regulation techniques, consider the executive who finds that she is taking too much work home to do in the evenings and over weekends. While her peers seem to have most evenings and weekends free, her own family is ready to disown her due to lack of attention! What can she do?⁶³

- *Collect self-observation data.* This involves collecting objective data about one's own behaviour. For example, the executive might keep a log of phone calls and other interruptions for a few days if she suspects that these contribute to her inefficiency.
- *Observe models.* The executive might examine the time-management skills of her peers to find someone successful to imitate.
- *Set goals.* The executive might set specific short-term goals to reduce telephone interruptions and unscheduled personal visits, enlisting the aid of her assistant, and using self-observation data to monitor her progress. Longer-term goals might involve four free nights a week and no more than four hours of work on weekends.
- *Rehearse.* The executive might anticipate that she will have to educate her co-workers about her reduced availability. So as not to offend them, she might practise explaining the reason for her revised accessibility.
- *Reinforce oneself.* The executive might promise herself a weekend at the beach with her family the first time she gets her take-home workload down to her target level.

Research has found that self-regulation can improve learning and result in a change in behaviour. For example, one study showed how a self-regulation program was used to improve work attendance among unionized maintenance employees. Those who had used over half their sick leave were invited by the human resources department to participate in an eight-week self-regulation program. Compared with a group of employees who did not attend the program, the employees who were

exposed to the program achieved a significant improvement in attendance, and they also felt more confident (i.e., higher self-efficacy) that they would be able to come to work when confronted with various obstacles to attendance.⁶⁴ In another study, training in self-regulation was found to significantly improve the sales performance of a sample of insurance salespeople.⁶⁵ Self-regulation programs have been successful in changing a variety of work behaviours and are an effective method of training and learning.⁶⁶















Organizational Learning Practices

LO 2.8 Describe the following organizational learning practices: *organizational behaviour modification, employee recognition programs, and training and development programs.*

◀ Listen to the Audio

We began our discussion of learning by defining learning and describing learning content, and then we focused on two theories of how people learn. In this final section, we review three organizational learning practices including organizational behaviour modification, employee recognition programs, and training and development programs. But first, consider the *You Be the Manager: Physical, Mental, and Financial Well-Being at Sun Life Financial* [□](#).

You Be the Manager: Physical, Mental, and Financial Well-Being at Sun Life Financial

Sun Life Financial is a leading international financial services organization with operations in a number of countries worldwide. Sun Life Financial puts a sizeable focus on a healthy workplace by supporting the physical, mental, and financial well-being of its employees.

"It's such an underpinning of our purpose and our culture," says Helena Pagano, senior vice president of total rewards at Sun Life Financial in Toronto. "If we really believe it's about living healthier lives and having lifetime financial security, that goes beyond 'I just care if you show up for work every day'; it is a caring statement that aligns with our purpose for clients—and therefore for employees by extension of that—and sets a real tone for the culture here. We want people, if they work here or think about working here, to really believe this is a place where their well-being—physical, mental and financial—matters to the company."

That focus is seen with health risk assessments, which help both the participants and Sun Life in the design of its programs. Fifty percent of employees completed an assessment in 2016, and participation rates were high partly because of the "wellness dollars" given out by Sun Life for various initiatives. These dollars can be used to cover health and wellness claims such as fitness memberships, equipment and child care.

In the fall, 100 wellness dollars are given out to those employees who participate in a confidential, 15-minute biometric screening with registered nurses to receive a personalized report that assesses their weight, height, blood pressure, cholesterol, glucose, body fat percentage and body mass index.

Participants are given a report card of their results, along with resource suggestions. Aggregate data collected from the assessments helps Sun Life gauge the health of employees, the health risks, and the

Reset

Next

Source: Dobson, S. (2017, November 13). Sun Life puts winning focus on physical, mental, financial well-being. *Canadian HR Reporter*, 30(19), 18; Announcement (2017, October 25). Sun Life Financial named one of Canada's healthiest workplaces.
https://www.sunlife.ca/ca/About+us/Newsroom/News+releases/Announcement/Sun+Life+Financial+named+one+of+Canadas+healthiest+workplaces?vgnLocale=en_CA&id=123128

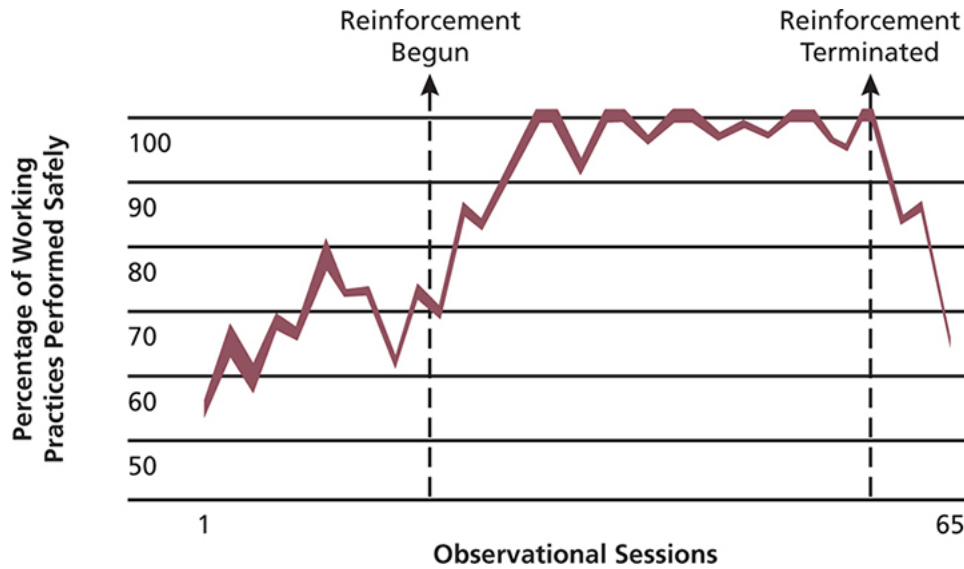
Organizational Behaviour Modification

◀ Listen to the Audio

Organizational behaviour modification (O.B. Mod) involves the systematic use of learning principles to influence organizational behaviour. For example, consider how one company used organizational behaviour modification through the reinforcement of safe working behaviour in a food-manufacturing plant. At first glance, accidents appeared to be chance events or wholly under the control of factors such as equipment failures. However, the researchers felt that accidents could be reduced if specific safe working practices could be identified and reinforced. These practices were identified with the help of past accident reports and advice from supervisors. Systematic observation of working behaviour indicated that employees followed safe practices only about 74 percent of the time. A brief slide show was prepared to illustrate safe versus unsafe job behaviours. Then, two reinforcers of safe practices were introduced into the workplace. The first consisted of a feedback chart that was conspicuously posted in the workplace to indicate the percentage of safe behaviours observers noted. This chart included the percentages achieved in observational sessions before the slide show, as well as those achieved every three days after the slide show. A second source of reinforcement was supervisors, who were encouraged to praise instances of safe performance that they observed. These interventions were successful in raising the percentage of safe working practices to around 97 percent almost immediately. The plant moved from last to first place in the company standings and received a safety plaque from the company

“in recognition of successfully working 280 000 hours without a disabling injury” over a period of 10 months. (See [Exhibit 2.6](#).)⁶⁷

Exhibit 2.6 Percentage of safe working practices achieved with and without reinforcement.



Source: Adapted from Komaki, J., et al. (1978, August). A behavioral approach to occupational safety: Pinpointing and reinforcing safe performance in a food manufacturing plant. *Journal of Applied Psychology*, 63(4), 439. Copyright © 1978 by American Psychological Association.

In addition to improvements in safety, O.B. Mod has also been found to have a positive effect on improving work attendance and task performance. The effects on task performance, however, tend to be stronger in manufacturing than in service organizations. As well, money, feedback, and social recognition have all been found to be effective forms of positive reinforcement. Although money has been found to have stronger effects on performance than social recognition and performance feedback, the use of all three together has the strongest effect on task performance. Research has also found that the effect of money on performance is greater when it is provided systematically through O.B. Mod compared to a routine pay-for-performance program.⁶⁸

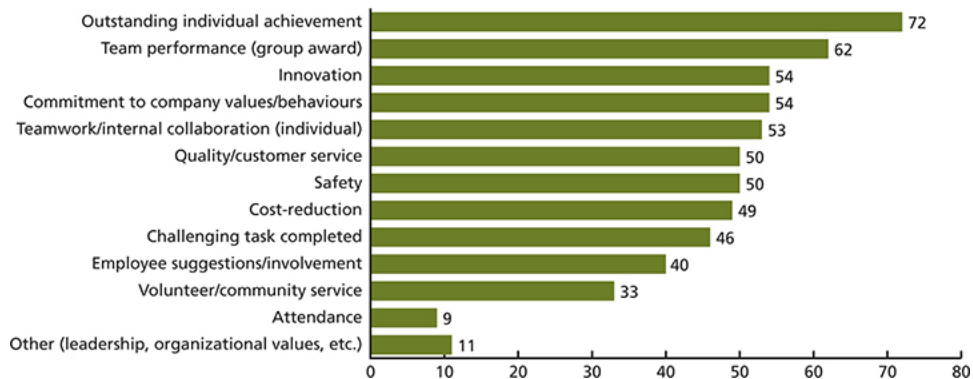
Employee Recognition Programs

◀ Listen to the Audio

A popular example of an organizational learning practice that uses positive reinforcement is employee recognition programs. **Employee recognition programs** are formal organizational programs that publicly recognize and reward employees for specific behaviours. [Exhibit 2.7](#) shows the most commonly recognized employee achievements for recognition, and [Exhibit 2.8](#) lists the most common rewards for recognition.

Exhibit 2.7 Types of recognition programs.

Achievements for Which Employees Can Be Recognized Corporately
(n = 160; percentage of organizations)



Source: *The Power of Appreciation*, Conference Board of Canada, Chart 8, p. 22.

Exhibit 2.8 Common Recognition Rewards

Trophy/certificate/plaque
Cash
Non-monetary (e.g., letter, public recognition)
Gift certificate/card
Points*
Small corporate memento (e.g., pen, ball cap, t-shirt, coffee mug)
Small gift (e.g., flowers, gift basket)
Large gift (e.g., electronics, household items)
Vacation days
Large corporate memento (e.g., high-end clothing, jewellery)
Travel rewards
Charitable donation
Other (cash for gift from catalogue, lunch, etc.)

*Points are awarded to employees and can be redeemed for an item of their choice, typically through a website or catalogue.

Source: *The Power of Appreciation*, Conference Board of Canada, Table 9, p. 23.

Many companies in Canada have some form of employee recognition program, and employees in the best companies to work for in Canada believe that they receive adequate recognition beyond compensation for their contributions and accomplishments. Unfortunately, many recognition programs are not effective. According to one survey, 60 percent of Canadians said that their employer's recognition program does not motivate them to do a good job.⁶⁹

To be effective, a formal employee recognition program must specify (a) how a person will be recognized, (b) the type of behaviour being encouraged, (c) the manner of the public acknowledgement, and (d) a token or icon of the event for the recipient. A key part of an employee recognition program is public acknowledgement. Thus, a financial reward for good performance would not qualify as an employee recognition program if it was not accompanied by some form of public praise and recognition.⁷⁰



© David Anderson

An increasing number of organizations have begun to implement a new kind of recognition program called peer recognition. **Peer recognition programs** are formal programs in which employees can publicly acknowledge, recognize, and reward their co-workers for exceptional work and performance. For example, IT/NET Ottawa Inc. has a peer-to-peer recognition program called "My Thanks," in which employees are encouraged to acknowledge co-workers' exceptional work by sending them a cash-valued gift certificate. The value of the certificate is determined by the person who is awarding it, and it can be done any time and as often as employees choose to recognize a co-worker.

With the increasing use of technology, many organizations have begun to use social recognition platforms for peer recognition. For example, RBC launched a social recognition platform that allows all of its employees to send a thank-you message to another employee. The program has had a positive effect on employee engagement and loyalty. Pharmaceutical

company Eli Lilly Canada implemented an online recognition program in which employees choose a value from the company's value statement that represents an action being rewarded and then allocate points to the person being rewarded. Employees can use their points for items such as electronics and gift cards.⁷¹

Employee recognition programs have been found to result in important work outcomes for employees and organizations, including job satisfaction, performance and productivity, and lower turnover.⁷² One study compared a public recognition program for improving work attendance with several other interventions. Employees with perfect attendance for an entire month had their names posted with a gold star for that month. At the end of each quarter, employees with no more than two absences received a personal card notifying and congratulating them. In addition, at the end of the year, there was a plant-wide meeting to recognize good attendance, and small engraved mementos were awarded to employees who had perfect attendance during the entire year. The results indicated that employees had favourable perceptions of the program and that the program resulted in a decrease in absenteeism.⁷³ A survey of 26 000 employees in 31 organizations in the United States found that companies that invest the most in recognition programs have more than triple the profits of those that invest the least.⁷⁴

Training and Development Programs

◀ Listen to the Audio

Training and development ⁷⁵ programs are among the most common types of formal learning programs in organizations. Training refers to planned organizational activities that are designed to facilitate knowledge and skill acquisition to change behaviour and improve performance on one's current job; development focuses on future job responsibilities.⁷⁵

Employees learn a variety of skills by attending formal training and development programs. In addition to teaching employees technical skills required to perform their jobs, training and development programs also teach employees non-technical skills such as how to work in teams, how to provide excellent customer service, and how to understand and appreciate cultural diversity.

Effective training and development programs include many of the principles of learning described earlier in the chapter, such as positive reinforcement, feedback, observational learning, strengthening employees' self-efficacy beliefs, and self-regulation. One of the most widely used and effective methods of training is **behaviour modelling training (BMT)** ⁷⁶, which is a training method in which trainees observe a model performing a task followed by opportunities to practise the observed behaviours. BMT is based on the observational learning component of social cognitive theory and involves the following steps:⁷⁶

- Describe to trainees a set of well-defined behaviours (skills) to be learned.

- Provide a model or models displaying the effective use of those behaviours.
- Provide opportunities for trainees to practise using those behaviours.
- Provide feedback and social reinforcement to trainees following practice.
- Take steps to maximize the transfer of those behaviours to the job.

Many organizations have used behavioural modelling training to develop supervisory, communications, sales, and customer service skills. A review of BMT research concluded that it has a positive effect on learning, skills, and job behaviour. The effects on behaviour were greatest when trainees were instructed to set goals and when rewards and sanctions were used in the trainees' work environment.⁷⁷















Summary: Personality and Learning

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 2.

2.1 Define *personality* and describe the *dispositional*, *situational*, and *interactionist* approaches to organizational behaviour.

Personality is the relatively stable set of psychological characteristics that influences the way we interact with our environment. It has more impact on behaviour in weak situations than in strong situations. According to the *dispositional approach*, stable individual characteristics influence people's attitudes and behaviours. The *situational approach* argues that characteristics in the work environment influence people's attitudes and behaviour. The *interactionist approach* posits that organizational behaviour is a function of both dispositions and the situation.

2.2 Discuss the Five-Factor Model of personality, *locus of control*, *self-monitoring*, and *self-esteem*.

2.3 Discuss *positive and negative affectivity*, *proactive personality*, *general self-efficacy*, and *core self-evaluations* and their consequences.

2.4 Define *learning*, and describe what is learned in organizations.

2.5 Explain *operant learning theory*, differentiate between *positive* and *negative reinforcements*, and *extinction* and *punishment*, and explain how to use punishment effectively.

2.6 Explain when to use immediate versus delayed reinforcement and when to use continuous versus partial reinforcement.

2.7 Explain social cognitive theory and discuss *observational learning*, *self-efficacy beliefs*, and *self-regulation*.

2.8 Describe the following organizational learning practices: *organizational behaviour modification*, *employee recognition programs*, and *training and development programs*.

Key Terms

Start Over

Swap

0/33 REVIEWED · 0 MASTERED

Positive reinforcement



Previous

Next

Got It!



*On-the-Job Challenge Question

18 000 Collisions

It has been reported that since 2009, 5300 Toronto Transit Commission (TTC) drivers have been involved in almost 18 000 collisions, with nearly 5000 deemed preventable by the transit commission's own investigators. This works out to an average of 3564 collisions a year. One bus driver was involved in 30 crashes in the past five years, and 181 drivers have been in 10 collisions or more. While some accidents are bound to happen, city councillors and the head of the TTC union expressed alarm at the number of drivers with double-digit collision figures.

According to Councillor Denzil Minnan-Wong, "That's really troubling. When they're having this many accidents, we have to understand the nature of those accidents, why they're having those accidents, and whether some of those drivers should still be behind the wheel of a TTC vehicle."

When a bus or streetcar gets into an accident, a TTC manager goes to the scene and determines whether the collision was "preventable" or "not preventable." On average, a little more than a quarter of accidents received the "preventable" designation.

What do you think is the reason for so many TTC accidents? Is it due to driver personality or characteristics of the work environment? Use learning theory to explain what the TTC can do to reduce the number of accidents. What organizational learning practices might help to lower the

number of accidents? Do you think that personality should be the focus of hiring decisions? Explain your answers.

Source: Based on Andrew-Gee, E. (2014, July 4). TTC in 18 000 crashes since 2009. *Toronto Star*, A1, A4.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Proactive Personality Scale

Do you have a proactive personality? To find out, answer the 17 questions below as frankly and honestly as possible, using the following response scale:

1-Disagree very much

2-Disagree moderately

3-Disagree slightly

4-Neither agree or disagree

5-Agree slightly

6-Agree moderately

7-Agree very much

_____ 1. I am constantly on the lookout for new ways to improve my life.

_____ 2. I feel driven to make a difference in my community, and maybe the world.

_____ 3. I tend to let others take the initiative to start new projects.

_____ 4. Wherever I have been, I have been a powerful force for constructive change.

_____ 5. I enjoy facing and overcoming obstacles to my ideas.

_____ 6. Nothing is more exciting than seeing my ideas turn into reality.

_____ 7. If I see something I don't like, I fix it.

_____ 8. No matter what the odds, if I believe in something, I will make it happen.

_____ 9. I love being a champion for my ideas, even against others' opposition.

_____ 10. I excel at identifying opportunities.

_____ 11. I am always looking for better ways to do things.

_____ 12. If I believe in an idea, no obstacle will prevent me from making it happen.

_____ 13. I love to challenge the status quo.

_____ 14. When I have a problem, I tackle it head on.

_____ 15. I am great at turning problems into opportunities.

_____ 16. I can spot a good opportunity long before others can.

_____ 17. If I see someone in trouble, I help out in any way I can.

Source: Republished with permission of John Wiley & Sons, Inc., from Bateman, T. S., & Crant, J. M. (1993). The proactive component of organizational behavior: A measure and correlates. *Journal of Organizational Behavior*, 14, 103–118; permission conveyed through Copyright Clearance Center, Inc.

Scoring and Interpretation

You have just completed the Proactive Personality Scale developed by Thomas Bateman and J. Michael Crant. To obtain your score, first subtract your response to question 3 from 8. For example, if you gave a response of 7 to question 3, give yourself a 1 (8 minus 7). Then add up your scores to all 17 items. Your total should be somewhere between 17 and 119. The higher you scored, the more proactive your personality is—you feel that you can change things in your environment.

The average score of 134 first-year MBA students with full-time work experience was 90.7. Thus, these people tended to see themselves as very proactive. In this research, people with a proactive personality tended to report more extracurricular and service activities and major personal achievements that involve making constructive changes to the world around them.

General Self-Efficacy

Want to learn about your general self-efficacy? Answer the eight questions below as frankly and honestly as possible, using the following response scale:

1—Strongly disagree

2—Disagree

3—Neither agree nor disagree

4—Agree

5—Strongly agree

_____ 1. I will be able to achieve most of the goals that I have set for myself.

_____ 2. When facing difficult tasks, I am certain that I will accomplish them.

_____ 3. In general, I think that I can obtain outcomes that are important to me.

_____ 4. I believe I can succeed at almost any endeavour to which I set my mind.

_____ 5. I will be able to successfully overcome many challenges.

_____ 6. I am confident that I can perform effectively on many different tasks.

_____ 7. Compared to other people, I can do most tasks very well.

_____ 8. Even when things are tough, I can perform quite well.

Source: Chen, G., Gully, S. M., & Eden, D. (2001). Validation of a new general self-efficacy scale. *Organizational Research Methods, 4*, 62–83. Copyright © 2001 by SAGE Publications, Inc. Reprinted by permission of SAGE Publications, Inc.

Scoring and Interpretation

You have just completed the New General Self-Efficacy Scale developed by Gilad Chen, Stanley M. Gully, and Dov Eden. To obtain your general self-efficacy (GSE) score, add up your scores to all 8 items and divide by 8. Your score should be somewhere between 1 and 5. The higher your score, the greater your general self-efficacy.

GSE enables individuals to effectively adapt to novel and adverse environments and can help to explain motivation and performance in a variety of work contexts. The average score of 323 undergraduate students enrolled in several upper-level psychology courses was 3.87.

The Core Self-Evaluations Scale (CSES)

To find out about your core self-evaluations, answer the 12 questions below as frankly and honestly as possible, using the following response scale:

1-Strongly disagree

2-Disagree

3-Neither agree nor disagree

4-Agree

5-Strongly agree

_____ 1. I am confident I get the success I deserve in life.

_____ 2. Sometimes I feel depressed.

_____ 3. When I try, I generally succeed.

_____ 4. Sometimes when I fail I feel worthless.

_____ 5. I complete tasks successfully.

_____ 6. Sometimes I do not feel in control of my work.

_____ 7. Overall, I am satisfied with myself.

_____ 8. I am filled with doubts about my competence.

_____ 9. I determine what will happen in my life.

_____ 10. I do not feel in control of my success in my career.

_____ 11. I am capable of coping with most of my problems.

_____ 12. There are times when things look pretty bleak and hopeless to me.

Source: Republished with permission of John Wiley & Sons, Inc., from Judge, T. A., Erez, A., Bono, J. E., & Thoresen, C. J. (2003). The core self-evaluations scale: Development of a measure. *Personnel Psychology, 56*, 303–313; permission conveyed through Copyright Clearance Center, Inc.

Scoring and Interpretation

You have just completed the Core Self-Evaluations Scale (CSES) developed by Timothy Judge, Amir Erez, Joyce Bono, and Carl Thoresen. To obtain your score, first subtract your response to questions 2, 4, 6, 8, 10, and 12 from 6. For example, if you gave a response of 1 to question 2, give yourself a 5 (6 minus 1). Then add up your scores to all 12 items and divide by 12. Your score should be somewhere between 1 and 5. The higher your score, the higher your core self-evaluations.

Core self-evaluations (CSE) are a broad personality concept that reflects evaluations people hold about themselves and their self-worth. Core self-evaluations consist of self-esteem, general self-efficacy, locus of control, and neuroticism. The average score of undergraduate students in two studies was 3.83 and 3.78. Scores on the CSES have been found to be positively related to job satisfaction, job performance, and life satisfaction.

To facilitate class discussion and your understanding of proactive personality, GSE, and CSE, form a small group with several other members of the class, and consider the following questions:

1. Each group member should present their proactive personality, GSE, and CSE scores. Next, consider the extent to which each member has been involved in extracurricular and service

activities and in personal accomplishments that involved making changes to their circumstances and how they have adapted to novel and difficult situations. Each member should also consider how satisfied they are with a current or previous job and how satisfied they are with their life (1 = not satisfied at all to 5 = very satisfied). Have students with higher proactive personality scores been more involved in extracurricular and service activities? What about personal accomplishments and constructive change? Have students with higher GSE scores been more effective in adapting to novel and difficult situations? And are students with higher CSE scores more satisfied with their current or a previous job, and are they more satisfied with their life? (Alternatively, members of the class may write their proactive personality, GSE, and CSE scores, extracurricular and service activities, personal accomplishments, experiences adapting to novel and difficult situations, and job and life satisfaction on a piece of paper and hand it in to the instructor. The instructor can then write the responses on the board for class discussion.)

2. When are a proactive personality, GSE, and CSE most likely to be beneficial? When are they least likely to be beneficial?
3. Do you think organizations should hire people based on whether they have a proactive personality and on their GSE and CSE scores? What are the implications of this?
4. Based on your proactive personality, GSE, and CSE scores, what have you learned about yourself and your behaviour in different situations?
- * 5. How can your knowledge of your proactive personality, GSE, and CSE scores help you at school, work, and in your career? What can you do to become more proactive? What can you do to strengthen your GSE and CSE?

* Question 5 is also assignable in Writing Space.

Case Incident

Playing Hooky

Several years ago, a *Toronto Star* investigation reported that construction and maintenance workers who were supposed to be working at Toronto public schools were spending their mornings at Tim Hortons, drinking in bars, and even kissing in cars. One worker was spotted delivering pamphlets to houses and offering to perform odd jobs for pay on school board time. Some workers did not show up at jobs even though time cards indicated they did. The workers submitted time sheets and were paid their wages as if they had put in a full day's work.

In some cases, workers signed in to work at a school then announced that they had to go get "parts," and were later discovered by Toronto District School Board officials drinking in a bar. In another case, a male worker was found in a board vehicle with a female "fooling around," according to a board source. In the case of the pamphlets, board sources say a worker was using board time to distribute flyers advertising his services for odd jobs, apparently using board equipment.

Following the *Toronto Star* investigation, the school board cracked down on wasteful activities and fired or disciplined 150 construction and maintenance workers over allegations of fraud and time theft. The school board also installed GPS tracking devices on all board vehicles and began to bundle jobs so that a worker would spend the full day at one school rather than doing a series of small jobs at different schools.

Sources: Donovan, K., & Welsh, M. (2012, June 22). School workers playing hooky. *Toronto Star*, A1, A4; Donovan, K. (2014, June 18). TDSB cracking down on fraud and waste in maintenance. *Toronto Star*, http://www.thestar.com/news/investigations/2014/06/18/tdsb_cracking_down_on_fraud_and_waste_in_maintenance.html.

1. Based on what you know about learning theory, explain why the workers engaged in inappropriate behaviours during work hours and why they were not doing what they were supposed to be doing. Do you think it has anything to do with personality?
2. Use operant learning theory and social cognitive theory to explain what can be done to eliminate undesirable behaviours and increase desirable behaviours. What approach do you recommend and why?
3. What do you think of the way the school board responded to the *Toronto Star* investigation? Do you think it will eliminate the problems? Explain your answer.
- * 4. Do you think that organizational learning practices can be used to change employee behaviours? Consider the potential of organizational behaviour modification, employee recognition programs, and training and development. What practices would you recommend and why?

* Question 4 is also assignable in Writing Space.

Case Study

Roaring Dragon Hotel: A Second Attempt at Modernization

The Roaring Dragon Hotel (RDH) was constructed in southwest China in the 1950s as a state-owned enterprise (SOE) and was viewed primarily as a premier guest house for visiting dignitaries and officials, Communist party members, and guests. Like many SOE hotels at that time, historically the RDH had the characteristics of overstaffing, archaic work practices and technology, unsystematic production systems, and a dysfunctional motivation system unrelated to performance. In 2000, the RDH board and provincial government made their first attempt at modernizing the hotel,¹ but the internationalization process failed due to a number of problems including the collision² between cultural characteristics like *guanxi* and *mianzi*.³ A disastrous outcome caused the provincial government and RDH stakeholders to lose heart, momentum, and the motivation to modernize. After 2000, as the Chinese market economy continued to develop, a number of human resource problems emerged at the RDH. Solving these problems became a priority. Six years later, the RDH board and new joint venture owner had recovered enough confidence to attempt the service standard upgrade for a second time. In 2005, the global company, Premium Hotel Services (PHS), was contracted to complete the task and found that the quality and retention of older employees, increased turnover of younger staff, and Chinese economic policies were impeding progress. How can the Premium Hotel Services and RDH solve these problems so the hotel can emerge as a five-star operation?

Background

Up until the late 1990s, the RDH management had little concern for profit and primarily focused its efforts on serving and meeting the needs of officials and party members. The majority of managers were untrained, and internal family cliques within the hotel departments were prominent. These were built upon trust, and they were known to use the hotel's resources to ameliorate the wants of clique members. Clique insiders were able to conduct their own private external business during working hours and use the hotel's facilities free of charge. Government officials provided protection for well-connected employees, and nepotism was common. Again, powerful *guanxi* was an important tool in facilitating these outcomes.

In 1999, after a long history of government-funded losses, the local provincial government and RDH board decided they had to make the hotel profitable, meet the demands of the encroaching Chinese market economy, and modernize the management practices for the expected growth in tourism in China's southwest. In its first attempt, the local government invited the Hotel International (HI) group to take over the management and upgrade of the RDH in April 1999. The experiment failed to convert the RDH from a state-owned hotel into a competitive, market-driven hotel. The bad experience greatly discouraged the RDH board and local government from developing a modern, market-driven hotel. After HI's departure, the pre-HI Chinese management team came back in to resume its management. The patient Chinese managers had been waiting in the wings, watching every mistake HI had made, and now felt they were resuming their rightful place managing the RDH.

The local government's experience with HI had not been completely in vain though. During this nine-month period, the Chinese deputy departmental managers had documented all HI's international operations and practices. With this documentation secured, could the Chinese

employees and managers reach the same level of service quality as HI was renowned for in its global operations?

The Second Attempt in 2005

After a five-year wait and a new co-ownership arrangement with a private, state-controlled tobacco company, the RDH board had renewed confidence to modernizing the hotel a second time. The goal was to contract a proven international company able to successfully raise the skills of existing staff to a five-star standard of quality. With the scars of the HI experience still present in its mind, the RDH board took care to choose an international service training company based on its track record rather than its brand. The board understood that the quality of expertise and training had to be at the cutting edge to produce the desired outcome.

In 2004, two other new five-star hotels were completed in the region, with two more under construction and one under planning and development. With competition growing, developing the human resources to deliver a five-star service experience for RDH clientele was paramount. With the number of domestic and international business and holiday clients visiting the region continuing to grow, the board realized an old section of the hotel required demolition and replacement by a new five-star facility.

An agreement was finalized in January 2005 to demolish the old section and replace it with a modern, five-storey, state-of-the-art facility. The opening of the newly constructed wing was planned for November 2006. This new facility would feature a large open entry hall complemented by two five-star restaurants and a business centre, two large modern banquet halls on the first floor, an executive club and tea house on the second floor, and a heated indoor swimming pool on the third floor,

adjacent to the spa and beauty centre. This new facility would complement the adjacent 16-storey accommodation wing built in 1992, which contained 392 quality guest rooms.

After extensive research, the RDH committee chose to commence discussions with Premium Hotel Services (PHS), a mid-sized global hotel training company. After negotiations were complete, the committee contracted PHS to come to the hotel and upgrade all the employees' skills between October 2005 and October 2006 to prepare for the reopening of the new premises in November 2006. During the period of the PHS contract, the hotel would be closed for reconstruction, providing the opportunity for the employees to partake in full-time training.

The first representatives of the PHS team arrived in September 2005, and their initial goal was to assess the hotel's existing standards of service and design a training program targeted to produce a five-star outcome. The PHS would not be able to hire any new employees. Many department managers remaining at the RDH had endured the experience with HI in 1999/2000 and had since been promoted to head of their respective departments. Many of the employees made redundant by HI in 1999/2000, especially those with strong *guanxi* with powerful officials, had managed to get their jobs back six months later. Consequently, some of the former SOE work practices had also crept back into the hotel operations after 2000.

The RDH board had implemented a new rule in late 2004 to replace all departmental managers older than 45 years of age. This appeared to be an injection of youth into the RDH management and culture, as only one of the existing department managers or their deputies retained a position of seniority. In reality, however, the former departmental heads had merely been moved sideways and still had some influence on the younger managers. None of the incumbent departmental managers from before

2004 had been made redundant or asked to retire, partially due to the loss of face, or *mianzi*, it would have generated.

After a month on site, the PHS leadership team completed the design of an intense training program it thought would effectively develop a human resource team able to produce the five-star standard of hotel service. Soon after, the PHS's training team began to arrive from a variety of locations around the world, and the intense training sessions commenced.

After a short time, the PHS staff noticed two interesting conditions in the workplace that had the potential to create new problems not previously experienced at the RDH. In the developing Chinese market economy, changing government labour policies were enabling employees to change jobs—as well as their location from one city to another— more easily. Under the former planned-economy conditions, this had been forbidden or very difficult to do. The increasing demand for quality hotel employees to staff the growing number of new hotels in the region heralded the emergence of Chinese-style headhunting for quality hotel staff. Rival hotels' HR departments targeted talented employees from private, state-owned, and semi-private accommodation providers for recruitment. Smart recruiters enjoyed great success in attracting skilled and trained hotel employees by offering them significantly higher salaries and benefits.

Another new phenomenon concerned the emerging one-child generation. This generation had not experienced previously difficult living and working conditions under SOE or China's planned economy. They wanted opportunities and a clear career path (see [Exhibit 1](#)). They were confident enough to change jobs if their existing conditions were not suitable or if they were made an attractive offer. The previous

generations had survived much tougher working conditions and fewer education opportunities and had cherished their SOE job-for-life status.

Exhibit 1 Nation's workers unhappy with jobs.

"China's workers are among the least likely in Asia to say their jobs are ideal, despite China having one of the regions lowest unemployment rates Providing an adequate number of jobs in China alone is not enough to fulfill the career expectations of its workforce or to sustain and grow a productive labour pool This likely means that many Chinese workers will not be looking for just any job but a great job—one that offers a good workplace where they can use their unique talents. . . .

Concerns have been raised about the high expectations of Chinese job seekers, with several incidents highlighting the extreme pressures placed on well-educated students with master's degrees or doctorates unable to find work.

In October 2009, a graduate student who had been unemployed for over a year jumped off a building of China West Normal University with his degree certificate in his arms and died at the scene.

Du Hanqi, a psychologist with Mind Care Counseling, said job seekers' views of value have changed as the market has become increasingly competitive in the fast-growing economy. "Years ago people were willing to build their career gradually from a low starting point. . . . Peer pressure meant graduates were looking for high-powered jobs without working their way up the career ladder."

Incomes: Urban, rural residents see their wallets bulge.

"The growth of urban and rural incomes has maintained good momentum, with rural incomes growing quicker than the urban equivalents. In the first half of the year, the per capita disposable income of urban residents was 12,509 yuan (~\$2000 US), a year-on-year growth of 13.3 percent, which was 2.1 percentage points higher than that in the same period of 2011.

The per capita cash income of rural residents was 4,303 yuan (~\$825), up by 16.1 percent year-on-year. Wang Jun, a senior economist . . . said the government's increasing investment in agricultural production and rural infrastructure has played a role in lifting up the rural incomes [and increases in income could be seen across the board in rural and urban income]. The average monthly income of migrant workers also rose to 2,200 yuan, up by 14.9 percent year-on-year."

Source: Wang Zhouqiong, *China Daily* – Business, July 14–15, 2012, p. 10.

Source: Wang Huazhong, *China Daily*, July 10, 2012, p. 9.

The one-child generation's attitude was significantly different, best summed up during an interview with the RDH housekeeping departmental manager in 2011. She wanted to encourage her son to take a position at the RDH but commented that her son "did not want to work in a hotel." He wanted to work in a place "where he could be served." This comment perhaps reflects the profile of a son coming from a semi-wealthy background and the choices he enjoyed in having two parents, four grandparents, and no competition for attention from any fellow

siblings. This generation's expectations reflected the attitudes of the growing Chinese middle class.

The social environment in the vicinity of the RDH was also changing. Nearby, one could now find clubs presenting live modern music every night to young customers from one-child backgrounds that proudly exhibited their dyed hair, modern clothing, and fashion trends. In contrast, during the day, hundreds of older Chinese people from large families, some clad in former blue Communist Party clothing, would gather in the vicinity of the nearby park to play traditional acoustic music on a variety of instruments, play chess-like games, and enjoy old-style dances and customs together. At the turn of the century, these contrasting characteristics could not have been imagined.

Collectively, these conditions meant the RDH human resources department had to work harder to retain their good employees and to attract young recruits. Younger employees now had less concern about having a secure position with a famous five-star hotel like the RDH. They were more interested in making money, and short-term outcomes were their priority.

The PHS trainers noticed these conditions and, in discussions with the GM, suggested the RDH human resources department must take care to place reliable dedicated employees with proven ability, the right attitude, and problem-solving skills in key decision-making positions. They noted the increased demands on the RDH HR team and were concerned the older managers might not have the capability to produce five-star outcomes. The long-serving RDH general manager said he would take care of this concern. However, he failed to raise the issue as a priority among his fellow directors and departmental managers.

With most of the PHS training contract complete, only two PHS trainers remained when the RDH reopened with new facilities in November 2006. Not long afterward, a number of problems began to surface and two critical errors affected the RDH's status and placed the spotlight firmly on the quality of the hotel's human resources.

A Japanese couple were given the keys to their "Superior Room" on the eighth level and, rather than being guided and accompanied to their room by a bell boy, were allowed to check in unaccompanied. They found the room had not been made up after the previous guests had checked out late earlier in the day. The housekeeping department head was notified and had to take urgent action to find the guests another room. The guests had to wait for a further 45 minutes in the hotel lobby for the problem to be solved. As they had just arrived from a long flight and had paid for a superior suite at 1950rmb (\$330US) per night, the couple was not happy and wrote a letter of complaint to the RDH general manager. An older employee had failed to complete the relevant paper work correctly earlier in the day. Since it occurred at a demanding period with a significant number of new guests arriving, the supervisor had been called away and had not been present to double-check the documentation.

A week later, three meals were delivered to the wrong room on the executive level. As the room was empty, no guests answered the door. The food and beverage staff member returned to the ground floor with the meals to the kitchen, and no one was sure of what to do. A female employee, a recent transfer from the supply department, had written the wrong room number on the delivery sheet. The supervisor was again taking care of another urgent duty and by the time she returned, nearly 40 minutes had passed and the food was cold. The guests in the room had rung the front desk to ask why it was taking so long. The food had to be prepared again, resulting in a 90-minute wait for the guests from the time

they placed their order. These guests included a senior executive from petroleum giant Sinopec. The GM received another formal complaint about this matter. Even though the RDH general manager went to the room to personally apologize and give the guests a complimentary bottle of French wine, the damage to the hotel's reputation was complete. A week later, Sinopec cancelled the bookings for its annual conference at the RDH and rebooked with a competitor.

Long-term customers began to notice some small idiosyncrasies in the housekeeping and bellboy services. After the daily servicing of their rooms, customers noticed that, on some days, two sachets of coffee, two of sugar, and two of powdered milk would be left in their side table drawer. The next day, there would be four of each, and then a week later, the whole set of sachets may have been forgotten. In a two- or three-star hotel, this detail may have been forgiven, but not at the now five-star RDH. This kind of variability was not tolerated in a five-star hotel, and the problem seemed to be the complacent attitude of the small number of younger staff, coupled with greater demands on the supervisory staff.

In the first three months of 2007, the attraction of higher salaries and a promotion had caused three senior managers and 14 junior and middle-level staff to leave and take up new positions locally, in Beijing, Nanjing, and Shanghai. The employee turnover was expected to intensify in late 2007, when two more five-star hotels would open in the city and continue placing pressure on human resources.

These worsening conditions and problems were increasingly significant. Several senior government officials and RDH board members decided to call an urgent meeting to decide how to proceed. The board and officials had to decide whether they should contact the PHS senior management to gain its input and also whether the PHS team would be contracted to stay on the site until these problems were resolved.

Questions

1. What are the main problems at the Roaring Dragon Hotel? Use operant learning theory and social cognitive theory to explain why the hotel is having these problems. What role might personality play in the hotel's problems?
2. Do you think it was a good idea to train all of the hotel's employees? How effective was the training? Did the training result in a five-star standard of hotel service? Explain your answer.
3. What behaviours need to be maintained or increased, and what behaviours should be reduced or eliminated? Be specific about the behaviours that need to be improved and those that need to be eliminated.
4. Use the concepts and principles from operant learning theory and social cognitive theory to explain how the hotel can address its problems. What are some of the most important things it should do?
5. What organizational learning practices might be effective for changing employee behaviours and improving the quality of the hotel's service? Consider the potential of organizational behaviour modification, employee recognition programs, and additional training and development. Explain how you would implement each of these practices, and predict their potential effectiveness.
- * 6. What advice would you give the Roaring Dragon Hotel on how to address the problems they are having? What do they need to do to achieve a five-star standard of quality? Explain your answer.

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* Question 6 is also assignable in Writing Space.

1 S. Grainger, *Organisational Guanxi in a State Owned Enterprises in South-west China*, VDM Verlag, Saarbrücken, Germany, 2005.

2 D. E. Warren, T. W. Dunfee and N. Li, "Social Exchange in China: The Double-Edged Sword of Guanxi," *Journal of Business Ethics*, 55, 2004, 355–372.

3 *Guanxi*-a personal relationship between two people facilitating the exchange of favours. L. W. Pye, *Chinese Negotiating Style*, Quorum Books, Westport, Connecticut, 1992; Mianzi—The respectability a person can claim for themselves from others by virtue of the relative position and status they have in their social network. S. Grainger, "The Privatisation of China's SOE: How Is It Affecting the Production of Guanxi?" *International Journal of Management and Enterprise Development*, 10(2/3), 2011, 156–172.













































Chapter 3

Perception, Attribution, and Diversity

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Learning Objectives

After reading Chapter 3, you should be able to:

- 3.1 Define *perception*, and discuss some of the general factors that influence perception.
- 3.2 Explain *social identity theory* and *Bruner's model* of the perceptual process.
- 3.3 Describe the main biases in person perception.
- 3.4 Describe how people form *attributions* about the causes of behaviour and various biases in attribution.
- 3.5 Discuss the concepts of *workforce diversity* and valuing diversity and how racial, ethnic, religious, gender, age, and LGBTQ *stereotypes* affect organizational behaviour, and what organizations can do to manage diversity.
- 3.6 Define *trust* perceptions and *perceived organizational support*, and describe *organizational support theory*.
- 3.7 Discuss person perception and perceptual biases in human resources management.

Cogeco Connexion

Cogeco Connexion is the second-largest cable operator in Ontario and Quebec, and it is the eighth-largest hybrid fibre coaxial cable operator in North America. It was recently honoured as the 2018 winner of Women in Communications Technology's (WCT's) Company of the Year Award in recognition of its ongoing efforts to make its workplace more diverse, inclusive, and supportive of women. In accepting the award, Cogeco president Ken Smithard said, "I am very proud of this recognition of our tangible commitment to making Cogeco Connexion a diverse and inclusive organization. Diversity and equity are core principles with deep roots in our corporate culture."

Cogeco's vision goes well beyond compliance with the Employment Equity Act according to Liette Vigneault, vice president, human resources and communication. "It represents who we are as a company that is close to the communities it serves, and a company which is very attentive to the needs and concerns of its customers. It's also important because they are entirely consistent with the values of the company, which are teamwork, respect, trust, dedication to serve and innovation."

Integrating diversity into overall management practices brings many advantages, she said. "First, it improves the delivery of our customer service, who themselves are becoming more diverse. We believe that the more our workforce represents the population, we serve better in our capacity to reach their expectations. It applies also on the product development access, our capacity to access new markets and innovation," said Vigneault.

"We also really believe that if we create a respectful working environment where everybody feels they are appreciated, even if they

are different, at some point it will increase our productivity. We'll have more innovative solutions, of course, greater collaboration and partnership, I would say, and more effective change management. At the end of the day...the overall employee engagement will increase." With a focus on equity, employees feel more included, she said. "They feel that they are an added value and their differences are considered an added value."

In 2011, Cogeco adopted a multi-year employment equity plan to achieve a fair representation of designated groups (women, people with disabilities, Aboriginal peoples, and visible minorities). The plan includes a number of progressive measures and objectives to foster diversity, employment equity and inclusion such as providing all Cogeco women with professional development opportunities to enhance executive and leadership skills and competencies; professional networking and support through Cogeco's Women's Network and other programs; and ensuring a highly flexible work environment for all employees that offers teleworking, flexible work schedules, reduced work weeks, and unpaid leaves of absence to help employees better manage work and family responsibilities.

To improve diversity, Cogeco has several initiatives including a diversity week at locations in Quebec and Ontario. "It's an entire week of various activities such as potlucks, speakers, we invite external resources that represent our four designated groups, and we aim to promote our values, our culture, our differences, our diversity positioning to our employees," says Vigneault. "The idea here is to break down silos between departments and encourage collaboration amongst employees and to provide also for the exchange of creative ideas."



Cogeco Connexion was honoured as the 2018 winner of Women in Communications Technology's (WCT) Company of the Year Award.

Serge Kgaevski/ASK Images / Alamy Stock Photo

Cogeco has created three committees—one for each of its main facilities —with managers, employees, and employees representing the four designated groups focused on employment equity and the implementation of initiatives. These include training for HR on diversity and recruitment to eliminate barriers right from the beginning of the life cycle of employees.

“It also includes mandatory online training for all of our managers and also other kinds of co-development discussion and initiatives. Mainly, it’s all about awareness and education,” says Vigneault. The development of partnerships with organizations that represent the four designated groups in the community is also part of the plan, said Vigneault. And there are elements around governance and accountability. “As an example, this year will be the first year where all of the senior management (are) going to have their own personal objectives something around diversity, which is very well appreciated, and then...the HR department will develop some scorecards for them to really understand what’s going on and where they are, where they fit in terms of number of representation and all of it.”

As part of its recruitment strategy, Cogeco also includes diversity in its external visibility, which means including diversity statements in internal and external job postings. And an internal women's network aims to support the career advancement of women within the organization.

According to Joanne Stanley, executive director of WCT, "Cogeco Connexion takes diversity and inclusion seriously. It understands that a more diverse workplace ensures that companies are more innovative and better run. Cogeco's programs are purposeful and metrics-driven with senior management accountable for outcomes. As a result, it is achieving the kind of gender metrics that WCT would like to see more widely emulated throughout the digital economy."

Women at Cogeco constitute 32 percent of its total workforce, at a time when the information and communications industry average is 27 percent. Its management cohort is also 32 percent female. Thirty-two percent of its board of directors are women, and Cogeco's 11-person senior management team includes four women.

In addition to being awarded the Women in Communications and Technology's Company of the Year Award, Cogeco has also received an Employment Equity Achievement Award (EEAA) in the Outstanding Commitment category from Employment and Social Development Canada, and it has also been ranked as one of Montreal's top employers.¹

Why does Cogeco Connexion have a strong commitment to employment equity and diversity programs for women, visible minorities, Aboriginal and Indigenous peoples, and people with disabilities? What effect do diversity programs have on employee attitudes and behaviour? And why do organizations often harbour false assumptions and myths about women, visible minority employees, older workers, and persons with

disabilities? These are the kinds of questions that we will attempt to answer in this chapter.

First, we will define *perception* and examine how various aspects of the perceiver, the object or person being perceived, and the situation influence perception. Following this, we will present a theory and model of the perceptual process, and we will consider some of the perceptual tendencies that we employ in forming impressions of people and attributing causes to their behaviour. We will then examine the role of perception in achieving a diverse workforce and how to manage diversity, perceptions of trust, perceived organizational support, and person perception in human resources management. In general, you will learn that perception and attribution influence who gets into organizations, how they are treated as members, and how they interpret this treatment.

What Is Perception?

LO 3.1 Define *perception*, and discuss some of the general factors that influence perception.

LO 3.2 Explain *social identity theory* and *Bruner's model* of the perceptual process.

◀ Listen to the Audio

Perception [Ⓢ] is the process of interpreting the messages of our senses to provide order and meaning to the environment. Perception helps us sort out and organize the complex and varied input received by our senses of sight, smell, touch, taste, and hearing. The key word in this definition is *interpreting*. People frequently base their actions on the interpretation of reality that their perceptual system provides, rather than on reality itself. If you perceive your pay to be very low, you might seek employment in another firm. The reality—that you are the best-paid person in your department—will not matter if you are unaware of the fact. However, to go a step further, you might be aware that you are the best-paid person and *still* perceive your pay as low in comparison with that of the CEO of your organization or your ostentatious next-door neighbour.

Some of the most important perceptions that influence organizational behaviour are the perceptions that organizational members have of each other. Because of this, we will concentrate on person perception in this chapter.



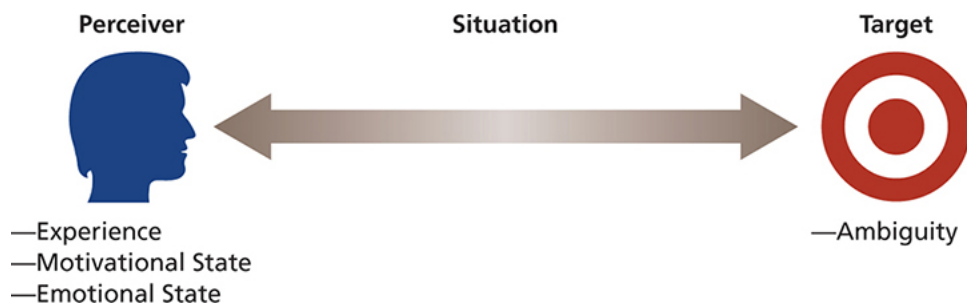
Cartoonresource/Shutterstock

Components of Perception

◀ Listen to the Audio

Perception has three components—a perceiver, a target that is being perceived, and some situational context in which the perception is occurring. Each of these components influences the perceiver's impression or interpretation of the target [Exhibit 3.1](#).

Exhibit 3.1 Factors that influence perception.



The Perceiver

The perceiver's experience, needs, and emotions can affect his or her perceptions of a target.

One of the most important characteristics of the perceiver that influences his or her impressions of a target is experience. Past experiences lead the perceiver to develop expectations, and these expectations affect current perceptions. An interesting example of the influence of experience on perception is shown in [Exhibit 3.2](#). It illustrates the perceptions of 268 managerial personnel in a Fortune 500 company concerning the influence

of race and gender on promotion opportunities. As you can see, Caucasian men were much less likely to perceive race or gender barriers to promotion than were Caucasian women, non-Caucasian men, and non-Caucasian women.² Remember, these people were ostensibly viewing the same “objective” promotion system.

Exhibit 3.2

Ratings of the perceived importance of race and gender for promotion opportunity in executive jobs.

	Caucasian Men (N = 123)	Caucasian Women (N = 76)	Non-Caucasian Men (N = 52)	Non-Caucasian Women (N = 17)
Race	26	62	75	76
Gender	31	87	71	82


Note: Table values are the percentages saying that race or gender was important or very important. N = number of cases.

Source: Reprinted with permission of the publisher from *Cultural diversity in organizations: Theory, research, & practice*. © 1993 by T. Cox Jr. Berrett-Koehler Publishers, Inc., San Francisco, CA. All rights reserved. www.bkconnection.com.

Frequently, our needs unconsciously influence our perceptions by causing us to perceive what we wish to perceive. Research has demonstrated that perceivers who have been deprived of food will tend to “see” more edible things in ambiguous pictures than will well-fed observers. Similarly, lonely university students might misperceive the most innocent actions of members of the opposite sex as indicating interest in them.

Emotions—such as anger, happiness, or fear—can influence our perceptions. We have all had the experience of misperceiving the innocent comment of a friend or acquaintance when we were angry. For example, a worker who is upset about not getting a promotion might perceive the consolation provided by a co-worker as gloating

condescension. On the other hand, consider the worker who does get a promotion. She is so happy that she fails to notice how upset her co-worker is that he was not the one promoted.

In some cases, our perceptual system serves to defend us against unpleasant emotions. This phenomenon is known as **perceptual defence** . We have all experienced cases in which we “see what we want to see” or “hear what we want to hear.” In many of these instances, our perceptual system is working to ensure that we do not see or hear things that are threatening.

The Target

Perception involves interpretation and the addition of meaning to the target, and ambiguous targets are especially susceptible to interpretation and addition. Perceivers have a need to resolve such ambiguities. You might be tempted to believe that providing more information about the target will improve perceptual accuracy. Unfortunately, this is not always the case. Writing clearer memos might not always get the message across. Similarly, assigning minority workers to a prejudiced manager will not always improve his or her perceptions of their true abilities. As we shall see shortly, the perceiver does not or cannot always use all the information provided by the target. In these cases, a reduction in ambiguity might not be accompanied by greater accuracy.

The Situation

Every instance of perception occurs in some situational context, and this context can affect what one perceives. The most important effect that the situation can have is to add information about the target. Imagine a casual critical comment about your performance from your boss the week before she is to decide whether or not you will be promoted. You will likely perceive this comment very differently from the way you would if

you were not up for promotion. Also, a worker might perceive a racial joke overheard on the job very differently before and after racial strife has occurred in the plant. In both of these examples, the perceiver and the target are the same, but the perception of the target changes with the situation.

Social Identity Theory

◀ Listen to the Audio

In the previous section, we described how characteristics of the perceiver, the target, and the situation influence the perceiver's interpretation of the target. In this section, we discuss social identity theory to help us understand how this happens. Let's begin with a simple question: "Who are you?" Chances are that when you answer this question, you say things like "student," "Canadian," "accountant," and so on. In other words, you respond in terms of various social categories to which you believe you belong. This is what social identity theory is all about.

According to **social identity theory**^①, people form perceptions of themselves based on their personal characteristics and memberships in social categories. As a result, our sense of self is composed of a personal identity and a social identity. Our *personal identity* is based on our unique personal characteristics, such as our interests, abilities, and traits. *Social identity* is based on our perception that we belong to various social groups, such as our gender, nationality, religion, occupation, and so on. Personal and social identities help us answer the question "Who am I?"

But why and how do we do this? As individuals, we categorize ourselves and others to make sense of and understand the social environment. The choice of specific categories depends on what is most salient and appropriate to the situation. For example, we might define people in a meeting according to their job titles. Once a category is chosen, we tend to see members of that category as embodying the most typical attributes

of that category, or what are called “prototypes.” Similarly, once we locate ourselves in a social category, we tend to perceive ourselves as embodying the prototypical characteristics of the category. In this way, we develop a sense of who and what we are—as well as our values; beliefs; and ways of thinking, acting, and feeling.³

In addition to forming self-perceptions based on our social memberships, we also form perceptions of others based on their memberships in social categories. This is because social identities are relational and comparative. In other words, we define members of a category relative to members of other categories. For example, the category of professor is meaningful in relation to the category of student. As the comparison category changes, so will certain aspects of the focal social identity. So when the authors of this text are in the classroom, they are perceived as professors by their students and as having whatever attributes the students attribute to professors. However, one of the authors of this text lives next door to a university student who perceives him not as a professor but as a “baby boomer.” Notice how her social categorization differs from those of the students in the classroom. As a result, her perception of the author will also differ, because the attributes and characteristics associated with the generation category of a “baby boomer” differ from those of the occupational category of “professor.”

Social identity theory helps us understand how the components of the perceptual system operate in the formation of perceptions. We perceive people in terms of the attributes and characteristics that we associate with their social category relative to other categories. Thus, your perception of others is a function of how you categorize yourself (e.g., student) and your target (e.g., professor). If the situation changes, so might the categorization and the relation between the perceiver and the target. For example, in a hospital, medical students might be perceived as doctors by

nurses and patients, but in the classroom they are perceived as medical students by their professors.⁴

Because people tend to perceive members of their own social categories in more positive and favourable ways than those who are different and belong to other categories, social identity theory is useful for understanding stereotyping and discrimination, topics we discuss later in this chapter. Now let's turn to a more detailed understanding and model of the perceptual process.

A Model of the Perceptual Process

◀ Listen to the Audio

In the previous section, we described how we form perceptions of ourselves and others based on social categories. But exactly how does the perceiver go about putting together the information contained in the target and the situation to form a picture of the target? Respected psychologist Jerome Bruner has developed a model of the perceptual process that can provide a useful framework for this discussion.⁵

According to Bruner, when the perceiver encounters an unfamiliar target, the perceiver is very open to the informational cues contained in the target and the situation surrounding it. In this unfamiliar state, the perceiver needs information on which to base perceptions of the target and will actively seek out cues to resolve this ambiguity. Gradually, the perceiver encounters some familiar cues (note the role of the perceiver's experience here) that enable her or him to make a crude categorization of the target, which follows from social identity theory. At this point, the cue search becomes less open and more selective. The perceiver begins to search out cues that confirm the categorization of the target. As this categorization becomes stronger, the perceiver actively ignores or even distorts cues that violate initial perceptions (see the left side of [Exhibit 3.3](#)). This does not mean that an early categorization cannot be changed. It does mean, however, that it will take a good many contradictory cues before one re-categorizes the target and that these cues will have to overcome the expectations that have been developed.

Exhibit 3.3 Bruner's Model of the Perceptual Process and an Example

Study the exhibit below, and then try a challenge when you're ready.

Model	Example
Unfamiliar target encountered	New co-worker
↓	↓
Openness to target cues	Observation; search for information
↓	↓
Familiar cues encountered	Co-worker is Stanford graduate with good grades
↓	↓
Target categorized	Co-worker is "good man" with "great potential"
↓	↓
Cue selectivity	Co-worker's poor performance ignored or distorted
↓	↓
Categorization strengthened	Co-worker is still "good man" with "great potential"

Start Challenge

Let's clarify your understanding of Bruner's perceptual model with an example, shown on the right side of [Exhibit 3.3](#). Imagine that a woman who works as an engineer for a large aircraft company is trying to size up a newly hired co-worker. Since he is an unfamiliar target, she will be especially open to any cues that might provide information about him. In the course of her cue search, she discovers that he has a master's degree in aeronautical engineering from Stanford University and that he graduated with top grades. These are familiar cues because she knows that Stanford is a top school in the field, and she has worked with many excellent Stanford graduates. She then proceeds to categorize her new co-worker as a "good man" with "great potential." With these perceptions, she takes a special interest in observing his performance, which is good for several months. This increases the strength of her initial categorization. Gradually, however, the engineer's performance deteriorates for some reason, and his work becomes less and less

satisfactory. This is clear to everyone except the other engineer, who continues to see him as adequate and excuses his most obvious errors as stemming from external factors beyond his control.

Bruner's model demonstrates three important characteristics of the perceptual process. First, perception is *selective*. Perceivers do not use all the available cues, and those they do use are thus given special emphasis. This means that our perception is efficient, and this efficiency can both aid and hinder our perceptual accuracy.

Second, Bruner's model illustrates that our perceptual system works to paint a constant picture of the target. Perceptual *constancy* refers to the tendency for the target to be perceived in the same way over time or across situations. We have all had the experience of "getting off on the wrong foot" with a teacher or a boss and finding it difficult to change his or her constant perception of us.

Third, the perceptual system also creates a consistent picture of the target. Perceptual *consistency* refers to the tendency to select, ignore, and distort cues in such a manner that they fit together to form a homogeneous picture of the target. We strive for consistency in our perception of people. We do not tend to see the same person as both good and bad or dependable and untrustworthy. Often, we distort cues that are discrepant with our general image of a person to make the cues consistent with this image. In the next section, we consider some specific perceptual biases that contribute to selectivity, constancy, and consistency in our perception of people.
















Basic Biases in Person Perception

LO 3.3 Describe the main biases in person perception.

 Listen to the Audio

For accuracy's sake, it would be convenient if we could encounter others under laboratory conditions—in a vacuum or a test tube, as it were. Because the real world lacks such ideal conditions, the impressions that we form of others are susceptible to a number of perceptual biases.

Primacy and Recency Effects

◀ Listen to the Audio

Given the examples of person perception that we have discussed thus far, you might gather that we form our impressions of others fairly quickly. One reason for this fast impression formation is our tendency to rely on the cues that we encounter early in a relationship. This reliance on early cues or first impressions is known as the **primacy effect** [Ⓜ]. Primacy often has a lasting impact. Thus, the worker who can favourably impress his or her boss in the first few days on the job is in an advantageous position due to primacy. Similarly, the labour negotiator who comes across as “tough” on the first day of contract talks might find this image difficult to shake as the talks continue. Primacy is a form of selectivity, and its lasting effects illustrate the operation of constancy.

Sometimes, a **recency effect** [Ⓜ] occurs, in which people give undue weight to the cues they have encountered most recently. In other words, last impressions count most. Landing a big contract today might be perceived as excusing a whole year’s bad sales performance.

Reliance on Central Traits

◀ Listen to the Audio

Even though perceivers tend to rely on early information when developing their perceptions, these early cues do not receive equal weight. People tend to organize their perceptions around central traits^①, personal characteristics of the target that are of special interest to them. In developing her perceptions of her new co-worker, the experienced engineer seemed to organize her impressions around the trait of intellectual capacity.

The centrality of traits depends on the perceiver's interests and the situation. Thus, not all engineers would organize their perceptions of the new worker around his intellectual abilities, and the established engineer might not use this trait as a central factor in forming impressions of the people she meets at a party.

Central traits often have a very powerful influence on our perceptions of others. In work settings, physical appearance is a common central trait that is related to a variety of job-related outcomes. Research shows an overwhelming tendency for those who are "attractive" to also be perceived as "good," especially when it comes to judgments about their social competence, qualifications, and potential job success.⁶

In general, research shows that conventionally attractive people are more likely to fare better than unattractive people in terms of a variety of job-related outcomes, including employment potential, getting hired, being

chosen as a business partner, receiving good performance evaluations, or being promoted.⁷ There is even some evidence that individuals who are physically more attractive earn more money. To learn more about this so-called “beauty premium,” see the Research Focus: *The Beauty Premium and the Ugliness Penalty* [□](#).

Physical height, which is one of the most obvious aspects of appearance, has also been found to be related to job performance, promotions, and career success. Taller and more attractive people are also more likely to be paid more.⁸ And when it comes to weight, research has found that individuals who are overweight tend to be evaluated negatively on a number of workplace outcomes, including hiring, promotion decisions, and performance evaluations.⁹ This bias is particularly troublesome, given that the rate of obesity among adults in North America is increasing.

Research Focus

The Beauty Premium and the Ugliness Penalty

The idea of a “beauty premium” or “ugliness penalty” on wages has been well documented. Surveys have found that individuals who are above average in physical attractiveness earn more money, and those who are below average in physical attractiveness earn less money than average-looking individuals in Canada, the United States, and in the United Kingdom. This effect has also been found within specific professions. For example, physically attractive MBA graduates make more money in their careers in management than physically less attractive MBAs.

What is less clear is the explanation for the existence of the beauty premium and the ugliness penalty. In other words, why

do physically more attractive workers earn more money than less attractive workers do? Why does beauty pay?

To find out, Satoshi Kanazawa and Mary Still conducted a study in which they examined three possible explanations for the effect of physical attractiveness on earnings: discrimination, occupational self-selection, and individual differences.

According to the discrimination hypothesis, physically less attractive workers are discriminated against and paid less. That is, employers may prefer to hire and promote physically attractive employees, co-workers may prefer to work with physically more attractive individuals, and customers and clients may prefer to deal and do business with physically more attractive employees.

A second explanation is the occupational self-selection hypothesis. That is, individuals with various levels of physical attractiveness choose different occupations and industries with different levels of average earnings. In other words, physically more attractive individuals might be more likely to choose to enter occupations that have higher average earnings, and/or physically less attractive individuals are more likely to choose to enter occupations that have lower average earnings.

A third explanation might be due to individual differences such that physically more attractive workers may be genuinely different from physically less attractive workers in ways that affect their productivity. This hypothesis suggests that the “beauty premium” and the “ugliness penalty” are illusory and that physically more attractive workers earn more money not because they are more attractive, but because they are healthier, more intelligent, and have personality traits that are

more conducive to higher earnings. Thus, the individual differences hypothesis suggests that the effect of physical attractiveness on earnings disappears once health, intelligence, and personality traits are taken into account.

To test these explanations, the authors conducted a study that involved 20 745 adolescents who were personally interviewed when they were on average 16 years old and again when they were on average 17, 22, and 29. Physical attractiveness and health were measured all four times, and data on their gross personal earnings, occupation, and personality was obtained at age 29. Data on intelligence was obtained at ages 16, 22, and 29.

The results supported the “beauty premium” and “ugliness penalty” as physical attractiveness was significantly positively related to earnings. Furthermore, the results indicated that the “beauty premium” was greater for women than for men. With respect to the three explanations, there was no support for the discrimination hypothesis. In fact, the results provided strong evidence against the discrimination hypothesis. In addition, the results also failed to support the self-selection hypothesis. There was not any evidence of occupational self-selection by physical attractiveness. However, there was support for the individual differences explanation as health and intelligence were positively related to earnings. In addition, some personality traits were positively related to earnings (extraversion and conscientiousness), and neuroticism was negatively related to earnings. Furthermore, health, intelligence, and all of the Big Five personality factors were significantly related to physical attractiveness at all ages. Physically more attractive participants were particularly more conscientious and extraverted and less neurotic.

The results of this study indicate strong support for the individual difference hypothesis as an explanation for the beauty premium and the ugliness penalty. The relationship between physical attractiveness and earnings appears to be due to individual differences in health, intelligence, and personality. In other words, physically more attractive workers earn more not because they are more beautiful, but because they are healthier, more intelligent, and because of their personality (more conscientious and extraverted and less neurotic).

Source: Kanazawa, S., & Still, M. C. (2018). Is there really a beauty premium or an ugliness penalty on earnings? *Journal of Business and Psychology*, 33, 249–262.

Implicit Personality Theories

◀ Listen to the Audio

Each of us has a “theory” about which personality characteristics go together. These are called implicit personality theories^①. Perhaps you expect hardworking people to also be honest. Perhaps you feel that people of average intelligence tend to be most friendly. To the extent that such implicit theories are inaccurate, they provide a basis for misunderstanding.¹⁰ The employee who assumes that her very formal boss is also insensitive might be reluctant to discuss with him a work-related problem that could be solved fairly easily.

Projection

◀ Listen to the Audio

In the absence of information to the contrary, and sometimes in spite of it, people often assume that others are like themselves. This tendency to attribute one's own thoughts and feelings to others is called **projection**. In some cases, projection is an efficient and sensible perceptual strategy. After all, people with similar backgrounds or interests often *do* think and feel similarly. Thus, it is not unreasonable for a capitalistic business person to assume that other business people favour the free enterprise system and disapprove of government intervention in this system.

However, projection can also lead to perceptual difficulties. The chairperson who feels that an issue has been resolved and perceives committee members as feeling the same way might be very surprised when a vote is taken. The honest warehouse manager who perceives others as honest might find inventory disappearing. In the case of threatening or undesirable characteristics, projection can serve as a form of perceptual defence. The dishonest worker might say, "Sure I steal from the company, but so does everyone else." Such perceptions can be used to justify the perceiver's thievery.

Stereotyping

◀ Listen to the Audio

One way to form a consistent impression of other people is simply to assume that they have certain characteristics by virtue of some category that they fall into as suggested by social identity theory. This perceptual tendency is known as **stereotyping**⁹, or the tendency to generalize about people in a social category and ignore variations among them. Categories on which people might base a stereotype include race, age, gender, ethnic background, religion, social class, and occupation.¹¹ There are three specific aspects to stereotyping.¹²

- We distinguish some category of people (university professors).
- We assume that the individuals in this category have certain traits (absent-minded, disorganized, ivory-tower mentality).
- We perceive that everyone in this category possesses these traits (“All my professors are absent-minded, disorganized, and have an ivory-tower mentality”).

People can evoke stereotypes with incredibly little information. In a “first impressions” study, the mere fact that a woman preferred to be addressed as “Ms.” led to her being perceived as more masculine, more achievement oriented, and less likeable than those who preferred the traditional titles “Miss” or “Mrs.”¹³

Not all stereotypes are unfavourable. You probably hold favourable stereotypes of the social categories of which you are a member, such as

student. However, these stereotypes are often less well developed and less rigid than others you hold. Stereotypes help us develop impressions of ambiguous targets, and we are usually pretty familiar with the people in our own groups. In addition, this contact helps us appreciate individual differences among group members, and such differences work against the development of stereotypes.

Language can be easily twisted to turn neutral or even favourable information into a basis for unfavourable stereotypes. For example, if British people do tend to be reserved, it is fairly easy to interpret this reserve as snobbishness. Similarly, if women who achieve executive positions have had to be assertive, it is easy to interpret this assertiveness as pushiness.

Knowing a person's occupation or field of study, we often make assumptions about his or her behaviour and personality. Accountants might be stereotyped as compulsive, precise, and one-dimensional, while engineers might be perceived as cold and calculating. Reflect on your own stereotypes of theatre arts or business students.

Not all stereotypes are inaccurate. You probably hold fairly correct stereotypes about the educational level of the typical university professor and the on-the-job demeanour of the typical lawyer. These accurate stereotypes ease the task of developing perceptions of others. However, it is probably safe to say that most stereotypes are inaccurate, especially when we use them to develop perceptions of specific individuals. This follows from the fact that stereotypes are most likely to develop when we do not have good information about a particular group.



The tendency to assume that all professors have certain characteristics and to ignore variations among them is an example of stereotyping.

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This raises an interesting question: If many stereotypes are inaccurate, why do they persist?¹⁴ After all, reliance on inaccurate information to develop our perceptions would seem to be harmful in the long run. In reality, a couple of factors work to *reinforce* inaccurate stereotypes. For one thing, even incorrect stereotypes help us process information about others quickly and efficiently. Sometimes, it is easier for the perceiver to rely on an inaccurate stereotype than it is to discover the true nature of the target. The male manager who is required to recommend one of his 20 employees for a promotion might find it easier to automatically rule out promoting a woman than to carefully evaluate all his employees, regardless of gender. Second, inaccurate stereotypes are often reinforced by selective perception and the selective application of language that was discussed earlier. The Hispanic worker who stereotypes all non-Hispanic managers as unfair might be on the lookout for behaviours to confirm these stereotypes and fail to notice examples of fair and friendly

treatment. If such treatment *is* noticed, it might be perceived as patronizing rather than helpful.















Attribution: Perceiving Causes and Motives

LO 3.4 Describe how people form *attributions* about the causes of behaviour and various biases in attribution.

◀ Listen to the Audio

Thus far, we have considered the components of perception, social identity theory, and Bruner's model of the perceptual process, and we have discussed some specific perceptual tendencies that operate as we form impressions of others. We will now consider a further aspect of impression formation—how we perceive people's motives.

Attribution is the process by which we assign causes or motives to explain people's behaviour. The attribution process is important because many rewards and punishments in organizations are based on judgments about what caused a target person to behave in a certain way.

In making attributions about behaviour, an important goal is to determine whether the behaviour is caused by dispositional or situational factors.

Dispositional attributions suggest that some personality or intellectual characteristic unique to the person is responsible for the behaviour and that the behaviour thus reflects the "true person." If we explain a behaviour as a function of intelligence, greed, friendliness, or laziness, we are making dispositional attributions.

Situational attributions suggest that the external situation or environment in which the target person exists was responsible for the behaviour and that the person might have had little control over the behaviour. If we explain behaviour as a function of bad weather, good luck, proper tools, or poor advice, we are making situational attributions.

Obviously, it would be nice to be able to read minds to understand people's motives. Since we cannot do this, we are forced to rely on external cues and make inferences from these cues. Research indicates that as we gain experience with the behaviour of a target person, three implicit questions guide our decisions as to whether we should attribute the behaviour to dispositional or situational causes.¹⁵

- Does the person engage in the behaviour regularly and consistently? (Consistency cues)
- Do most people engage in the behaviour, or is it unique to this person? (Consensus cues)
- Does the person engage in the behaviour in many situations, or is it distinctive to one situation? (Distinctiveness cues)

Let's examine consistency, consensus, and distinctiveness cues in more detail.


Consistency Cues

◀ Listen to the Audio

Consistency cues reflect how consistently a person engages in a behaviour over time. For example, unless we see clear evidence of external constraints that force a behaviour to occur, we tend to perceive behaviour that a person performs regularly as indicative of his or her true motives. In other words, high consistency leads to dispositional attributions. Thus, one might assume that the professor who has generous office hours and is always there for consultation really cares about his or her students. Similarly, we are likely to make dispositional attributions about workers who are consistently good or poor performers, perhaps perceiving the former as “dedicated” and the latter as “lazy.” When behaviour occurs inconsistently, we begin to consider situational attributions. For example, if a person’s performance cycles between mediocre and excellent, we might look to variations in workload to explain the cycles.

Consensus Cues


◀ Listen to the Audio

Consensus cues  reflect how a person's behaviour compares with that of others. In general, acts that deviate from social expectations provide us with more information about the actor's motives than conforming behaviours do. Thus, unusual, low-consensus behaviour leads to more dispositional attributions than typical, high-consensus behaviour. The person who acts differently from the majority is seen as revealing more of his or her true motives. The informational effects of low-consensus behaviour are magnified when the actor is expected to suffer negative consequences because of the deviance.

Consider the job applicant who makes favourable statements about the role of big business in society while being interviewed for a job at General Electric. Such statements are so predictable in this situation that the interviewer can place little confidence in what they really indicate about the candidate's true feelings and motives. On the other hand, imagine an applicant who makes critical comments about big business in the same situation. Such comments are hardly expected and could clearly lead to rejection. In this case, the interviewer would be more confident about the applicant's true disposition regarding big business.

Distinctiveness Cues

◀ Listen to the Audio

Distinctiveness cues  reflect the extent to which a person engages in some behaviour across a variety of situations. When a behaviour occurs across a variety of situations, it lacks distinctiveness, and the observer is prone to provide a dispositional attribution about its cause. We reason that the behaviour reflects a person's true motives if it "stands up" in a variety of environments. Thus, the professor who has generous office hours, stays after class to talk to students, and attends student functions is seen as truly student oriented. The worker whose performance was good in his first job as well as several subsequent jobs is perceived as having real ability. When a behaviour is highly distinctive, in that it occurs in only one situation, we are likely to assume that some aspect of the situation has caused the behaviour. If the only student-oriented behaviour that we observe is generous office hours, we assume that they are dictated by department policy. If a worker performed well on only one job, back in 2015, we suspect that his uncle owned the company!

Attribution in Action

◀ Listen to the Audio

Frequently, observers of real-life behaviour have information at hand about consistency, consensus, and distinctiveness. Let's take an example that shows how the observer puts such information together in forming attributions. At the same time, the example will serve to review the previous discussion. Imagine that Roshani, Mika, and Sam are employees who work in separate firms. Each is absent from work today, and a manager must develop an attribution about the cause to decide which action is warranted.

- *Roshani*. Roshani is absent a lot, her co-workers are seldom absent, and she was absent a lot in her previous job.
- *Mika*. Mika is absent a lot, her co-workers are also absent a lot, but she was almost never absent in her previous job.
- *Sam*. Sam is seldom absent, her co-workers are seldom absent, and she was seldom absent in her previous job.

Just what kind of attributions are managers likely to make regarding the absences of Roshani, Mika, and Sam? Roshani's absence is highly consistent, it is a low-consensus behaviour, and it is not distinctive, since she was absent in her previous job. As shown in [Exhibit 3.4](#), this combination of cues is very likely to prompt a dispositional attribution, perhaps that Roshani is lazy or irresponsible. Mika is also absent consistently, but it is high-consensus behaviour in that her peers also exhibit absence. In addition, the behaviour is highly distinctive—she is

absent only on this job. As indicated, this combination of cues will usually result in a situational attribution, perhaps that working conditions are terrible, or that the boss is nasty. Finally, Sam's absence is inconsistent. In addition, it is similar to that of co-workers and not distinctive, in that she was inconsistently absent on her previous job as well. As shown, this combination of cues suggests that some temporary, short-term situational factor is causing her absence. It is possible that a sick child occasionally requires her to stay home.

Exhibit 3.4 Cue combinations and resulting attributions.

	Consistency	Consensus	Distinctiveness	Likely Attribution
Roshani	High	Low	Low	Disposition
Mika	High	High	High	Situation
Sam	Low	High	Low	Temporary Situation

Biases in Attribution

◀ Listen to the Audio

As the preceding section indicates, observers often operate in a rational, logical manner in forming attributions about behaviour. The various cue combinations and the resulting attributions have a sensible appearance. This does not mean that such attributions are always correct, but they do represent good bets about why some behaviour has occurred. Having made this observation, it would be naïve to assume that attributions are always free from bias or error. Earlier, we discussed a number of very basic perceptual biases, and it stands to reason that the complex task of attribution would also be open to bias. Let's consider three biases in attribution: the fundamental attribution error, actor–observer effect, and self-serving bias.¹⁶

Fundamental Attribution Error

Suppose you make a mistake in attributing a cause to someone else's behaviour. Would you be likely to err on the side of a dispositional cause or a situational cause? Substantial evidence indicates that when we make judgments about the behaviour of people other than ourselves, we tend to overemphasize dispositional explanations at the expense of situational explanations. This is called the **fundamental attribution error**.¹⁷

Why does the fundamental attribution error occur? For one thing, we often discount the strong effects that social roles can have on behaviour. We might see bankers as truly conservative people because we ignore the fact that their occupational role and their employer dictate that they act

conservatively. Second, many people whom we observe are seen in rather constrained, constant situations (at work or at school) that reduce our appreciation of how their behaviour may vary in other situations. Thus, we fail to realize that the observed behaviour is distinctive to a particular situation. That conservative banker might actually be a weekend skydiver!

The fundamental attribution error can lead to problems for managers of poorly performing employees. It suggests that dispositional explanations for the poor performance will sometimes be made even when situational factors are the true cause. Laziness or low aptitude might be cited, while poor training or a bad sales territory is ignored. However, this is less likely when the manager has had actual experience in performing the employee's job and is thus aware of situational roadblocks to good performance.¹⁸

Actor–Observer Effect

It is not surprising that actors and observers often view the causes for the actor's behaviour very differently. This difference in attributional perspectives is called the **actor–observer effect**.¹⁹ Specifically, while the observer might be busy committing the fundamental attribution error, the actor might be emphasizing the role of the situation in explaining his or her own behaviour. Thus, as actors, we are often particularly sensitive to those environmental events that led us to be late or absent. As observers of the same behaviour in others, we are more likely to invoke dispositional causes.

We see some of the most striking examples of this effect in cases of illegal behaviour, such as price fixing and the bribery of government officials. The perpetrators and those close to them often cite stiff competition or management pressure as causes for their ethical lapses. Observers see the perpetrators as immoral or unintelligent.²⁰

Why are actors prone to attribute much of their own behaviour to situational causes? First, they might be more aware than observers of the constraints and advantages that the environment offered. At the same time, they are aware of their private thoughts, feelings, and intentions regarding the behaviour, all of which might be unknown to the observer. Thus, I might know that I sincerely wanted to get to the meeting on time, that I left home extra early, and that the accident that delayed me was truly unusual. My boss might be unaware of all of this information and figure that I am just unreliable.

Research on the actor–observer effect has found that the effect is not as pervasive as once believed. For example, it appears to be more likely under particular conditions, such as when explaining negative events. The opposite effect seems to occur for positive events (i.e., the actor makes a dispositional attribution while the observer makes a situational attribution).²¹

Self-Serving Bias

It has probably already occurred to you that certain forms of attributions have the capacity to make us feel good or bad about ourselves. In fact, people have a tendency to take credit and responsibility for successful outcomes of their behaviour and to deny credit and responsibility for failures.²² This tendency is called self-serving bias,²³ and it is interesting because it suggests that people will explain the very same behaviour differently on the basis of events that happened *after* the behaviour occurred.

If the vice president of marketing champions a product that turns out to be a sales success, she might attribute this to her retailing savvy. If the very same marketing process leads to failure, she might attribute this to the poor performance of the marketing research firm that she used.

Notice that the self-serving bias can overcome the tendency for actors to attribute their behaviour to situational factors. In this example, the vice president invokes a dispositional explanation (“I’m an intelligent, competent person”) when the behaviour is successful.

Self-serving bias can reflect intentional self-promotion or excuse making. However, again, it is possible that it reflects unique information on the part of the actor. Especially when behaviour has negative consequences, the actor might scan the environment and find situational causes for the failure.²³ To be sure, when a student does very well on an exam, she is very likely to make a dispositional attribution. However, upon receiving a failing grade, the same student is much more likely to find situational causes to explain her grade!















Person Perception and Workforce Diversity

LO 3.5 Discuss the concepts of *workforce diversity* and valuing diversity and how racial, ethnic, religious, gender, age, and LGBTQ *stereotypes* affect organizational behaviour, and what organizations can do to manage diversity.

◀ Listen to the Audio

The realities of workforce diversity have become an important factor for many organizations in recent years. **Workforce diversity** [📌] refers to differences among employees or potential recruits in characteristics such as gender, race, age, religion, cultural background, physical ability, or sexual orientation. The interest in diversity stems from at least two broad facts. First, the workforce is becoming more diverse. Second, there is growing recognition that many organizations have not successfully managed workforce diversity.

The Changing Workplace

◀ Listen to the Audio

As we mentioned in [Chapter 1](#), the composition of the Canadian labour force is changing.²⁴ Fifty years ago, it was mainly Caucasian and male. Now, changing immigration patterns, the aging of baby boomers, and the increasing movement of women into paid employment result in a lot more variety. Immigrants to Canada from all parts of the world are making the Canadian population and labour force increasingly multicultural and multiethnic. The diversity of Canada's population is expected to continue to grow during the next 20 years. By 2031, 30.6 percent of the population will be visible minorities, and 60 percent of the population in Toronto and Vancouver will belong to a visible minority group making them "majority-minority" cities.²⁵ According to projections, between 25 and 28 percent of the Canadian population will be foreign born by 2031. As for age, by 2021 one in four employees will be 55 or older, and by 2031 persons over 65 will make up about 23 percent of the population.²⁶

The labour pool is changing, and at the same time many organizations are seeking to recruit more representatively from this pool so that they employ people who reflect their customer base—an effort to better mirror their markets. This is especially true in the growing service sector, where contact between organizational members and customers is very direct. As discussed in the chapter-opening vignette, Cogeco Connexion has been very active in developing programs to recruit, hire, and develop persons who belong to the four designated groups. Many other organizations,

including the YMCA in Toronto, Shell Canada Ltd., Federal Express Canada Ltd., the City of Ottawa, the City of Vancouver, and Manitoba Hydro have been recognized for their diversity programs.²⁷

The changing employment pool is not the only factor that has prompted interest in diversity issues. Globalization, mergers, and strategic alliances mean that many employees are required to interact with people from substantially different national or corporate cultures. Compounding all this is an increased emphasis on teamwork as a means of job design and quality enhancement.

Valuing Diversity

◀ Listen to the Audio

In the past, organizations were thought to be doing the right thing if they merely tolerated diversity—that is, if they engaged in fair hiring and employment practices with respect to women and minorities. Firms were considered to be doing especially well if they assisted these people to “fit in” with the mainstream corporate culture by “fixing” what was different about them.²⁸ For example, women managers were sometimes given assertiveness training to enable them to be as hard-nosed and aggressive as their male counterparts!

Recently, some have argued that organizations should *value* diversity, not just tolerate it or try to blend everyone into a narrow mainstream. To be sure, a critical motive is the basic fairness of valuing diversity. However, there is also increasing awareness that diversity and its proper management can yield strategic and competitive advantages. These advantages include the potential for improved problem solving and creativity when diverse perspectives are brought to bear on an organizational problem, such as product or service quality. Advantages also include improved recruiting and marketing when the firm’s human resources profile matches that of the labour pool and customer base (see [Exhibit 3.5](#) ). As a result, more organizations are adopting diversity as part of their corporate strategy to improve their competitiveness in global markets. For example, at Cargill, one of Canada’s top diversity employers, selecting, developing, engaging, and retaining a diverse workforce

enables the company to achieve its strategic goals. Cargill has a diversity strategy that is linked to its business strategy.²⁹

Exhibit 3.5 Competitive advantages to valuing and managing a diverse workforce.

1. Cost Argument	As organizations become more diverse, the cost of a poor job in integrating workers will increase. Those who handle this well will thus create cost advantages over those who don't.
2. Resource-Acquisition Argument	Companies develop reputations on favourability as prospective employers for women and ethnic minorities. Those with the best reputations for managing diversity will win the competition for the best personnel. As the labour pool shrinks and changes composition, this edge will become increasingly important.
3. Marketing Argument	For multinational organizations, the insight and cultural sensitivity that members with roots in other countries bring to the marketing effort should improve these efforts in important ways. The same rationale applies to marketing to subpopulations within domestic operations.
4. Creativity Argument	Diversity of perspectives and less emphasis on conformity to norms of the past (which characterize the modern approach to management of diversity) should improve the level of creativity.
5. Problem-Solving Argument	Heterogeneity in decision and problem-solving groups potentially produces better decisions through a wider range of perspectives and more thorough critical analysis of issues.
6. System Flexibility Argument	An implication of the multicultural model for managing diversity is that the system will become less determinant, less standardized, and therefore more fluid. The increased fluidity should create greater flexibility to react to environmental changes (i.e., reactions should be faster and at less cost).

Source: Cox, T. H., & Blake, S. (1991, August). Managing cultural diversity: Implications for organizational competitiveness. *Academy of Management Executive*, 47, 45–56.

A diversity climate (the extent to which an organization promotes equal employment opportunity and inclusion) has been found to be associated with business-unit performance. There is also evidence that retail stores have higher customer satisfaction and productivity when their employees represent the ethnicity of their customers. Furthermore, a match between racial diversity in a store and racial diversity in the community is positively related to sales performance. In addition, organizations with more gender-diverse management teams have superior financial performance.³⁰

However, if there is a single concept that serves as a barrier to valuing diversity, it is the stereotype. Let's now examine several workplace stereotypes and their consequences.

Stereotypes and Workforce Diversity

◀ Listen to the Audio

As described earlier, a stereotype is the tendency to generalize about people in a certain social category and ignore variations among them. Common workplace stereotypes are based on gender, age, race, religion, ethnicity, and sexual orientation. In the following section, we describe how stereotypes can have negative effects on how individuals are treated in organizations. It is also worth noting that in some situations in which a negative stereotype is salient, just the perception that one might be judged on the basis of a stereotype can have a negative effect on a person's behaviour and performance, a phenomenon known as stereotype threat.



Many organizations today are adopting diversity as part of their corporate strategy to improve their competitiveness.

Rawpixel.com/Fotolia

Stereotype threat occurs when members of a social group (e.g., visible minorities or women) feel they might be judged or treated according to a stereotype and that their behaviour and/or performance will confirm the stereotype. The activation of a salient negative stereotype threat in a testing situation (e.g., asking test takers to report demographics prior to taking a test) has been found to result in lower cognitive ability and math test performance scores of minorities and women compared to their performance in non-threatening situations.³¹

There is also some evidence that workers are often pressured to cover up or downplay their membership in a particular group (e.g., racial, ethnic, religious, LGBTQ), and they comply by changing their appearance or minimizing their affiliation and association with their group and other members of it. This can have a negative effect on a person's work attitudes and behaviour. In fact, research indicates that both subtle and overt discrimination have a negative effect on employees' physical and psychological health and work-related outcomes.³²

In the remainder of this section, we will consider the nature of several common stereotypes and their consequences in the workplace. But first, see the Applied Focus: *Police Anti-Bias Training* to find out what some police forces are doing to combat stereotypes and bias.

Applied Focus

Police Anti-Bias Training

Stereotypes and bias can have negative effects on hiring and promotion decisions in all organizations. But when it comes to policing, stereotypes and bias can result in tragic events that receive massive media attention and lead to public anger, protests, and even violence. Biased policing, however, is not due to widespread racism. Rather, it has more to do with implicit biases.

Fair and Impartial Policing (FIP) is an organization that has developed a training program to train police officers on bias, especially implicit bias. According to FIP's Dr. Lorie Fridell, who developed the program, "We are educating them on implicit biases, talking about how implicit biases might manifest in policing, what it might look like, and then we give them skills for reducing and managing their implicit biases."

Unlike an explicit bias, in which a person is aware of the stereotype and negative perception he or she has of a particular group, an implicit bias is outside of one's conscious awareness. Thus, a person might be unaware of associating a particular group with a stereotype. "This means even well-intentioned individuals, even well-intentioned law enforcement, can have implicit biases that impact on their perceptions and impact on their behaviours," says Fridell.

One implicit bias that is particularly relevant for policing is the implicit association between minorities and crime. Decades of research has shown that even people who are non-prejudiced and consciously tolerant have an implicit bias that links minorities to crime, and this impacts their perceptions and behaviour. However, when people are made aware of their implicit biases, the impact can be reduced or eliminated.

FIP has provided training on implicit bias to many police forces in North America, including the Toronto Police Service and the Metro Vancouver Transit Police. The training focuses on various biases that can influence police, such as stereotypes associated with who commits crime as well as stereotypes about who the police are most likely to believe (e.g., a rich person versus a low-income person). In addition to race and ethnicity, the training also considers socio-economic status, sexual orientation, gender, and religious biases because police officers might be less vigilant with certain groups, such as women or those who are professionally dressed.

FIP training informs police officers of their implicit biases and the effect they have on their perceptions and behaviour, and provides them with skills to reduce and manage their biases. Police officers are provided with two tactics to help them combat implicit biases. The first is to recognize one's own biases and actively choose to implement unbiased behaviour. The second tactic is to interact in a positive way with people who are different from oneself, because that interaction will reduce one's conscious and implicit biases.

FIP training provides police officers with information and motivation that enables them to engage in controlled and unbiased behaviour that will override implicit biases and result in fair, impartial, and effective policing.

Sources: Bernier, L. (2015, April 20). Policing implicit bias. *Canadian HR Reporter*, 28(7), 2, 12; Laszlo, A. T., & Fridell, L. A. (2012). Fair and impartial policing: Social psychology transforms law enforcement training. *Royal Canadian Mounted Police Gazette*, 74(3), 22–23; Tucker, E. (2014, August 21). What Canadian police are doing so Ferguson doesn't happen here. *Global News*, www.globalnews.ca/news/1520068/; Fair and impartial policing, www.fairimpartialpolicing.com/.

Racial, Ethnic, and Religious Stereotypes

Racial, ethnic, and religious stereotypes are pervasive, persistent, frequently negative, and often self-contradictory. Most of us hold at least some stereotypical views of other races, religions, or cultures. Over the years, such stereotypes exhibit remarkable stability unless some major event, such as a war, intervenes to change them. Then, former allies can acquire negative attributes in short order.

Personal experience is unnecessary for such stereotype formation. In one study, people were asked to describe the traits of a number of ethnic groups, including several fictional ones. Although they had never met a Danerian, a Pirenian, or a Wallonian, this did not inhibit them from assigning traits—and those they assigned were usually unfavourable!³³ Such stereotypes often contain contradictory elements. A common reaction is to describe a particular group as being too lazy, while at the same time criticizing it for taking one's own job opportunities away.

Research evidence suggests that just getting in the door can be a problem. For example, white applicants have been found to advance further in the hiring process than black applicants, even when the applicants are the same age and physical size, have identical education and work experience, and share similar personalities.³⁴ A study on religious discrimination found that female job applicants who appeared to be Muslim experienced more negative interpersonal behaviour and discrimination (e.g., rudeness or hostility) than non-Muslim female applicants.³⁵ Further, visible minorities are underrepresented in leadership roles, and a survey of Canadian employers found that many are reluctant to consider immigrants for supervisory, managerial, and senior leadership positions.³⁶

Discrimination in hiring has also been found to occur when job applicants have an ethnic-sounding name. One study found that resumés with English-sounding names were 35 percent more likely to receive a callback

for a job interview than resumé with Indian or Chinese names even when taking into account other factors such as a degree from a top-ranking university, active social extracurricular activities, or job experience from a large, multinational firm. In another study, job applicants with Asian names and Canadian qualifications were less likely to be invited for interviews than applicants with Anglo-Canadian names even when the Asian applicants had better education.³⁷ Perhaps it is not surprising that many minority applicants remove racial information from their resumé. In fact, one-third of minority applicants said they have engaged in “resumé whitening” by changing their name to sound anglicized or by removing experience with an ethnic group or organization. Whitened resúmes in which racial information has been removed have been found to be two to two-and-a-half times more likely to get a callback than resumes that are not whitened.³⁸

Even after visible minorities get in the door, career advancement based on racial or ethnic stereotypes are common. A study on the career satisfaction and advancement of visible minorities in Canada found that visible minorities perceive more barriers in their career advancement, including a lack of fairness in the process, and report less career satisfaction than white colleagues. In addition, 47 percent of visible minority managers and professionals reported feeling they were held to a higher standard of performance, and 69 percent of visible minority respondents reported that in their career, “who you know” was more important than “what you know.”³⁹ In the United States, almost one-quarter of workers from diverse backgrounds reported being discriminated against or treated unfairly at work. The most common example was not receiving credit for their work.⁴⁰

Attributions can play an important role in determining how job performance is interpreted. For example, one study found that good performance on the part of African American managers was seen to be

due to help from others (a situational attribution), while good performance by Caucasian managers was seen to be due to their effort and abilities (a dispositional attribution).⁴¹

Gender Stereotypes

One of the most problematic stereotypes for organizations is the gender stereotype. Considering their numbers in the workforce, women are severely under-represented in managerial and administrative jobs. Although women now occupy a significant and growing proportion of entry- and mid-level management positions, this is not the case for top-level positions, where they remain significantly under-represented. Women in Canada hold only 25 percent of vice-president positions and 15 percent of CEO positions even though 82 percent of women aged 25 to 54 participate in the workforce. Furthermore, only 8.5 percent of the highest-paid positions in the top 100 companies in Canada are held by women. Among the top 500 companies in the world, only 3 percent of the CEOs are women. According to one report, there are more men named Paul or Brian on the list of the highest paid executives in Canada than women.⁴²

There is evidence that gender stereotypes are partially responsible for discouraging women from business careers and blocking their ascent to managerial positions. This under-representation of women managers happens because stereotypes of women do not correspond especially well with stereotypes of business people or managers.

What is the nature of gender stereotypes? A series of studies have had managers describe men in general, women in general, and typical "successful middle managers." These studies have determined that successful middle managers are perceived as having traits and attitudes that are similar to those generally ascribed to men. That is, successful

managers are seen as more similar to men in qualities such as leadership ability, competitiveness, self-confidence, ambitiousness, and objectivity.⁴³ Thus, stereotypes of successful middle managers do not correspond to stereotypes of women. The trend over time in the results of these studies contains some bad news and some good news. The bad news is that *male* managers today hold the same dysfunctional stereotypes about women and management that they held in the early 1970s, when researchers conducted the first of these studies. At that time, women managers held the same stereotypes as the men. The good news is that the recent research shows a shift by the women—they now see successful middle managers as possessing attitudes and characteristics that describe *both* men and women in general. However, although good managers are described today as possessing fewer masculine characteristics than in past decades, the recent research indicates that both men and women of varying age, education, and work experience still describe a good manager as possessing predominantly masculine characteristics. In other words, the stereotype of a leader is culturally masculine. People perceive leaders as similar to men but not very similar to women. In addition, men continue to be rated more favourably than women for male-dominated jobs, especially by male raters.⁴⁴

Granting that gender stereotypes exist, do they lead to biased human resources decisions? The answer would appear to be yes. In a typical study, researchers asked male bank supervisors to make hypothetical decisions about workers who were described equivalently except for gender.⁴⁵ Women were discriminated against for promotion to a branch manager's position. They were also discriminated against when they requested to attend a professional development conference. In addition, female supervisors were less likely than their male counterparts to receive support for their request that a problem employee be fired. In one case, bias worked to *favour* women. The bank supervisors were more likely to approve a request for a leave of absence to care for one's children when it

came from a female. This finding is similar to others that show that gender stereotypes tend to favour women when they are being considered for “women’s” jobs (such as secretary) or for “women’s” tasks (such as supervising other women), but not for traditional male jobs.⁴⁶ One study found that when women are successful in traditional male jobs, they are less liked, and being disliked had a negative effect on their evaluations and recommendations for rewards, including salary and special job opportunities.⁴⁷

In general, research suggests that the above findings are fairly typical. Women suffer from a stereotype that is detrimental to their hiring, development, promotion, and salaries. Even women with MBAs earn less than men in their first year of work, start in more junior positions, and are offered fewer career-accelerating work experiences and international assignments. Women have fewer opportunities to be mentored or coached and are less likely to receive job rotation assignments, line management experience, and access to professional development training. Female managers are also more likely than male managers to have to make off-the-job sacrifices and compromises in family life to maintain their careers.⁴⁸

However, there is growing evidence that the detrimental effects of gender stereotypes are reduced or removed when decision makers have increased experience and training, are held accountable for their decisions, and have good job-related information about the qualifications, competence, and performance of particular women and an accurate picture of the job that they are applying for or seeking promotion into.⁴⁹

In particular, several studies reveal convincingly that women do not generally suffer from gender stereotypes in *performance evaluations* that their supervisors provide.⁵⁰ This is not altogether surprising. As we noted earlier, stereotypes help us process information in ambiguous situations.

To the extent that we have good information on which to base our perceptions of people, reliance on stereotypes is less necessary. Day-to-day performance is often fairly easy to observe, and gender stereotypes do not intrude on evaluations. Along these lines, a review of research on gender differences in job performance ratings found that females scored slightly higher than males, while males received higher ratings of promotion potential.⁵¹ However, a review of male and female performance reviews found that women are more likely to receive negative comments about their personality (e.g., abrasive, emotional) than men.⁵²

Age Stereotypes

Another kind of stereotype that presents problems for organizations is the age stereotype. Knowing that a person falls into a certain age range or belongs to a particular age generation, we have a tendency to make certain assumptions about the person's physical, psychological, and intellectual capabilities. We will have more to say about generation differences and values in [Chapter 4](#).

What is the nature of work-related age stereotypes? Older workers are seen as having less *capacity for performance*. They tend to be viewed as less competent, adaptable, productive, creative, logical, and capable of performing under pressure than younger workers. In addition, older workers are seen as having lower performance and less *potential for development*. Compared with younger workers, they are considered more rigid and dogmatic and less adaptable to new corporate cultures. Not all stereotypes of older workers are negative, however. They tend to be perceived as more honest, dependable, and trustworthy (in short, more *stable*). In general, these stereotypes are held by both younger and older individuals.⁵³

However, older workers are not the only ones susceptible to negative stereotypes. There are also negative work-related age stereotypes of younger workers. In fact, younger workers are judged more negatively and experience age discrimination more frequently than older workers. Younger workers tend to be viewed as less loyal, inexperienced, unmotivated, immature, and selfish compared to older workers. They are also perceived less favourably than older workers in terms of initiative, stability, and work experience.⁵⁴

It is worth noting that these stereotypes are essentially inaccurate. For example, age seldom limits the capacity for development until post-employment years.⁵⁵ Furthermore, the most comprehensive study on age and job performance found that age is not related to task performance or creativity, but it is related to other forms of job performance. For example, older workers were found to exhibit more citizenship behaviours, greater safety-related behaviour, and fewer counterproductive work behaviours. Older workers were also found to exhibit less workplace aggression, on-the-job substance use, tardiness, and absenteeism. Thus, by all accounts, older workers perform as well or better than younger workers across numerous dimensions of job performance.⁵⁶

However, the relevant question remains: Do age stereotypes affect human resources decisions? It would appear that such stereotypes do result in discriminatory behaviour that affects decisions regarding hiring, promotion, and skills development. In one study, researchers had university students make hypothetical recommendations regarding younger and older male workers. An older man was less likely to be hired for a finance job that required rapid, high-risk decisions. An older man was considered less promotable for a marketing position that required creative solutions to difficult problems. Finally, an older worker was less likely to be permitted to attend a conference on advanced production

systems.⁵⁷ These decisions reflect the stereotypes of the older worker depicted earlier, and they are doubtless borne out by the tendency for older employees to be laid off during corporate restructuring.

Negative stereotypes of younger workers also result in discriminatory behaviour. Research has found that younger workers (ages 18–30) experienced the highest rates of age discrimination, followed by older workers (50 or older), and then middle-aged workers (ages 31–49). Younger workers are more likely to be denied promotions, receive fewer opportunities for training and development, receive lower pay and benefits, have less autonomy and responsibility, and are more vulnerable to layoffs. Discriminatory behaviour experienced by both younger and older workers is associated with lower job attitudes and greater intentions to quit.⁵⁸

Again, however, we should recognize that age stereotypes may have less impact on human resources decisions when managers have good information about the capacities of the particular employee in question.

Some organizations have implemented programs and practices to promote the hiring and retention of older and younger workers. A good example is Walmart Canada, which has been recognized for its efforts in attracting and hiring older workers. The company is a repeat winner of the Best Employer Awards for 50-Plus Canadians. Home Depot also actively recruits older workers; nearly one-third of its employees are over 50, and 6 percent are 65 or older.⁵⁹



Walmart Canada is a repeat winner of the Best Employer Awards for 50-plus Canadians for its efforts in attracting and hiring older workers.

Dick Loek/Newscom

A good example of a program for young workers is RBC's Career Launch program, which provides recent university and college graduates across Canada with work experience so that they can develop important workplace skills that will help them in the job market.⁶⁰

LGBTQ Stereotypes

In 2014, Apple CEO Tim Cook became the first CEO of a Fortune 500 company to publicly announce that he was gay. This is no small feat, especially since employees who are members of the lesbian, gay, bisexual, transgender, and queer (LGBTQ) community fear that coming out will result in bias and discrimination toward them. Although there are laws in Canada that protect the rights of LGBTQ workers, LGBTQ employees nonetheless face barriers and discrimination in the workplace that can limit their career advancement.

The results of several surveys found that LGBTQ employees face discrimination at work. While 67 percent of heterosexual respondents indicated there was no discrimination against LGBTQ employees, 29 percent of LGBTQ employees said they had experienced it, and 33.2 percent reported having witnessed discrimination against LGBTQ colleagues. Another survey reported that 35 percent of gay men and 40 percent of lesbian respondents said they had experienced discrimination during their professional lives. Further, LGBTQ men and women report exclusion from the “old boys’ club,” and LGBTQ women report a less friendly workplace and more hurdles than LGBTQ men. As a result, many LGBTQ employees do not come out at work for fear of the potential repercussions and negative consequences to their career and personal safety.⁶¹

Why do LGBTQ employees face these barriers and fear coming out at work? One report found that a lack of education and awareness and a reliance on stereotypes is the root of the problem. These misperceptions and stereotypes lead to discriminatory behaviours towards LGBTQ employees, such as homophobia, inappropriate humour, exclusion from networks inside and outside of the organization, social exclusion, ridicule, and a lack of role models. Furthermore, LGBTQ employees who do not feel safe to come out at work are up to 30 percent less productive, more likely to suffer from depression and stress, and more likely to quit. LGBTQ employees who are not out at work report greater feelings of being stalled in their careers, and dissatisfaction with their rate of promotion and advancement. LGBTQ employees who are not out at work are 40 percent less likely to trust their employers and 73 percent more likely to leave within three years compared to those who have come out at work.

A recent survey found that almost one-third of Canadians do not believe their workplaces are safe and inclusive for gay and lesbian employees,

and about 45 percent do not feel their workplace is safe and inclusive for transgender individuals. Fortunately, an increasing number of organizations have begun to make their workplaces more inclusive for LGBTQ employees. For example, IBM has LGBTQ resource groups, and Scotiabank created an employee group for LGBTQ employees called Scotia Pride. Telus has a support group for LGBTQ employees called the Spectrum organization.⁶²


LGBTQ-inclusive workplaces can increase employee engagement because they allow employees to be authentic and spend less time self-editing, which can also increase loyalty and reduce turnover. When organizations implement programs to create LGBTQ-inclusive workplaces, they improve LGBTQ employee relationships with co-workers, increase perceptions of fairness, and increase organizational commitment and career satisfaction, which can lead to increased productivity.⁶³

Furthermore, employees in general (56 percent) and 86 percent of LGBTQ employees are more likely to consider working for organizations that are LGBTQ friendly.⁶⁴ To learn more on how to make a workplace more LGBTQ inclusive, see [Exhibit 3.6](#).

Exhibit 3.6 Making workplaces LGBTQ inclusive.

- Increase awareness by identifying and tackling organizational issues related to LGBTQ employees company-wide.
- Create and enforce anti-discriminatory policies and practices and communicate these externally as well as internally to all employees.
- Implement diversity training to help dispel LGBTQ myths and stereotypes.
- Help LGBTQ employees find mentors and form employee groups.
- Make consistent and inclusive communications a core goal. For example, organizations should make it clear that partners of employees, regardless of sex, are invited to corporate events and discrimination, in any form, will not be tolerated.
- Include LGBTQ identity in diversity metrics to help ensure these employees, and candidates, aren't overlooked in recruiting and promotion.
- Leverage general talent management practices to support all employees. Broad talent management practices without a specific focus on diversity and inclusion will help develop all employees and improve workplace experiences.

Source: Reprinted by permission of *Canadian HR Reporter*. © Copyright Thomson Reuters Canada Ltd., (2009, July 13), 22(13), 8, Toronto, Ontario, 1-800-387-5164. Web: www.hrreporter.com.

In the next section, we will consider how to manage workforce diversity, but before we leave the topic of stereotypes and discrimination, consider the You Be the Manager: *Trespassing at Starbucks* .

You Be the Manager: Trespassing at Starbucks

On a Thursday afternoon in April 2018, two black men walked into a Starbucks coffee shop in downtown Philadelphia. They sat down at a table and waited for a friend to join them. When they asked to use the restroom, they were refused because they had not bought anything and were told that it is only for customers, so they then sat down. They were then asked to leave. The men refused to leave because they were waiting for a friend. Starbucks employees then called 911 to report that the men were trespassing.

In one of several videos taken of the incident, at least six Philadelphia police officers are seen standing over the two black men asking them to leave. One of the officers said that the men were not complying and were being arrested for trespassing. In another video, police are talking with the men before a white man arrives and informs the police that the men they are about to arrest are “not trespassing” but instead are “meeting me here.” The man said that he wanted to discuss business opportunities with the two men.

The two men were taken out in handcuffs and were held for nearly nine hours before being released. Starbucks did not want to press charges and the prosecutor’s office in Philadelphia did not charge the men because of “a lack of evidence that a crime was committed.” The police commissioner defended his officers’ actions, stating that they had asked the men to leave three times because employees had said they were trespassing, and the men refused to leave.

The incident led to accusations of discrimination and racial profiling and calls to boycott Starbucks. There were protests inside and outside of the store where the incident happened. Starbucks’ CEO Kevin Johnson made a personal apology in a private meeting with the two men and met with Philadelphia’s mayor and police commissioner. He also publicly apologized for what he called “reprehensible” circumstances that led to the arrest of the two men. “I will fix this,” Johnson said in a video message.

Reset


Next

Source: Siegel, R., & Horton, A. (2018, April 18). Starbucks to close 8,000 stores for racial sensitivity training. *Toronto Star*, A1, A9; Harris, T. (2018, June 11). Starbucks closes stores for “humanity” training. *Toronto Star*, A1, A7; Whack, E. H. (2018, April 20). Starbucks arrestees speak out. *Toronto Star*, A10; Martis, E. (2018, April 23). If you were surprised to hear about two black men arrested at Starbucks, you haven’t been paying attention. *CBC News, Opinion*, <https://www.cbc.ca/news/opinion/starbucks>

Managing Workforce Diversity

◀ Listen to the Audio

Given the prevalence of the stereotypes noted earlier, valuing diversity is not something that occurs automatically. Rather, diversity needs to be *managed* to have a positive impact on work behaviour and an organization. What can organizations do to achieve and manage a diverse workforce? Before continuing, try to answer this question by taking a closer look at the chapter-opening vignette on Cogeco Connexion, paying particular attention to the programs and initiatives that have been implemented to make the organization more diverse and inclusive.

Exhibit 3.7  lists some of the common activities that are often included in diversity programs. Some additional examples include:⁶⁵

- Select enough minority members to get them beyond token status. When this happens, the majority starts to look at individual accomplishments rather than group membership, because they can see variation in the behaviours of the minority. In recent years, an increasing number of Canadian organizations have become more interested in diversity recruiting and, as indicated in the chapter-opening vignette, Cogeco actively recruits and hires members of the four designated groups.
- Develop an employment equity plan to ensure that members of designated groups are represented throughout the organization. Cogeco adopted a multi-year employment equity plan to achieve a fair representation of designated groups. The plan includes

professional development opportunities for women to enhance executive and leadership skills and competencies, professional networking and support through Cogeco's Women's Network, and other programs.

- Provide a flexible work environment that can accommodate the needs of all employees and fosters work-life balance and an inclusive workplace. Cogeco has a highly flexible work environment for all employees that includes teleworking, flexible work schedules, reduced work weeks, and unpaid leaves of absence to help employees better manage work and family responsibilities.
- Encourage teamwork that brings minority and majority members together.
- Ensure that those making career decisions about employees have accurate information about them rather than having to rely on hearsay and second-hand opinion.
- Train people to be aware of stereotypes and to value diversity. As indicated in the chapter-opening vignette, Cogeco provides training for human resource staff on diversity and recruitment and mandatory online training for managers.

Exhibit 3.7

Common activities included in diversity programs.

Strategic Initiative	Sample Interventions
Recruiting	<ul style="list-style-type: none"> ● Employee referral programs ● Diverse recruiting teams ● Internship programs and sponsored scholarships ● Job posting and advertising initiatives targeting specific groups ● Minority conference and job fair attendance ● Recruiting efforts targeting universities and community colleges with diverse student bodies
Retention	<ul style="list-style-type: none"> ● Corporate-sponsored employee resource or affinity groups ● Employee benefits (e.g., adoption, domestic partner, elder care, flexible health, and dependent spending accounts) ● Work-life programs and incentives (e.g., on-site child care, flexible work schedules, and on-site lactation facilities)
Development	<ul style="list-style-type: none"> ● Leadership development training programs ● Mentoring programs
External Partnership	<ul style="list-style-type: none"> ● Minority supplier programs ● Community service outreach
Communication	<ul style="list-style-type: none"> ● Award programs providing public recognition of managers and employees for diversity achievement ● Newsletters, internal websites on diversity ● Senior leadership addresses, town hall meetings, business updates
Training	<ul style="list-style-type: none"> ● Awareness training on the organization's diversity initiative ● Issue-based/prevention training (e.g., sexual harassment and men and women as colleagues) ● Team-building and group-process training
Staffing and Infrastructure	<ul style="list-style-type: none"> ● Dedicated diversity staff ● Executive and local diversity councils

Source: Republished with permission of John Wiley & Sons, Inc., from Jayne, M. E. A., & Dipboye, R. L. (2004, Winter). Leveraging diversity to improve business performance: Research findings and recommendations for organizations. *Human Resource Management*, 43(4), 409–424; permission conveyed through Copyright Clearance Center, Inc.

Although diversity training programs are one of the most common approaches for managing diversity, there is little hard research on the success of these programs. In addition, there is some evidence that these programs can actually activate bias and cause disruption and bad feelings when all they do is get people to open up and voice their stereotypes and then send them back to work.⁶⁶ Thus, diversity training should be accompanied by skills training that is relevant to the particular needs of the organization. This might include training in resolving intercultural conflict, team building, handling a charge of sexual harassment, or learning a second language.

Basic awareness and skills training are not the only components of managing diversity. Organizations must use a number of other tactics. What is perhaps most important is that organizations integrate diversity into all their policies and practices rather than treat diversity as a stand-alone practice. Organizations that have been successful in managing diversity have an inclusive culture that values individual differences. And in those organizations that have been recognized as Canada's Best Diversity Employers, diversity is an integral part of the culture.⁶⁷

In future chapters, we will consider the following diversity practices:

- Generational differences in values and work attitudes (Chapter 4)
- Recognizing diversity in employee needs and motives (Chapter 5)
- Using flexible work arrangements to offer employees flexibility (Chapter 6)
- Using employee surveys to foster better communication (Chapters 10 and 15)
















Perceptions of Trust

LO 3.6 Define *trust* perceptions and *perceived organizational support*, and describe *organizational support theory*.

◀ Listen to the Audio

Do you trust your boss and organization? These are questions that more and more people are asking themselves today as employee trust in top organization leaders is at an all-time low, and employee trust toward management is on the decline.⁶⁸ According to a recent survey, more than one-third (37 percent) of employees do not trust their immediate supervisor when it comes to making decisions with their best interest in mind.⁶⁹ Other surveys have found that 47 percent of respondents agreed that a lack of trust is a problem in their organization, and 40 percent indicated that they do not believe what management says.⁷⁰ In the United States, one in four workers do not trust their employer, while 61 percent of Canadian workers do not trust what their senior leaders say.⁷¹ A lack of trust can be a serious problem, because trust perceptions influence organizational processes and outcomes, such as sales levels, net profits, and employee turnover.⁷²

Trust  has been defined as a willingness to be vulnerable and to take risks with respect to the actions of another party.⁷³ More specifically, "Trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another."⁷⁴ Trust perceptions toward management are based on three distinct perceptions: ability, benevolence, and integrity.⁷⁵ *Ability*

refers to employee perceptions regarding management's competence and skills. *Benevolence* refers to the extent that employees perceive management as caring and concerned for their interests and willing to do good for them. *Integrity* refers to employee perceptions that management adheres to and behaves according to a set of values and principles that the employee finds acceptable. The combination of these three factors influences trust perceptions.

Not surprisingly, higher perceptions of management ability, benevolence, and integrity are associated with greater perceptions of trust. There is also some evidence that perceptions of fairness (see [Chapter 4](#) for a discussion of fairness) are associated with trust perceptions. Employees who perceive their supervisor as more fair report higher levels of trust. One study found that trust in one's direct leader had a positive influence on trust of top leaders and this was due to the fairness of the direct leader. Thus, trust in leaders at lower levels of an organization influences trust perceptions of leaders at higher levels of the organization.⁷⁶ Furthermore, perceptions of trust in management and leaders are positively related to job satisfaction, organizational commitment, job performance, and organizational citizenship behaviour, and negatively related to turnover intentions. Thus, trust in an organization's leaders can provide an organization with a competitive advantage.⁷⁷

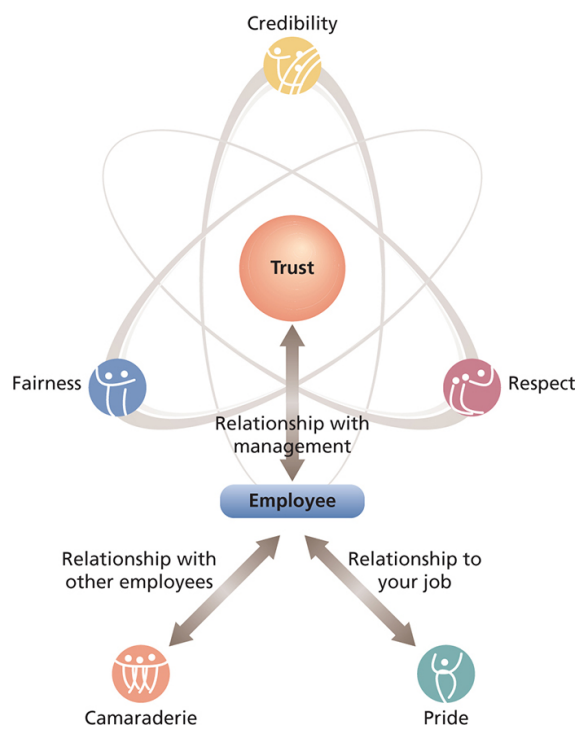
Trust among co-workers is also important. A study of fire fighters found that higher levels of trust toward one's co-workers was related to fewer physical symptoms (e.g., trouble sleeping) and less withdrawal (e.g., thoughts of being absent).⁷⁸

Trust is also considered to be the most critical factor when judging the best workplaces in Canada. According to the Great Place to Work Institute Canada, trust is the foundation for quality jobs and performance excellence. When the institute evaluates organizations for the best

workplaces, they use a “Trust Index” to assess employees’ perspective on what it is like to work in their organization.

As shown in [Exhibit 3.8](#), the trust model consists of five dimensions. To create a great workplace, managers need to build trust, which is achieved by practising credibility, respect, and fairness, and by encouraging pride and camaraderie among employees.⁷⁹

Exhibit 3.8 Trust model.



Source: © 2018 Great Place to Work® Institute, Inc. All Rights Reserved.
<https://www.greatplacetowork.ca/en/about-us/trust-model>

Perceived Organizational Support

◀ Listen to the Audio

Whether or not you trust your boss and organization has a lot to do with how much they support you or, rather, your perceptions of support.

Perceived organizational support (POS) ^① refers to employees' general belief that their organization values their contribution and cares about their well-being. When employees have positive perceptions of organizational support, they believe their organization will provide assistance when they need it to perform their job effectively and to deal with stressful situations.⁸⁰

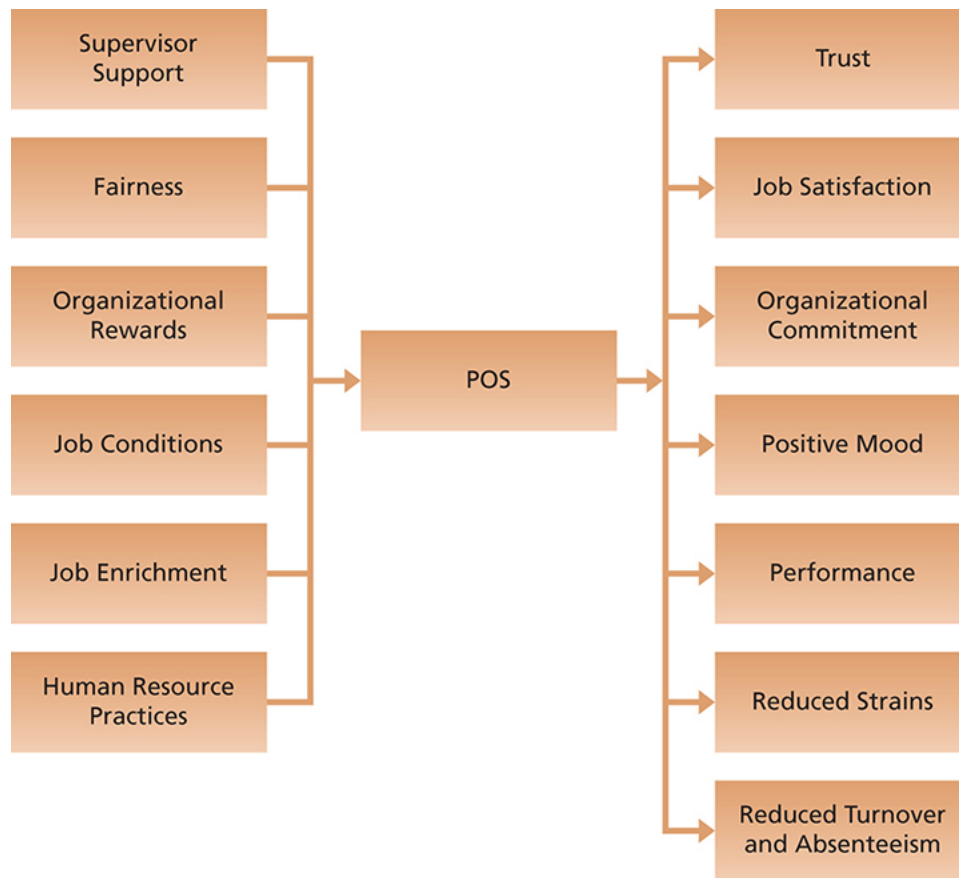
According to **organizational support theory** ^①, employees who have strong perceptions of organizational support feel an obligation to care about the organization's welfare and to help the organization achieve its objectives. They feel a greater sense of purpose and meaning, and a strong sense of belonging to the organization. As a result, employees incorporate their membership and role within the organization into their social identity. In addition, when POS is strong, employees feel obligated to reciprocate the organization's care and support, or what is generally known as the norm of reciprocity—a felt obligation to help the organization achieve its goals and objectives in return for its perceived support.

Research has found that employees who have greater POS have higher trust toward the organization and management, greater job performance, and are more satisfied with their jobs, more committed to the

organization, and less likely to be absent from work and to quit. They are also more likely to have a positive mood at work and to be more involved in their job, and they are less likely to experience stress and strain symptoms such as fatigue, burnout, anxiety, and work–family conflict.⁸¹

As shown in [Exhibit 3.9](#), a number of factors contribute to employees' POS. First, because supervisors function as representatives of the organization through their actions and decisions, they represent the organization to employees. As a result, favourable treatment, support, and concern for one's well-being from supervisors, or **perceived supervisor support**, contributes strongly to POS. Interestingly, supervisors with more positive perceptions of POS are themselves perceived by employees as being more supportive. In addition, fair organizational procedures, favourable rewards and job conditions, job enrichment (e.g., autonomy), and human resource practices such as developmental opportunities and flexible work schedules are also strongly related to POS.⁸²

Exhibit 3.9 Predictors and consequences of perceived organizational support.



Source: Based on Rhoades, L., & Eisenberger, R. (2002). Perceived organizational support: A review of the literature. *Journal of Applied Psychology, 87*, 698–714; Kurtessi, J. N., Eisenberger, R., Ford, M. T., Buffardi, L. C., Stewart, K. A., & Adis, C. S. (2017). Perceived organizational support: A meta-analytic evaluation of organizational support theory. *Journal of Management, 43*, 1854–1884.

What can organizations do to improve employee perceptions of organizational support? One study found that supportive human resources practices that demonstrate an investment in employees and recognition of employee contributions are most likely to lead to the development of greater POS. Such practices signal to employees that the organization values and cares about them. Some examples of supportive human resources practices include participation in decision making, opportunities for growth and development, and a fair reward and recognition system.⁸³
















Person Perception in Human Resources Management

LO 3.7 Discuss person perception and perceptual biases in human resources management.

 Listen to the Audio

Perceptions play an important role in human resources management and can influence who gets hired and how employees are evaluated once they are hired. Job applicants also form perceptions during the recruitment and selection process, and their perceptions influence their attraction to an organization and whether or not they decide to accept a job offer.

In this section, we consider the role of perceptions in three areas of human resources management: recruitment and selection, the employment interview, and the performance appraisal.

Perceptions of Recruitment and Selection

◀ Listen to the Audio

When you meet recruiters and complete employment tests, chances are you form perceptions of the organization. In fact, research indicates that the way job applicants are treated during the recruitment and selection process and their reactions to selection procedures influence their perceptions toward the organization and their likelihood of accepting a job offer.

According to signalling theory^①, job applicants have incomplete information about jobs and organizations, so they interpret their recruitment and selection experiences as cues or signals about unknown characteristics of a job and organization and what it would be like to work there. For example, questions that are invasive and discriminatory might send a signal that the organization discriminates and does not value diversity; poor treatment during the hiring process might signal a lack of professionalism and respect of employees. These perceptions are important because they influence a job applicant's likelihood of remaining in the selection process and accepting a job offer.⁸⁴

Applicants also form perceptions toward organizations based on the selection tests used for hiring. This research has its basis in *organizational justice theory and fairness*, which is described in more detail in [Chapter 4](#)[□]. Essentially, job applicants form more positive perceptions of the selection process when selection procedures are perceived to be fair. Furthermore,

applicants who have more positive perceptions of selection fairness are more likely to view the organization as attractive, have stronger intentions to accept a job offer, and are more likely to accept a job offer and to recommend the job and organization to others. There is also some evidence that applicant reactions influence applicant performance on selection tests. Among various selection procedures, employment interviews and work samples are perceived more favourably than cognitive ability tests, which are perceived more favourably than personality tests and honesty tests.⁸⁵

Perceptions in the Employment Interview

◀ Listen to the Audio

You have probably had the pleasure (or displeasure!) of sitting through one or more job interviews in your life. After all, the interview is one of the most common organizational selection devices, applied with equal opportunity to applicants for everything from the janitorial staff to the executive suite. With our futures on the line, we would like to think that the interview is a fair and accurate selection device, but is it? Research shows that the interview is a valid selection device, although it is far from perfectly accurate, especially when the interviewer conducts it in an unstructured, free-form format. The validity of the interview improves when interviewers conduct a more structured interview.⁸⁶



The interview is a difficult setting in which to form accurate impressions about a candidate. Interview validity increases when interviews are more structured.

What factors threaten the validity of the interview? To consider the most obvious problem first, applicants are usually motivated to present an especially favourable impression of themselves. As our discussion of the perception of people implies, it is difficult enough to gain a clear picture of another individual without having to cope with active deception! A couple of the perceptual tendencies that we already discussed in this chapter can also operate in the interview. For one thing, there is evidence that interviewers compare applicants to a stereotype of the ideal applicant.⁸⁷ In and of itself, this is not a bad thing. However, this ideal stereotype must be accurate, and this requires a clear understanding of the nature of the job in question and the kind of person who can do well in this job. This is a tall order, especially for the interviewer who is hiring applicants for a wide variety of jobs.

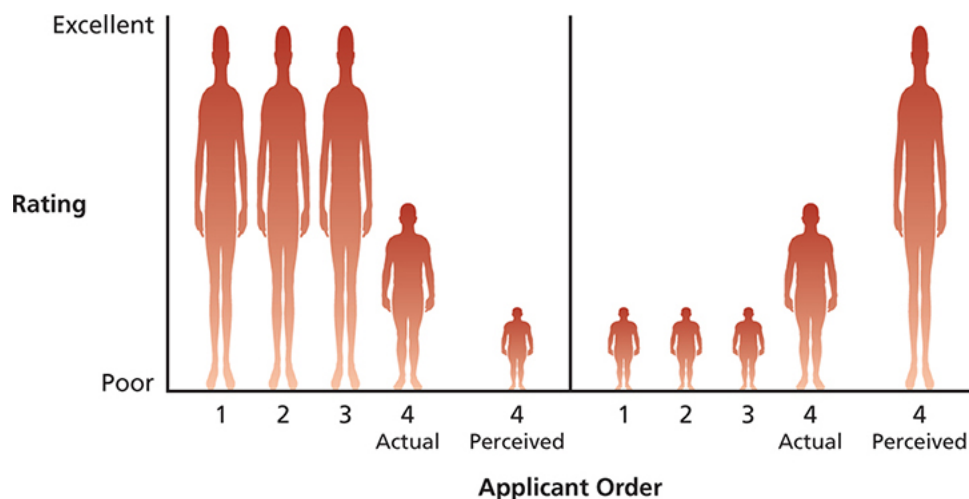
Second, interviewers have a tendency to exhibit primacy reactions.⁸⁸ Minimally, this means that information the interviewer acquires early in the interview will have an undue impact on the final decision. However, it also means that information the interviewer obtains *before* the interview (for instance, by scanning the application form or résumé) can have an exaggerated influence on the interview outcome.

A couple of perceptual tendencies that we have not discussed are also at work in interviews. First, interviewers have a tendency to give less importance to positive information about the applicant.⁸⁹ This tendency means that negative information has undue impact on the decision.⁹⁰ It might occur because interviewers get more feedback about unsuccessful hiring than successful hiring (“Why did you send me that idiot?”). It might also happen because positive information is not perceived as telling the

interviewer much, since the candidate is motivated to put up a good front.

In addition, contrast effects sometimes occur in the interview.⁹¹ This means that the applicants who have been interviewed earlier affect the interviewer's perception of a current applicant, leading to an exaggeration of differences between applicants. For example, an interviewer who has seen two excellent candidates and then encounters an average candidate might rate this person lower than an applicant preceded by two average ones (see Exhibit 3.10). This is an example of the impact of the situation on perception.

Exhibit 3.10 Two examples of contrast effects.



It is clear that the interview constitutes a fairly difficult setting in which to form accurate impressions about others. It is of short duration, a lot of information is generated, and the applicant is motivated to present a favourable image. Thus, interviewers often adopt "perceptual crutches" that hinder accurate perception.

Earlier, we noted that the validity of the interview improves when it is structured. But what exactly is a structured interview? According to a study by Derek Chapman of the University of Calgary and David Zweig of the University of Toronto, interview structure involves four dimensions: *evaluation standardization* (the extent to which the interviewer uses standardized and numeric scoring procedures); *question sophistication* (the extent to which the interviewer uses job-related behavioural questions and situational questions); *question consistency* (the extent to which the interviewer asks the same questions in the same order of every candidate); and *rappport building* (the extent to which the interviewer does *not* ask personal questions that are unrelated to the job). They also found that interviews were more likely to be structured when the interviewer had formal interview training and focused on selection rather than recruitment during the interview.⁹² Structured interviews probably reduce information overload and ensure that applicants can be more easily compared, since they have all responded to an identical sequence of questions.⁹³

Perceptions and the Performance Appraisal

◀ Listen to the Audio

Once a person is hired, however imperfectly, further perceptual tasks confront organization members. Specifically, the organization will want some index of the person's job performance for decisions regarding pay raises, promotions, transfers, and training needs. The question is what role do perceptions play in the performance appraisal process? Well, consider this. Employees with late start times have been found to receive lower job performance ratings from their supervisors than employees with early start times. This phenomenon is known as a *morning bias* that is due to a negative stereotype of employees with late start times who are perceived as less conscientious.⁹⁴ Let's now consider some other perceptual biases in the performance appraisal.

Objective and Subjective Measures

It is possible to find objective measures of performance for certain aspects of some jobs. These are measures that do not involve a substantial degree of human judgment. The number of publications that a professor has in top journals is a good example. In general, though, as we move up the organizational hierarchy, it becomes more difficult to find objective indicators of performance. Thus, it is often hard to find quantifiable evidence of a manager's success or failure. When objective indicators of performance do exist, they are often contaminated by situational factors. For example, it might be very difficult to compare the dollar sales of a

snowmobile salesperson whose territory covers British Columbia with one whose territory is Nova Scotia. Also, while dollar sales might be a good indicator of current sales performance, it says little about a person's capacity for promotion to district sales manager.

Because of the difficulties that objective performance indicators present, organizations must often rely on subjective measures of effectiveness, usually provided by managers. However, the manager is confronted by a number of perceptual roadblocks. He or she might not be in a position to observe many instances of effective and ineffective performance. This is especially likely when the employee's job activities cannot be monitored directly. For example, a police sergeant cannot ride around in six squad cars at the same time, and a telephone company supervisor cannot visit customers' homes or climb telephone poles with all of his or her installers. Such situations mean that the target (the employee's performance) is frequently ambiguous, and we have seen that the perceptual system resolves ambiguities in an efficient but often inaccurate manner. Even when performance is observable, employees often alter their behaviour so that they look good when their manager is around.

Rater Errors


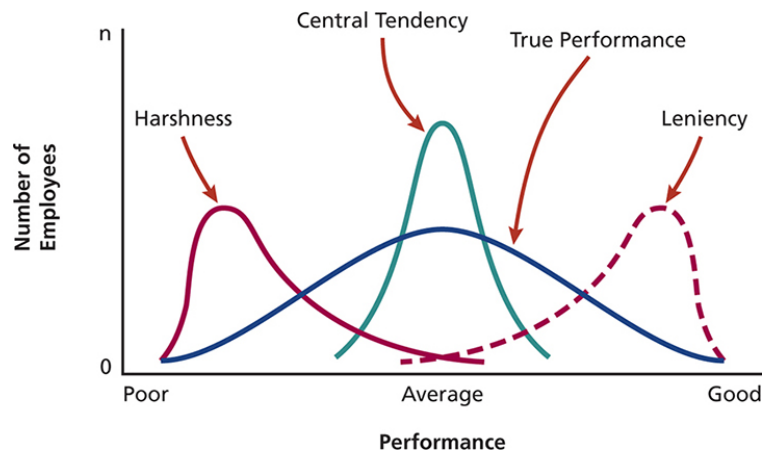
Subjective performance appraisal is susceptible to some of the perceptual biases we discussed earlier—primacy, recency, and stereotypes. In addition, a number of other perceptual tendencies occur in performance evaluation. They are often called rater errors. One interrelated set of these tendencies includes leniency, harshness, and central tendency ([Exhibit 3.11](#) ) .

Exhibit 3.11 Leniency, harshness, and central tendency rater errors.



Leniency [Ⓢ] refers to the tendency to perceive the performance of one's ratees as especially good, while **harshness** [Ⓢ] is the tendency to see their performance as especially ineffective. Lenient raters tend to give "good" ratings, and harsh raters tend to give "bad" ratings. Professors with reputations as easy graders or tough graders exemplify these types of raters. **Central tendency** [Ⓢ] involves assigning most ratees to a middle-range performance category—the extremes of the rating categories are not used. The professor who assigns 80 percent of her students Cs is committing this error.

Each of these three rating tendencies is probably partially a function of the rater's personal experiences. For example, the manager who has had an especially good group of employees might respond with special harshness when management transfers him to supervise a group of slightly less able workers. It is worth noting that not all instances of leniency, harshness, and central tendency necessarily represent perceptual errors. In some cases, raters intentionally commit these errors, even though they have accurate perceptions of workers' performance. For example, a manager might use leniency or central tendency in performance reviews so that his employees do not react negatively to his evaluation.

Another perceptual error that is frequently committed by performance raters is called the **halo effect**.⁹⁵ The halo effect occurs when the observer allows the rating of an individual on one trait or characteristic to colour the ratings on other traits or characteristics. For example, in a teacher evaluation system, a student might perceive his instructor as a nice person, and this might favourably influence his perception of the instructor's knowledge of the material and speed in returning exams and papers. Similarly, a manager might rate an employee as frequently late for work, and this might, in turn, lead her to devalue the employee's productivity and quality of work. As these examples illustrate, halo can work either for or against the ratee. In both cases, the rater fails to perceive differences *within* ratees. The halo effect tends to be organized around central traits that the rater considers important. The student feels that being nice is an especially important quality, while the manager places special emphasis on promptness. Ratings on these characteristics then affect the rater's perceptions of other characteristics.

The **similar-to-me effect** is an additional rater error that may, in part, reflect perceptual bias. The rater tends to give more favourable evaluations to people who are similar to the rater in terms of background or attitudes. For example, the manager with an MBA degree who comes from an upper-middle-class family might perceive a similar employee as a good performer, even though the person is only average. Similarly, a rater might overestimate the performance of an individual who holds similar religious and political views. Such reactions probably stem from a tendency to view our own performance, attitudes, and background as "good." We then tend to generalize this evaluation to others who are, to some degree, similar to us. Raters with diverse employees should be especially wary of this error.

Given all these problems, it should be clear that it is difficult to obtain good subjective evaluations of employee performance. Because of this,

human resources specialists have explored various techniques for reducing perceptual errors and biases. There has been a tendency to attempt to reduce rater errors by using rating scales with more specific behavioural labels. The assumption here is that giving specific examples of effective and ineffective performance will facilitate the rater's perceptual processes and recall.

Exhibit 3.12 shows a **behaviourally anchored rating scale (BARS)** that gives very specific behavioural examples (from top to bottom) of good, average, and poor customer service. With such an aid, the rater may be less susceptible to perceptual errors when completing the rating task, although the evidence for this is mixed.⁹⁶

Exhibit 3.12 Behaviourally anchored rating scale (BARS) for rating customer service.



Source: Campbell, J. P., Dunnette, M. D., Lawler, E. E., III, & Weick, K. E., Jr. (1970). *Managerial behavior, performance, and effectiveness*. New York, NY: McGraw-Hill. © The McGraw-Hill Companies, Inc. Used by permission.

Another approach for reducing perceptual errors and biases and improving the accuracy of performance appraisals is rater training. One of the most studied approaches is called frame-of-reference (FOR) training⁹⁷. FOR training involves providing raters with a common frame of reference to use when rating individuals. Raters learn about each performance dimension and are provided with examples of good, average, and poor performance. They then practise making performance ratings and receive feedback on their accuracy. As a result, raters learn what behaviours reflect different levels of performance on each performance dimension and to use the same frame of reference when rating all individuals. Research on FOR training has shown that it is an effective method for improving rating accuracy.⁹⁷















Summary: Perception, Attribution, and Diversity

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 3.

3.1 Define *perception*, and discuss some of the general factors that influence perception.

Perception involves interpreting the input from our senses to provide meaning to our environment. Any instance of perception involves a perceiver, a target, and a situational context. The experience, needs, and emotions of the perceiver affect perception, as does the ambiguity of the target.

3.2 Explain *social identity theory* and *Bruner's model* of the perceptual process.

3.3. Describe the main biases in person perception.

3.4 Describe how people form *attributions* about the causes of behaviour and various biases in attribution.

3.5 Discuss the concepts of *workforce diversity* and valuing diversity and how racial, ethnic, religious, gender, age, and LGBTQ stereotypes affect organizational behaviour, and what organizations can do to manage diversity.

3.6 Define *trust* perceptions and *perceived organizational support*, and describe *organizational support theory*.

3.7 Discuss person perception and perceptual biases in human resources management.

Key Terms

Start Over

Swap

0/33 REVIEWED · 0 MASTERED

Implicit personality theories



Previous

Next

Got It!



*On-the-Job Challenge Question

The “Name-Blind” Recruitment Pilot Project

In April 2017, the Public Service Commission of Canada launched a pilot project to reduce biases in the hiring of federal civil services based on the names and ethnic origins of potential candidates. The “name-blind” recruitment (NBR) pilot project is a practice long urged by employment equity advocates. The project came on the heels of a study that found job candidates with Asian-sounding names and Canadian qualifications were less likely to be called for interviews than candidates with Anglo-Canadian names, even if they have a better education.

The idea behind the project is to reduce bias in recruitment based on the names and ethnic origins of potential candidates and to strengthen diversity and inclusion. According to Ahmed Hussen—minister of immigration, refugees, and citizenship—who suggested the recruitment idea to Parliament, “Name-blind recruitment could help ensure the public service reflects the people it serves by helping to reduce unconscious bias in the hiring process.”

Applications in the name-blind recruitment process had the name, citizenship, country of origin, mailing address, spoken languages, references to religion, and names of educational institutions removed. The objective was to determine if applicants with ethnic-sounding names were disadvantaged in the screening process.

A report on the results of the project found no sign of discrimination against job candidates with ethnic-sounding names. Visible minorities were short-listed at roughly the same rate through name-blind recruitment (46 percent) as through a traditional recruitment process (47 percent).

The report concluded, “For visible minorities, results indicated no significant effect on the screening decisions of applications.” Hiding ethnic-sounding names from résumés had no real bearing on who’s picked from the applications for jobs in the federal public service. Thus, there was no net benefit or disadvantage of NBR assessment for visible minorities.

What do you think about the government’s name-blind recruitment pilot project? Do perceptions have anything to do with this initiative and the recruitment process? What do you think the results of the project say about perceptions and discrimination? Based on the results, do you think the government should abandon or continue to use “name-blind” recruitment? Should other organizations use name-blind recruitment? Explain your answer and reasoning.

Sources: Dobson, S. (2018, March). Name-blind recruitment pilot sees mixed results. *Canadian HR Reporter*, 31(3), 1, 8; Loriggio, P. (2018, January 25). Name-blind recruitment ineffective, study says. *Toronto Star*, B2; Dobson, S. (2017, May 15). Feds try to blank out bias. *Canadian HR Reporter*, 30(9), 1, 9; Keung, N. (2017, April 21). Ottawa launches pilot for “name-blind” hiring. *Toronto Star*, A6; Kutty, F. (2017, July 4). Name-blind hiring pilot project is a step toward lifting barriers to diversity. *Toronto Star*, A11; Harris, K. (2018, January 23). No sign of bias against government job-seekers with ethnic-sounding names, pilot project finds. *CBC News*, <http://www.cbc.ca/news/politics/blind-hiring-pilot-project-government-1.4500137>; Name-blind recruitment pilot project – Final report, *Government of Canada*, <https://www.canada.ca/en/public-service-commission/services/publications/Name-blind-recruitment-pilot-project.html>.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Workplace Age Discrimination Scale (WADS)

Answer the nine questions listed that follow. The questions refer to different types of overt and covert workplace age discrimination and attempt to assess the extent to which an individual has experienced age discrimination in the workplace. After you have answered the nine questions, follow the instructions below to obtain your score.

Read each statement carefully. Using the numbers from 1 (never) to 5 (very often) on the rating scale, indicate the frequency with which you have experienced each incident at work in the past year. If you have not worked in the past year, then answer each question as it pertains to the last time you were employed.

Please indicate how often you have experienced the following at work in the past year using the following scale:

1—Never

2—Rarely

3—Sometimes

4—Often

5—Very often

- _____ 1. I have been passed over for a work role/task due to my age.
- _____ 2. My contributions are not valued as much due to my age.
- _____ 3. I have been given fewer opportunities to express my ideas due to my age.
- _____ 4. I have unfairly been evaluated less favourably due to my age.
- _____ 5. I receive less social support due to my age.
- _____ 6. I have been treated as though I am less capable due to my age.
- _____ 7. I have been treated with less respect due to my age.
- _____ 8. Someone has delayed or ignored my requests due to my age.
- _____ 9. Someone has blamed me for failures or problems due to my age.

Scoring and Interpretation

The scale you have just completed is a measure of perceived workplace age discrimination that assess workers discriminatory experiences called the Workplace Age Discrimination Scale (WADS). To determine your perceived workplace age discrimination score, add up your responses to all nine items and then divide by 9. Your score should fall somewhere between 1 and 5. Low scores indicate a lower frequency of perceived workplace age discrimination, while high scores indicate a greater frequency of perceived workplace age discrimination. The higher your score is, the more frequently you have experienced workplace age discrimination.

Research on the WADS has found that younger workers (ages 18–30) experienced the highest rates of age discrimination, followed by older workers (50 or older), and then middle-aged workers (ages 31–49). Furthermore, only 22 percent of younger workers and 30 percent of older workers reported not having experienced any of the WADS items in the past year, but nearly half (48 percent) of middle-aged workers reported “never” to all WADS items. In addition, higher scores on the WADS by younger and older workers were negatively related to job satisfaction and positively related to turnover intentions. Thus, younger and older workers who experienced more frequent age discrimination had lower job satisfaction and higher turnover intentions.

To facilitate class discussion and your understanding of age discrimination, form a small group with several other members of the class and consider the following questions. (Note that the instructor can also do this as a class exercise. Students should write their WADS score and age on a piece of paper and hand it in to the instructor, who can then determine the relationship between age and perceived frequency of workplace age discrimination. This can involve a median split of the class by age thereby creating an “older” and “younger” group and then comparing their scores on the WADS.)

1. Students should first compare their WADS scores to each other's. What is the highest and lowest score in the group, and what is the group average? To what extent have group members experienced age discrimination in the workplace?
2. Each member of the group should indicate his or her age. Determine the median age of the group, and categorize those members above the median as being “older” and those below the median as being “younger.” Then calculate the average WADS score of the two age groups. Is there a difference in age discrimination experiences between the two groups? What

group members have experienced the most and least age discrimination in the workplace?

3. Each group member should answer the following two questions using the following scale: 1 = strongly disagree, 2 = disagree, 3 = neither agree or disagree, 4 = agree, 5 = strongly agree. (Note: If you are not currently employed, answer these questions thinking about the last time you were employed): (1) *In general, I am satisfied with my job*; and (2) *I frequently think of quitting my job*. After you have answered each question, make a chart that shows each group member's WADS score and their score on each of the two questions. The first question measures job satisfaction; a higher score indicates higher job satisfaction. The second question measures turnover intentions; a higher score indicates higher turnover intentions. Compare the scores on the three measures, and try to determine if there is an association between WADS scores and job satisfaction and turnover intentions. What, if any, association can you see in the three scores? Do students with a higher WADS score have lower job satisfaction and higher turnover intentions?
- * 4. Given the results of the research on the WADS, which found relationships between WADS scores and the job satisfaction and turnover intentions of younger and older workers, what are the implications of age discrimination in the workplace for employers and employees?
5. What can organizations do to prevent age discrimination in the workplace? What strategies do you recommend to reduce age discrimination and minimize its effects on employees?

Sources: Marchiondo, L. A., Gonzales, E., & Ran, S. (2016). Development and validation of the Workplace Age Discrimination Scale. *Journal of Business Psychology, 31*, 493–513.

* Question 4 is also assignable in Writing Space.

Case Incident

The New Hiring Policy

Citizens Medical Centre, a hospital in Victoria, Texas, recently instituted a new hiring policy that bans job applicants from employment for being overweight. The new policy states that the hospital will not hire anyone with a body mass index (BMI, which is a formula used to determine fat) of 35 or higher. This is the equivalent of someone who is 5 feet 5 inches tall and weighs 210 pounds or someone who is 5 feet 10 inches tall and weighs 245 pounds.

According to the policy, an employee's physique "should fit with a representational image or specific mental projection of the job of a health-care professional." David Brown, the hospital's former CEO, stated, "The majority of our patients are over 65 and they have expectations that cannot be ignored in terms of personal appearance." He further stated, "We have the ability as an employer to characterize our process and to have a policy that says what's best for our business and our patients."

As part of the hiring process, job applicants are screened by a physician who assesses their fitness for work, which includes their body mass index. Existing workers who become obese during employment are not terminated; however, job applicants have been turned away as a result of the policy.

Although the laws in Texas do not prohibit weight discrimination in hiring, they do prohibit discrimination based on race, age, or religion.

However, according to Peggy Howell, public relations director for the National Association to Advance Fat Acceptance, “This is discrimination plain and simple. So the field of medicine is no longer an option for people of larger body size? What a waste of talent.” She said that a hospital should know that lots of medical conditions lead to obesity or weight gain.

According to former CEO David Brown, excessive weight has “all kinds of encumbrances” for the hospital and its health plan, and there’s evidence that extremely obese employees are absent from work more often.

1. Discuss the role of perceptions and attributions in the new hiring policy. Do perceptions and attributions have anything to do with the hiring policy?
2. Discuss the role of stereotypes and bias in the new hiring policy. Do stereotypes and bias have anything to do with the hiring policy? Is it discrimination?
- * 3. Do you agree with the hospital’s new hiring policy? What are the implications of the policy for the hospital, its employees, and patients?

Source: Silliker, A. (2012, May 21). U.S. hospital balks at hiring obese workers. *Canadian HR Reporter*, 25(10), 1, 3; Ramshaw, E. (March 26, 2012). Victoria hospital won’t hire very obese workers. *The Texas Tribune*, www.texastribune.org; (2012, April 5). Hospital in weight row after hiring policy BANS obese job applicants. *Daily Mail Reporter*, www.dailymail.co.uk/news/article-2125385.

* Question 3 is also assignable in Writing Space.

Case Study

LGBTQA at TD Bank Financial Group in 2012

Andrew Cornies wrote this case under the supervision of Professor Cara Maurer solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Ron Puccini, senior manager of corporate diversity at TD Bank Financial Group (TD), was rubbing his temples as he sat in his office at the end of a long day in January 2012.¹ He opened the report in front of him, part of a review by the corporate diversity department of the strategic direction of TD's LGBTQA² initiatives. Ever since the Diversity Leadership Council (DLC) was created in 2006, engagement from the LGBTQA employees at TD had risen exponentially. The corporate diversity group had been providing a growing number of resources, events, and LGBTQA-related sponsorship over the past six years to promote a comfortable, barrier-free and inclusive work environment for all employees.

However, the report also revealed that, as of late, TD's competitors and other large companies were catching up to TD. Puccini had also been notified that there was a large variance in the quality of experience

between the different subgroups of TD's LGBTQA community. He wondered how TD should continue to grow these initiatives to ensure the bank would maintain its position as the "Employer of Choice" for the LGBTQA community and be among the "Top 100 Diversity Employers for 2012." The DLC was expecting a report by the end of the week.

TD Bank Financial Group³

At the time, the Toronto-Dominion Bank (TSX:TD) was the sixth-largest bank in North America,⁴ with more than 2300 retail locations in Canada and the United States, serving more than 19 million customers around the world. With headquarters in Toronto, the bank was divided into four main sectors: Canadian personal and commercial banking, U.S. personal and commercial banking, wholesale banking, and wealth management.

TD primarily competed with the other major Canadian banks: Royal Bank of Canada (RBC), Canadian Imperial Bank of Commerce (CIBC), Bank of Nova Scotia (Scotia), and Bank of Montreal (BMO). As of 2011, TD placed second behind RBC in total asset value and market capitalization, with Scotiabank in third place.⁵

In 2011, TD had earned \$5.89 billion in net income on \$21.59 billion of revenue. Despite the bank's conservative values and strong risk-management principles, it had experienced strong revenue growth over the past five years, at an average of 10 percent per annum.⁶



TD was committed to being the "better bank" and had built its reputation on being growth orientated and customer focused. The company dedicated itself to transparency and follow-through on its promises. It had won numerous awards, including one of *Financial Post's* "Ten Best Companies to Work For." In 2011, there were 75 631 full-time employees

at TD. The bank had reported an employee turnover rate of 7.8 percent in Canada and 8.7 percent in the United States.

Corporate Responsibility and Diversity at TD⁷

Executives at TD considered corporate social responsibility a key driver of TD's bottom line. The bank's multifaceted strategy of better serving the community comprised three main areas: education and financial literacy, creating opportunities for young people, and the environment. Every year, the bank made donations of millions of dollars to not-for-profit organizations and provided employees with paid time off for volunteer work.

Compared to its competitors, TD currently ranked the highest in its sustainability performance with an overall score of 73 out of 100, as assessed in an annual report by Sustainalytics.⁸ Sustainalytics is a global investment research company, formerly known as Jantzi Research, that researches, analyzes, and reports on ESG and SRI performance of a large number of firms. ESG refers to economic, social and corporate governance issues. SRI, or social responsibility index, is a Canadian stock market index that measures a firm's environmental and social performance. Anyone interested in ESG and SRI scores could access them, typically for a small fee, including investors, customers and employees.

Exhibits 1  and **2**  offer a comparison of competitors' scores and a breakdown of TD's social score. Regarding TD's overall sustainability performance, the Sustainalytics report stated that "Toronto-Dominion Bank (TD)'s reporting on ESG issues is considered strong and the company is highly transparent. The company publishes a CSR report annually according to GRI guidelines to application level B+ and its GRI table is externally verified."⁹ On the social subcategory, the report noted

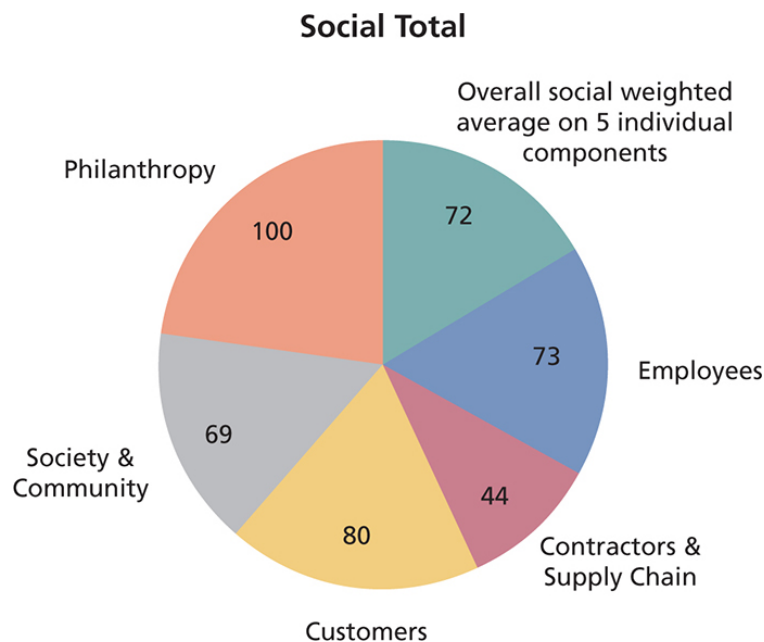
that “TD reports on programs to increase workforce diversity, although it has not disclosed a formal policy on the freedom of association.”¹⁰

Exhibit 1 2011 Sustainalytics Scores for the Big Five Canadian banks.

The Toronto-Dominion Bank	73
Royal Bank of Canada	72
Canadian Imperial Bank of Commerce	68
Bank of Nova Scotia	67
Bank of Montreal	66

Source: <http://www.sustainalytics.com>; assessed April 3, 2012.

Exhibit 2 TD's Sustainalytics Social Score.



Source: Adapted by case writers from data available on <http://www.sustainalytics.com>; assessed April 3, 2012.

As part of its overall emphasis on sustainability, TD had made the promotion of diversity and inclusivity a priority for many years, and in 2005 diversity was integrated into the business strategy. Soon after, the

bank created the DLC in response to a seemingly slow adoption of the concept of diversity throughout the bank. The DLC allowed senior executives to take ownership of diversity and inclusivity by figuring out how to implement these priorities across the bank. The DLC oversaw a multitude of diversity initiatives and ensured that no one in the organization was mistreated on any dimension, including gender, ethnic origin, physical ability, or sexual orientation. The committee focused on creating programs that led to long-term organizational change and impacted a wide range of subcultures within TD. (See [Exhibit 3](#) for an excerpt of TD's corporate policy on diversity.)

Exhibit 3 Excerpt from TD's corporate policy on diversity.

Fostering Diversity

- Fostering diversity has been important to TD for many years, but as we weren't making the progress we wanted we made it a strategic business priority—to make sure it is part of everything we do and won't be set aside in tough times.
- At TD diversity means being an inclusive work environment, a place where
 - No one is overlooked on the basis of their unique background, be that gender, ethnic origin, physical ability, sexual orientation, or anything else.
 - People's differences are respected, valued, and supported.
 - Barriers are taken down to create a place where all employees have the opportunity to reach their full potential based on their merits.
 - Customers feel comfortable.
 - The communities we serve are reflected in our workforce and supported in our actions.
- TD's Diversity Leadership Council (DLC) champions diversity programs across TD. The DLC is made up of senior leaders with established committees that support and focus on key areas:
 - Aboriginal peoples.
 - Serving diverse communities.
 - Promoting and enhancing an inclusive environment for lesbian, gay, bisexual, transgender, and allies (LGBTQA) employees and customers.
 - Building an agenda for people with disabilities.
 - Expanding leadership opportunities for members of visible minority groups.
 - Expanding leadership opportunities for women.
- Our diversity initiatives start with talking to employees and customers. In this way we are building inclusiveness one conversation at a time.
- According to the 2006 Canadian census, about 13 million people, or just over 40 percent of Canadians, fall into one of our diversity areas of focus (excluding women who aren't also part of another area of focus). Even taking into account some people who fall into more than one category, we're still talking about a third of our population.
- Diversity is not in itself a numbers game—numbers are only a measure of our progress. Our focus is on engaging in initiatives that make an impact and that lead to a long-lasting cultural change. This is what will continue to make TD the better bank in the challenging times ahead.

Source: Company documents.

The bank had a formal policy on the elimination of discrimination and formal programs to increase workforce diversity:

TD's code of ethics prohibits any behaviour that could be construed as harassment or discrimination on the grounds of sex, race, national or ethnic origin, colour, religion, age, disability, marital status, family status, sexual orientation or criminal convictions from which a pardon has been granted. The company also upholds the Universal Declaration of Human Rights, which prohibits discrimination; however, it does not explicitly refer to the ILO [International Labour Organization] conventions.

TD has initiatives to increase diversity, including recruitment, engagement with employees, mentoring and networking, as well as training and development. The company reported that as of FY2009, women accounted for 65.60% of its Canadian workforce, 33.13% of senior management, and 46.63% of middle management and equivalent positions. Diversity figures for minorities, Aboriginal peoples and persons with disabilities have also been disclosed. The company has not reported global figures and has not disclosed quantitative targets and deadlines to workforce diversity.¹¹

LGBTQA Initiatives at TD

A survey in 2006 revealed that TD was below the banking industry norm of providing benefits to same-sex couples, particularly at the executive level. This insight created urgency for change at the bank. The LGBTQA committee was formed within the DLC. Paul Douglas, an executive vice-president at TD, was appointed as its chair. At the time, there were no "out" executives at the bank, which seemed not to capture the underlying reality. TD wanted to implement policies to provide better experience to LGBTQA employees and raise awareness about same-sex benefits. Douglas stated:

While we had same-sex benefits available for many years, only 94 employees were signed up for them. With 47 000 employees in Canada, this didn't make sense. We also knew that some people, including executives, didn't feel at ease being upfront about their sexuality as they thought it would limit their careers.¹²

The response from TD's stakeholders was mixed. There were many employees, customers, and shareholders who were either indifferent or in support of TD's decision to actively support the LGBTQA community through its strategic plan. However, some stakeholders were anti-LGBTQA for personal, traditional, or religious reasons. A number of complaints were received, and some clients and investors threatened to leave the bank. TD kept track of all negative feedback, but its stance remained firm —no employee would be discriminated against based on his or her sexual orientation. Puccini remembered that he had once said, "banks and big businesses need to be change-makers, so there was no threshold to pull the switch."

The DLC's efforts began to pay off soon after its first year. Between March 2006 and March 2008, the number of employees with same-sex benefits had increased by 36 percent.

Core Employee Programs and Sponsorships

TD provides many LGBTQA-related programs and services to its employees. Some examples include mentors, networking events, internal social networks, and HIV/AIDS programs.

After forming the DLC in 2005, TD started rolling out its strategy in 2006. In the beginning, the focus was on grassroots initiatives such as HIV/AIDS awareness programs. Over time, these initiatives transformed from a business strategy into "the right thing to do." This philosophy drove the bank to move beyond common programming by expanding to

underserved areas of the LGBTQA community. One such program was Youthline, TD's helpline for LGBTQA youth.

TD offers mentoring opportunities in its regional offices to teach newer employees how to use their identification as LGBTQA as an advantage and how to build a successful career at the bank. TD also organizes networking events for LGBTQA employees as well as allies twice a year across North America. Members of senior management, including Ed Clark, the CEO, attend all of these events. He had been deeply committed to LGBTQA initiatives:

I care that our customers and employees who are gay, lesbian, bisexual or transgender have a comfortable experience at TD. I don't want people to feel they have to hide who they are because they're afraid we'll discriminate against them. In fact, I look forward to the day when all employees feel that their sexual orientation is a non-issue.¹³

Three years after initiating the LGBTQA strategy, the Employee Pride Network (EPN) was created. The EPN acted as a communication tool for LGBTQA events, sponsorships, and other initiatives. In 2011, the EPN had grown to 2100 members across North America. LGBTQA awareness training was optional for new employees, and the responsibility for promoting resource groups such as EPN fell on managers.

In 2011, TD unveiled an internal social media application called Connections, which was the bank's adaptation of Facebook for the office. Users were able to join different communities depending on their interests and thus to interact with TD employees with similar interests. Near the end of 2011, TD launched a LGBTQA Community within Connections, which at the time had 426 members. Employees could benefit from the community based on their comfort level: those not wishing to identify could "follow" the page, while those wishing to identify could "join." Regardless of which they chose, all employees who

“followed” or “joined” the LGBTQA Community were sent frequent updates on events and initiatives in their region.

Each year, TD contributed more than \$1 million towards LGBTQA organizations such as Pride Toronto, PFLAG Canada, Ontario Gay & Lesbian Chamber of Commerce, Inside Out Film Festival, and Out on Bay Street. This was a fixed amount of approximately \$56 million of total sponsorship per year, and poor economic times did not impact TD’s corporate giving.

Customer Strategies

TD aimed to provide its LGBTQA customers with a comfortable banking experience, although no customized products and services were designed specifically for them. The value lay in precise target marketing to promote a broad range of products and services as an overall extension of the TD brand. Paul Douglas had noted,

In Canada, LGBTQA consumers have an estimated buying power of more than \$75 billion. ... It would be foolish not to pursue such a potentially profitable client group.¹⁴

TD’s LGBTQA marketing strategy included targeted advertising to LGBTQA publications in major centers as well as overt mainstream advertisements. There was also some local advertising in branches.

Competition on Being a Top Diversity Employer

TD was the first bank to make specific inroads into the LGBTQA community. Their support was consistent and multi-pronged, as they contributed to numerous LGBTQA organizations and implemented large-scale programming from the beginning. In contrast, other banks would sponsor a LGBTQA event but would exit the community soon after.

Although their competitors were certainly aiming to implement similar strategies, TD did not specifically research what the other banks were doing for LGBTA. Since TD was focused on doing the right thing, getting an edge over its competitors was secondary.

However, other banks have learned quickly from TD's success and have adopted many similar initiatives and contributions to LGBTA organizations. While TD was once the dominant organization supporting the LGBTA community, other banks were slowly marginalizing their position as "employer of choice."

Initial Challenges

Although their change efforts have made significant progress in the organization, Puccini thought that he and the DLC had struggled with prioritization of issues when first rolling out the strategy in 2006. He believed that they had tried to tackle too many issues at once instead of implementing programs gradually and in stages. In 2006, there had also been no plan to create opportunities across Canada.

Many employees were hesitant to identify as LGBTA because they perceived a possible trade-off between feeling comfortable at work and successful career progression. Often there were communication barriers within the bank. Managers were the main communication mechanism for reaching all employees in North America. During 2007–08, managers and executives participated in "Embracing Diversity" training. This was general training that included multiple areas of diversity. In 2010, "The Value of Allies" presentation was added. Despite this training, numerous managers were showing resistance toward this responsibility. This was particularly an issue in smaller cities. There was also no incentive system in place to motivate managers to champion diversity or LGBTA-specific initiatives.

Another early mistake had been to not recognize differences between the subgroups of the LGBTQA community. As Amin Sunderji, associate vice-president at TD, had noted: “One mistake made by TD early in the process was painting the LGBTQA community with one brush. We didn’t realize that there was actual diversity within the community.”

This was an issue at the employee and customer level. Since a large number of gay men had identified themselves as LGBTQA at the beginning, TD began to roll out programs that were specifically targeted toward them. As a result, its advertising strategy was negatively impacted. Without the lesbian and transgender employees voluntarily identifying as part of the program, TD did not fully understand how to market to these communities, and it centred advertisements only around gay men. The DLC realized that all subgroups needed to be considered equally if their initiatives were truly going to succeed.

Expanding the Strategy

By 2009, many LGBTQA employees within the bank were benefiting from its programs. TD turned its attention to talent acquisition to become the “employer of choice” for the LGBTQA community in the financial sector. To accomplish this, the bank reached out to certain universities in Canada to build stronger relationships with their pride networks and MBA student associations. The bank also heavily sponsored career-related LGBTQA organizations such as Pride at Work and Out on Bay Street.

All change initiatives at TD were targeted toward its goal of being the “better bank” through customer-focused and growth-orientated thinking. Like the other components of the DLC, the purpose of the LGBTQA Committee was to ultimately increase shareholder value while providing the best experience possible for customers and employees.

Hiring certain minorities (e.g., visible minorities, Aboriginal peoples, and women) is bound by employment equity law in Canada, and corporations that don't meet certain quotas can be perceived as biased against these minorities. LGBTQA was excluded from equity employment law, so there were no quotas for hiring LGBTQA employees. Therefore, LGBTQA initiatives were treated as a business strategy instead of a compliance tactic.

The current LGBTQA strategy at TD was comprised of four elements:

1. Acknowledging and valuing differences in customers, employees and shareholders
2. Attracting and retaining the best talent available and having access to the most diverse and creative work force
3. Improving the value of TD's franchise for future generations
4. Achieving long-term sustainability as an organization that resonates with customers, employees, and the communities it serves

Advancing LGBTQA Initiatives

Puccini put down the report, looking at his map of the current issues facing his team. Although he was fully supportive of TD's LGBTQA initiatives, it was clear that some of the bank's managers did not see LGBTQA as a priority. Puccini wondered how he could motivate these managers to take LGBTQA initiatives more seriously and if there were more effective ways to promote these initiatives to employees.

Although TD had worked hard to close the gap between the subcultures of their LGBTQA employees over the last few years, the lesbian, bisexual, and transgendered community still seemed to have a lower quality of experience with the bank's initiatives. Puccini questioned if TD was

overlooking something and how current programs could be altered to be more inclusive of this area of the community.

He glanced at the long list of emails in his inbox regarding LGBTA initiatives and realized that he needed to form an action plan by the end of the week to present to the DLC.

Questions

1. Discuss what it means to value diversity. Does TD Bank value diversity? Provide some examples to support your answer.
2. What are some of the initiatives that TD Bank has implemented to increase diversity? What effect has this had on the bank and its employees?
3. When TD bank formed the LGBTA committee, only 94 employees were signed up for same-sex benefits, and there were no “out” executives at the bank. Why do you think so few employees were signed up for same-sex benefits and there were no “out” executives? Use the material in the chapter to explain your answer.
4. The response from stakeholders to TD’s LGBTA initiatives was mixed. Some stakeholders were indifferent, others were supportive, and some were anti-LGBTA. In addition, some clients and investors threatened to leave the bank. What role do perceptions and perceptual biases in person perception play in the different stakeholder reactions? Explain your answer.
5. What are some of the LGBTA programs that TD bank implemented, and what effect did this have on the organization, employees, customers, and other banks?
6. Why were some employees hesitant to identify as LGBTA? Why were some managers resistant to the LGBTA initiatives and their responsibility, even after they received diversity training?

7. What are some of the mistakes that the bank made with its LGBTQA initiatives? Do you think this had anything to do with perceptions and stereotypes? Explain your answer and consider the relevance of social identity theory.
8. Why don't all of the bank's managers see LGBTQA as a priority, and what can be done to change this? What can be done to better promote the LGBTQA initiatives to employees?
- * 9. What does this case teach us about perceptions, stereotypes, discrimination, and managing workforce diversity? What can other organizations learn about perceptions and managing workforce diversity from TD's experience?

* Question 9 is also assignable in Writing Space.

1 The case writer gathered all direct quotes in this case from the company during multiple interviews and phone calls with the decision maker between February and April of 2012.

2 LGBTQA stands for lesbian, gay, bisexual, transgendered, and allies.

3 <http://www.w3.td.com/intranet/tdweb>, accessed on March 15, 2012.

4 Measured by number of branches.

5 <http://www.bankingcanada.net/big+five+banks+in+canada/>, accessed on April 3, 2012.

6 Mergent online, assessed on October 12, 2012.

7 <http://www.td.com/corporate-responsibility/index.jsp>, accessed on March 15, 2012.

8 Sustainalytics measures companies against each other based on corporate social responsibility practices. The maximum score is 100. <http://www.sustainalytics.com>.

9 GRI stands for global reporting initiative. It is a non-profit organization that promotes economic sustainability.

10 Sustainalytics, Company Sustainability Summary, April 3, 2012.

11 Company documents.

12 Paul Douglas, 2007, "Diversity and the Gay and Lesbian Community: More than Chasing the Pink Dollar," Ivey Business Journal online; <http://www.iveybusinessjournal.com/topics/the-organization/diversity-and-the-gay-and-lesbian-community-more-than-chasing-the-pink-dollar#.UHg7MEJgPII>, accessed April 3, 2012.

13 *Ibid.*

14 *Ibid.*













































Chapter 4

Values, Attitudes, and Work Behaviour

◀ Listen to the Audio



Learning Objectives

After reading Chapter 4, you should be able to:

- 4.1 Define *values* and discuss the implications of cross-cultural variation in values for organizational behaviour.
- 4.2 Define *attitudes* and explain how people develop attitudes.
- 4.3 Explain the concept of *job satisfaction*, and discuss some of its key contributors, including discrepancy, fairness, disposition, mood, and emotion.
- 4.4 Explain the relationship between job satisfaction and absenteeism, turnover, performance, organizational citizenship behaviour, and customer satisfaction.
- 4.5 Differentiate *affective*, *continuance*, and *normative commitment*, and explain how organizations can foster *organizational commitment*.

Facebook

For much of corporate America, the millennial generation is a puzzle. At Facebook Inc., it became the answer. Born after 1980, millennials are often thought of as feeling entitled and clinging to a fantasy that work should be fun. They are also a majority of Facebook's 8000 employees. A PayScale study in December 2014 found the median age at Facebook was 28, compared with 30 at Google Inc. and 31 at Apple Inc. Rather than shrink from the stereotypes, Facebook embraced them and crafted management techniques around them. Managers are told performance reviews should be 80 percent "focused on strengths." Employees aren't "entitled"—they have "an intense sense of ownership." Employees are given unusual freedom to choose, and change, assignments, even outside their areas of expertise.

Even low-level employees are encouraged to question and criticize managers. Shortly after Don Faul joined Facebook's online-operations team from Google, he scheduled an 8 a.m. meeting for staffers. Employees resisted, which rattled the former Marines special-forces commander. "I was walking on eggshells from minute one," Mr. Faul says. Staffers ultimately went along when Mr. Faul said the early start was necessary to accommodate employees in a soon-to-be-opened office in Ireland. Mr. Faul says Google is more structured, and being a manager meant more. At Facebook, "You get zero credit for your title," he said. "It's all about the quality of the work, the power of your conviction, and the ability to influence people."

Facebook can be disorienting for some older employees, who feel their past experience and accomplishments aren't valued. Peter Yewell, who was in his mid-to-late 30s when he worked on Facebook's sales team from 2006 to 2012, said the company chose not to hire some job candidates his age or older—for good reason. "A lot of people who were really talented just wouldn't work in that environment," he said. Mr. Yewell said that at other places he worked, including Yahoo Inc. and CBS Radio, managers told employees what to do. At Facebook,

“sometimes their role is to help you get the resources you need and to move things out of your way,” he says.

To be sure, Facebook doesn't give employees free rein. Executives describe a balance between keeping young workers productive and doing what's practical. Facebook staffers are rated on a bell curve relative to peers. That can jolt young employees accustomed to being told they are high achievers. For some, an average performance review compared with others was “the worst thing that ever happened in their career,” Mr. Faul said.

It is unclear how Facebook's management system will evolve as Facebook's young employees age and work alongside even younger colleagues. “I don't think many people could make it at Facebook for more than 10 years,” says Karel Baloun, who was among the oldest employees when, in his early 30s, he worked at Facebook in 2005 and 2006. Mr. Baloun, who wrote a book about the experience, says working at Facebook is hectic and intense. “After seven or eight years or ten years, you're done, you're burned out, you get replaced,” he says.



Facebook manages generational differences in values.

Monkey Business/Fotolia

Gretchen Spreitzer, a management professor at the University of Michigan's Stephen M. Ross School of Business, says Facebook's approach reflects the changing demographics of the workplace. "Employees want more power," she says. "They want jobs that are more interesting." At Facebook, that can mean frequent job changes. Paddy Underwood, 28, joined Facebook in 2011 as a lawyer on the privacy team. Two years later, Mr. Underwood decided he wanted to build products instead of practise law. He called his supervisor into a conference room and floated the idea. Two weeks later, Mr. Underwood was named a product manager in the Privacy and Trust group. Because he loves the new assignment, Mr. Underwood says, "I'm totally happy working as many hours as I need to."

Peter Cappelli, a professor of management at the University of Pennsylvania's Wharton School, says Facebook's approach helps retain employees at a time when tech talent is scarce. "Employers haven't really been paying attention to being nice to employees over the past few years—except maybe in Silicon Valley," he says. But current and former employees say Facebook's culture is unique, even in Silicon Valley. "It's the first Fortune 500 company built by millennials," says Molly Graham, a former human resources and product manager at Facebook.¹

The Facebook story illustrates how generational differences in values and work attitudes affect workplace behaviour. In this chapter, we will discuss such values and attitudes. Our discussion of values will be particularly oriented towards cross-cultural differences in values and their implications for organizational behaviour. Our discussion of attitudes will explain attitude formation. Two critical attitudes are job satisfaction and organizational commitment. We will consider the causes and consequences of both.

What Are Values?

4.1 Define *values* and discuss the implications of cross-cultural variation in values for organizational behaviour.

◀ Listen to the Audio

We can define **values** as “a broad tendency to prefer certain states of affairs over others.”² The *preference* aspect of this definition means that values have to do with what we consider good and bad. Values are motivational, since they signal the attractive aspects of our environment that we seek and the unattractive aspects that we try to avoid or change. They also signal how we believe we *should* and *should not* behave.³ The words *broad tendency* mean that values are very general and that they do not predict behaviour in specific situations very well. Knowing that a person generally embraces the values that support capitalism does not tell us much about how he or she will respond to a homeless person on the street this afternoon.

People tend to hold values structured around such factors as achievement, power, autonomy, conformity, tradition, and social welfare.⁴ Not everyone holds the same values. Managers might value high productivity (an achievement value), while union officials might be more concerned with enlightened supervision and full employment (social values). We learn values through the reinforcement processes we discussed in [Chapter 2](#). Most are socially reinforced by parents, teachers, and representatives of religions.

To solidify your understanding of values and their impact on organizational behaviour, let's examine some generational differences in values and see how work values differ across cultures.

Generational Differences in Values

◀ Listen to the Audio

Like Facebook, many contemporary organizations are attempting to understand the implications of having employees of different generations in the workplace who are required to work with one another. As shown in [Exhibit 4.1](#), these generations comprise what are often called the Traditionalists, the Baby Boomers, Generation X, and the Millennials (or Generation Y). These generations are, of course, demarcated by being of different ages, but they are also distinguished by having grown up under rather different socialization experiences. For example, many Traditionalists grew up in the shadow of two wars; Baby Boomers faced a vibrant economy (not to mention the sexual revolution and the advent of rock 'n' roll!); and Gen X and Millennials experienced more dual-career families and more divorce when growing up. It has been argued that these contrasting experiences, in turn, have led to notable value differences between the generations. For example, "latchkey kids" and those who know divorce might come to value the advice of authority figures less and the advice of friends more, compared to earlier generations. Such value differences might then underlie the differential workplace assets and preferences for leadership style highlighted in [Exhibit 4.1](#).

Exhibit 4.1 Four Generations in Today's Workplace

Study the table below, and then check your understanding when you're ready.

Generation	Percentage of Workforce	Assets in the Workplace	Leadership Style Preferences
<i>Traditionalists</i> Born 1922–1945	8%	Hard working, stable, loyal, thorough, detail-oriented, focused, emotional maturity	Fair, consistent, clear, direct, respectful
<i>Baby Boomers</i> Born 1946–1964	44%	Team perspective, delicate, experienced, knowledgeable, service-oriented	Treat as equals, warm and caring, mission-defined, democratic approach
<i>Generation X</i> Born 1965–1980	34%	Independent, adaptable, creative, technoliterate, willing to challenge the status quo	Direct, competent, genuine, informal, flexible, results-oriented, supportive of learning opportunities
<i>Millennials</i> Born 1981–2000	14% and increasing rapidly	Optimistic, able to multitask, tenacious, technologically savvy, driven to learn and grow,	Motivational, collaborative, positive, educational, organized, achievement-oriented, able to

Check Your Understanding

Sources: Society for Human Resource Management (2009). The multigenerational workforce: Opportunity for competitive success. *SHRM Research Quarterly*, First Quarter, 1–9. Compiled from AARP (2007). *Leading a multigenerational workforce*. Washington, DC: AARP; Sabatini Fraone, J., Hartmann, D., & McNally, K. (2008). *The multigenerational workforce: Management implications and strategies for collaboration*. Boston: Boston College Center for Work & Family; Zemke, R., Raines, C., & Filipeza

The popular press contains many stereotypes concerning the generations, some of which are apparent in the exhibit.⁵ Thus, the Traditionalists are portrayed as being respectful of authority and having a high work ethic; Boomers are viewed as optimistic workaholics; Gen X is seen as cynical, confident, and pragmatic; and Millennials are said to be confident, social, demanding of feedback, and somewhat unfocused. In general, the latter two generations are seen as more accepting of diversity and striving for good work–life balance, and their comfort with technology is notable.

Are these stereotypes accurate? It is inherently hard to tease out generational effects from those that simply reflect age or work experience.⁶ This said, most recent research points to more similarities than differences in values across generations, especially regarding work attitudes, motivation, and work ethic.⁷ However, there is some indication

that Gen X and Y are more inclined to value status and rapid career growth than are Boomers.⁸ This may reflect valuing what one does not yet have, but it could also reflect the positive self-esteem movement to which later generations have been exposed. Indeed, there is evidence that the self-esteem of university students has increased over the years.⁹ There is also evidence that Gen Ys and Xs, compared to Boomers, see work as less central, value leisure more, and are more inclined towards work–life balance.¹⁰ Research conducted by the Center for Creative Leadership concluded that all work generations share the same values but express them differently. For instance, most people value respect, but for older employees this means being deferred to, while for Gen X and Y it means being listened to.¹¹ However, problems can occur when judgments about preferred working style (e.g., some Millennials choose to do some online work in coffee shops) lead to unwarranted inferences about work ethic.

Any generational differences in work values or in the way values are expressed is important because there is much evidence that a good “fit” between a person’s values and those of the organization (person–organization fit) leads to positive work attitudes and behaviours, including reduced chances of quitting.¹² This means that organizations may have to tailor job designs, leadership styles, and benefits to the generational mix of their workforces.

Cultural Differences in Values

◀ Listen to the Audio

It is by now a cliché to observe that business has become global in its scope—Korean cars dot North American roads, your helpdesk service provider resides in India, and entire lines of “Italian” cookware are made in China. All this activity obscures just how difficult it can be to forge business links across cultures. For example, research shows that there is considerable variation in how well people adjust to assignments in other cultures, with many failures.¹³ Similarly, a lengthy history of failed business negotiations is attributable to a lack of understanding of cross-cultural differences. At the root of many of these problems is a lack of appreciation of basic differences in work-related values across cultures.

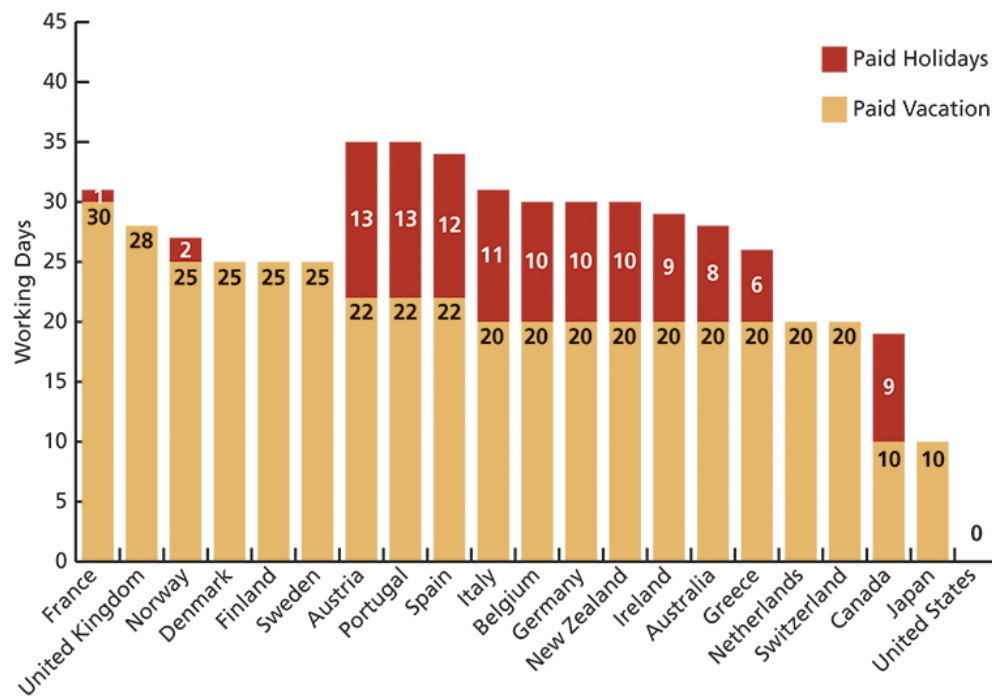
Work Centrality

Work itself is valued differently across cultures. One large-scale survey of more than 8000 individuals in several nations found marked cross-national differences in the extent to which people perceived work as a central life interest.¹⁴ Japan topped the list, with very high work centrality. Belgians and Americans exhibited average work centrality, and the British scored low. One question in the survey asked respondents whether they would continue working if they won a large amount of money in a lottery. Those with more central interest in work were more likely to report that they would continue working despite the new-found wealth.

The survey also found that people for whom work was a central life interest tended to work more hours. A reflection of this can be seen in

Exhibit 4.2 [□](#), which shows great variation in vacation days and holidays across nations. This illustrates how cross-cultural differences in work centrality can lead to adjustment problems for foreign employees and managers. Imagine the British executive who is posted to Japan only to find that Japanese managers commonly work late and then socialize with co-workers or customers long into the night. In Japan, this is all part of the job, often to the chagrin of the lonely spouse. On the other hand, consider the Japanese executive posted to Britain who finds out that an evening at the pub is *not* viewed as an extension of the day at the office and is therefore not a time to continue talking business. As for the downside of Japanese work centrality, see [Global Focus: Japan Pays a Stressful Price for Work Centrality](#) [□](#).

Exhibit 4.2 Vacation days and holidays across nations.



Source: Ray, R., Sanes, M., & Schmitt, J. (2013, May). *No-vacation nation revisited*. Washington, DC: Center for Economic and Policy Research.

Global Focus

Japan Pays a Stressful Price for Work Centrality

Michiyo Nishigaki was a proud mother when her only son Naoya landed a job at a large Japanese telecoms company, straight out of college. He loved computers, and it seemed like a great opportunity in Japan's competitive graduate jobs market. But just two years later things started to go wrong. "He was telling me he'd been busy, but he said he was OK," Ms. Nishigaki tells me. "But then he came home for my father's funeral and he couldn't get out of bed. He said: "Let me sleep a while, I can't get up. Sorry, Mum, but let me sleep'." Later she learned from colleagues that he'd been working around the clock. "He usually worked until the last train, but if he missed it he slept at his desk," she said. "In the worst case he had to work overnight through to 10 p.m. the next evening, working 37 hours in total." Two years later, Naoya died at the age of 27 from an overdose of medication. His death was officially ruled a case of *karoshi*—the Japanese term to describe death attributed to overwork.

Official figures put cases of *karoshi* in the hundreds each year, counting heart attacks, strokes and suicides. But campaigners say the real figure is much higher. Nearly a quarter of Japanese companies have employees working more than 80 hours overtime a month, often unpaid. And 12 percent have employees breaking the 100-hours-a-month mark. Those numbers are important; 80 hours overtime a month is regarded as the threshold above which you have an increased chance of dying. Japan's government has been under increasing pressure to act, but the challenge has been to break a decades-old work culture where it's frowned upon to leave before your colleagues

or boss. Earlier this year, the government introduced Premium Fridays, encouraging firms to let their employees out early, at 3 p.m., on the last Friday each month.

In the local government offices in Toshima, a district of downtown Tokyo, they have resorted to turning the office lights off at 7 p.m. in an effort to force people to go home. “We wanted to do something visible,” says manager Hitoshi Ueno. “It’s not just about cutting working hours. We want people to be more efficient and productive, so that everyone can protect and enjoy their spare time. We want to change the work environment in total.” In focusing on efficiency, he may have a point. While the country may have some of the longest working hours, it is the least productive of the G7 group of developed economies. But campaigners say these measures are piecemeal and fail to address the core problem: young workers are dying because they are working too hard and for too long. The only solution, they say, is to put a legal limit on the overtime employees are permitted to work.

Critics say the government is prioritising business and economic interests at the expense of the welfare of workers. “The Japanese people count on the government but they are being betrayed,” says Koji Morioka, an academic who has studied the *karoshi* phenomenon for 30 years. In the meantime, more young workers are dying and the support groups for bereaved families keep getting new members. Michiyo Nishigaki, says the country is killing the very workers it should be cherishing. “Companies just focus on short-term profits,” she says. “My son and other young workers don’t hate work. They are capable and they want to do well. Give them the opportunity to work without long hours or health problems and the country would be privileged to have them.”

Source: Excerpted from Lane, E. (2017, June 9). The young Japanese working themselves to death. *BBC World Service*. <http://www.bbc.com/news/business-39981997>.

Hofstede's Study

Dutch social scientist Geert Hofstede questioned more than 116 000 IBM employees located in 40 countries about their work-related values. In subsequent work he added another 36 countries and regions.¹⁵ When Hofstede analyzed the results, he discovered four basic dimensions along which work-related values differed across cultures: power distance, uncertainty avoidance, masculinity/femininity, and individualism/collectivism. Subsequent work with Canadian, Michael Bond, who catered more to Eastern cultures, resulted in a fifth dimension: the long-term/short-term orientation.¹⁶ More recently, the dimensions were verified and supplemented by the GLOBE project, headed by Professor Robert House.¹⁷ You will learn more about this research, which involved more than 17 000 managers in 62 societies, when we cover leadership in [Chapter 9](#).

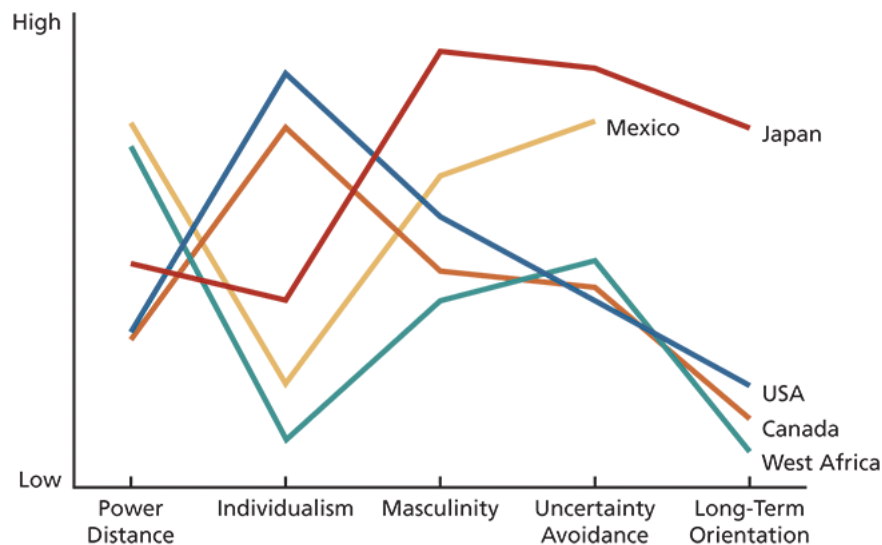
- *Power distance.* **Power distance** is the extent to which society members accept an unequal distribution of power, including those who hold more power and those who hold less.¹⁸ In small power distance cultures, inequality is minimized, superiors are accessible, and power differences are downplayed. In large power distance societies, inequality is accepted as natural, superiors are inaccessible, and power differences are highlighted. Small power distance societies include Denmark, New Zealand, Israel, and Austria. Large power distance societies include the Philippines, Russia, and Mexico. Out of 76 countries and regions, Canada and the United States rank 15 and 16, respectively, falling on the low power distance side of the average, which would be 38.

- *Uncertainty avoidance.* **Uncertainty avoidance** refers to the extent to which people are uncomfortable with uncertain and ambiguous situations. Strong uncertainty avoidance cultures stress rules and regulations, hard work, conformity, and security. Cultures with weak uncertainty avoidance are less concerned with rules, conformity, and security, and hard work is not seen as a virtue. However, risk taking is valued. Strong uncertainty avoidance cultures include Japan, Greece, and Portugal. Weak uncertainty avoidance cultures include Singapore, Denmark, and Sweden. On uncertainty avoidance, the United States and Canada are well below average (i.e., exhibiting weak uncertainty avoidance), ranking 13 and 15, respectively, out of 76.
- *Masculinity/femininity.* More masculine cultures clearly differentiate gender roles, support the dominance of men, and stress economic performance. More feminine cultures accept fluid gender roles, stress sexual equality, and value quality of life. In Hofstede's research, Slovakia and Japan are the most masculine societies, followed by Austria, Venezuela, and Mexico. The Scandinavian countries are the most feminine. Canada ranks about mid-pack, and the United States is fairly masculine, falling about halfway between Canada and Japan. The GLOBE research identified two aspects to this dimension—how assertive people are and how much they value gender equality.
- *Individualism/collectivism.* More **individualistic** societies tend to stress independence, individual initiative, and privacy. More **collective** cultures favour interdependence and loyalty to one's family or clan. The United States, Australia, Great Britain, and Canada are among the most individualistic societies. Venezuela, Columbia, and Pakistan are among the most collective, with Japan falling about mid-pack. The GLOBE research uncovered two aspects to this dimension—how much the collective distribution of resources is stressed and how much one's group or organization elicits loyalty.

- *Long-term/short-term orientation.* Cultures with a long-term orientation tend to stress persistence, perseverance, thrift, and close attention to status differences. Cultures with a short-term orientation stress personal steadiness and stability, face saving, and social niceties. China, Hong Kong, Taiwan, Japan, and South Korea tend to be characterized by a long-term orientation. The United States, Canada, Great Britain, Zimbabwe, and Nigeria are characterized by a more short-term orientation. Hofstede and Bond argue that the long-term orientation, in part, explains prolific East Asian entrepreneurship.

Exhibit 4.3 compares the United States, Canada, Mexico, Japan, and West Africa on Hofstede’s value dimensions. Note that the profiles for Canada and the United States are very similar, but they differ considerably from that of Mexico.

Exhibit 4.3 Cross-cultural value comparisons.



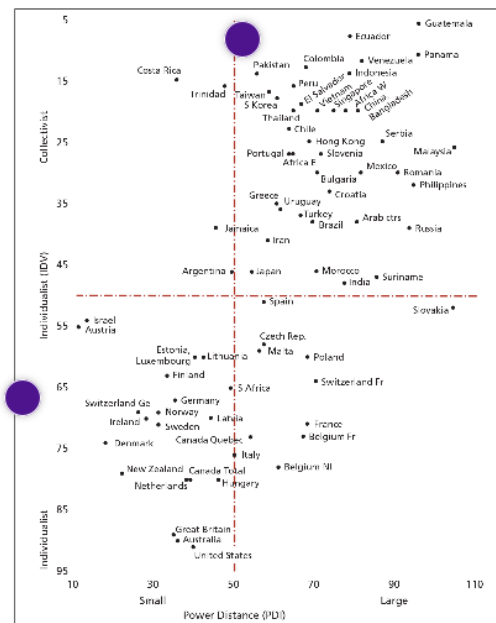
Note: Time orientation data for Mexico unavailable.

Source: Based on data from Hofstede, G. (2005). *Cultures and organizations: Software of the mind*.

Hofstede produced a number of interesting “cultural maps” that show how countries and regions cluster together on pairs of cultural dimensions. The map in Exhibit 4.4 shows the relationship between power distance and individualism. As you can see, these two values tend to be related. Cultures that are more individualistic tend to downplay power differences, while those that are more collectivistic tend to accentuate power differences.¹⁹

Exhibit 4.4 Power Distance and Individualism Values for Various Countries and Regions

Click the circles below to learn more.



Source: Adapted from Hofstede, G., Hofstede, G.J., & Minkov, M. (2010). *Cultures and organizations: Software of the mind* (3rd ed.). New York: McGraw-Hill, p. 103. Used with permission from Geert Hofstede.

Cultural distance[®] refers to the extent to which cultures differ in values.

As shown in Exhibit 4.3, Canada and the United States have very similar value profiles, and they both differ markedly from Japan. Hence, Canada is considerably more culturally distant from Japan than from the

United States. In general, greater cultural distance impedes communication (Chapter 10) and makes negotiations, mergers, acquisitions, and joint ventures more difficult. For this reason, firms tend to avoid investing in more culturally distant nations and subsidiaries in such nations tend to perform more poorly.²⁰ Expatriates working abroad will generally find it more difficult to adjust to more distant cultures.²¹ However, such exposure can be beneficial. A study determined that leaders with more global work experience had more strategic competence, especially when they had been posted to more distant cultures.²²

Another useful concept is cultural tightness versus looseness.²³ Tight cultures tend to have strong, clear standards for behaviour (norms, Chapter 7) and strong sanctions for deviation from these standards. Loose cultures are more flexible in terms of how people are expected to behave and more forgiving of violations of expected behavior. A wide range of behaviours might be susceptible to the tight–loose distinction, including how one dresses, how rigid social class distinctions are, and how the sexes are expected to interact. Tighter nations include Pakistan, Singapore, and Korea. Looser nations include the Netherlands, Brazil, Australia, Canada, and the United States.²⁴ Although we should always be alert to cultural differences, extra care is merited in tighter cultures, where there are more opportunities for cultural missteps.²⁵

Implications of Cultural Variation

◀ Listen to the Audio

Exporting OB Theories

An important message from the cross-cultural study of values is that organizational behaviour theories, research, and practices from North America might not translate well to other societies, even the one located just south of Texas.²⁶ The basic questions (How should I lead? How should we make this decision?) remain the same. It is just the *answers* that differ. For example, North American managers tend to encourage participation in work decisions by employees. This corresponds to the fairly low degree of power distance valued here. Trying to translate this leadership style to cultures that value high power distance might prove unwise. In these cultures, people might be more comfortable deferring to the boss's decision. Similarly, in individualistic North America, calling attention to one's accomplishments is expected and often rewarded in organizations. In more collective Asian or South American cultures, individual success might be devalued, and it might make sense to reward groups rather than individuals. Finally, in extremely masculine cultures, integrating women into management positions might require special sensitivity.

Importing OB Theories

Not all theories and practices that concern organizational behaviour are designed in North America or even in the West. The most obvious examples are "Japanese management" techniques, such as quality circles,

total quality management, and just-in-time production.²⁷ Although there are success stories of importing these techniques from Japan to North America, there are also examples of difficulties and failure. Many of the problems stem from basic value differences between Japan and North America. For example, the quest for continuous improvement and the heavy reliance on employee suggestions for improvement has had a mixed reaction.²⁸ In Japan, cultural values have traditionally dictated a fairly high degree of employment security. Thus, working at a fast pace and providing suggestions for improvement will not put one out of a job. North American workers are uncertain about this.

Many of the Japanese-inspired means of organizing work are team oriented. Because Japan has fairly collective cultural values, submerging one's own interests in those of the team is natural. Although employers have successfully used teams in North America, as you will see in [Chapter 7](#), our more individualistic culture dictates that careful selection of team members is necessary.

Understanding cultural value differences can enable organizations to successfully import management practices by tailoring the practice to the home culture's concerns. See [You Be the Manager: Carlsberg's Winning Behaviours Campaign](#).

You Be the Manager: Carlsberg's Winning Behaviours Campaign

Founded in 1847, the Carlsberg Group is based in Copenhagen, Denmark. Over the years, through global expansion, mergers, and acquisitions, it has become the world's fourth-largest beer brewery. In recent years, the executive group saw the need to embark on a revised strategy designed to provide better integration of its global efforts and greater competitiveness in the global marketplace. Part of this revised strategy was a strategic concept called *Winning Behaviours*, which was designed (among other things) to instil a common organizational culture, a "winning" culture. A number of values and behaviours were stressed in the *Winning Behaviours* campaign, including the following: we appreciate diversity but share best practices across borders; we are proactive and entrepreneurial; we take responsibility and don't fear failure; we listen to our customers. Malaysia and China are important markets for Carlsberg, so the reception there for the *Winning Behaviours* campaign was of particular concern.

Reset

Next

Source: Adapted from Söderberg, A. M. (2015). Recontextualising a strategic concept within a globalising company: A case study on Carlsberg's "Winning Behaviours" strategy. *International Journal of Human Resource Management*, 26, 231–257.

Appreciating Global Customers

An appreciation of cross-cultural differences in values is essential to understanding the needs and tastes of customers or clients around the world. Once relegated to the status of a marketing problem, it is now clear that such understanding fundamentally has to do with organizational behaviour. Errors occur with regularity. For instance, the initial French response to the Disneyland Paris theme park was less enthusiastic than Disney management had expected, probably due in part to Disney's failure to truly appreciate French tastes in food, lifestyle, and entertainment. South Korea's Samsung recalled a calendar featuring female models displaying its products that was destined for overseas customers. Some North Americans were offended by Miss July's see-through blouse.

Appreciating the values of global customers is also important when the customers enter your own culture. Many firms have profited from an understanding of the increasing ethnic diversity in the United States, Canada, and Australia.

Developing Global Employees

Success in translating management practices to other cultures, importing practices developed elsewhere, and appreciating global customers are not things that happen by accident. Rather, companies need to select, train, and develop employees to have a much better appreciation of differences in cultural values and the implications of these differences for behaviour in organizations.

To get their designers to better appreciate the values of the North American market, Japanese and Korean carmakers, including Nissan, Toyota, Hyundai, and Kia, have design studios in California. The top ranks of Detroit's automakers, once the protected realm of Midwesterners, are now liberally filled with Europeans or those with European or Asian experience.

The goal here is to foster **cultural intelligence**²⁹, the capability to function and manage well in culturally diverse environments.²⁹ It encompasses knowledge, motivation, and behaviour that contribute to good cross-cultural functioning, and people with high cultural intelligence tend to score high on intercultural adjustment, global leadership, and performance in intercultural settings. A Léger Marketing poll suggests that Canadians may be more inclined towards cultural intelligence than the Americans, British, and French.³⁰ Canadians are most likely to enjoy interacting with those from diverse cultures and to be familiar with the values and beliefs of other cultures. This might stem in part from the

multicultural makeup of Canada's big cities, which provides residents with plenty of culturally diverse experiences.

As you proceed through the text, you will encounter further discussion about the impact of cultural values on organizational behaviour and further opportunities to sharpen your cultural intelligence. For now, let's examine attitudes and see how they are related to values.















What Are Attitudes?

4.2 Define *attitudes* and explain how people develop attitudes.

◀ Listen to the Audio

An **attitude** is a fairly stable evaluative tendency to respond consistently to some specific object, situation, person, or category of people. Notice that attitudes involve *evaluations* directed towards *specific* targets. If I inquire about your attitude towards your boss, you will probably tell me something about how well you *like* him or her. This illustrates the evaluative aspect of attitudes. Attitudes are also much more specific than values, which dictate only broad preferences. For example, you could value working quite highly but still dislike your specific job.

Our definition indicates that attitudes are *tendencies to respond* to the target of the attitude. Thus, attitudes often influence our behaviour towards some object, situation, person, or group.

Attitude → Behaviour

Of course, not everyone who likes the boss goes around praising him or her in public for fear of being seen as too political. Similarly, people who dislike the boss do not always engage in public criticism for fear of retaliation. These examples indicate that attitudes are not always consistent with behaviour and that attitudes provide useful information over and above the actions that we can observe. Behaviour is most likely to correspond to attitudes when people have direct experience with the

target of the attitude and when the attitude is strongly and confidently held.³¹

Where do attitudes come from? Put simply, attitudes are a function of what we think and what we feel. That is, attitudes are the product of a related belief and value.³² Given this point of view, we can now expand the attitude model presented previously to include the thinking and feeling aspects of attitudes represented by beliefs and values.

BELIEF + VALUE \Rightarrow Attitude \rightarrow Behaviour

Thus, we can imagine the following sequence of ideas in the case of a person experiencing work–family conflict:

“My job is interfering with my family life.” (Belief)

“I dislike anything that hurts my family.” (Value)

“I dislike my job.” (Attitude)

“I’ll search for another job.” (Behaviour)

This simple example shows how attitudes (in this case, job satisfaction) develop from basic beliefs and values, and how they affect organizational behaviour (in this case, turnover from the organization). The specific attitudes we are now going to cover, job satisfaction and organizational commitment, have a strong impact on people’s positive contributions to their work.³³















What Is Job Satisfaction?

4.3 Explain the concept of *job satisfaction*, and discuss some of its key contributors, including discrepancy, fairness, disposition, mood, and emotion.

◀ Listen to the Audio

Job satisfaction ^{SP} refers to a collection of attitudes that people have about their jobs. We can differentiate two aspects of satisfaction. The first of these is facet satisfaction, the tendency for an employee to be more or less satisfied with various facets of the job. The notion of facet satisfaction is obvious when we hear someone say “I love my work but hate my boss” or “This place pays lousy, but the people I work with are great.” Both these statements represent different attitudes towards separate facets of the speaker’s job. The most relevant attitudes towards jobs are contained in a rather small group of facets: the work itself, compensation, career opportunities, recognition, benefits, working conditions, supervision, co-workers, and organizational policy.³⁴

In addition to facet satisfaction, we can also consider overall satisfaction, an overall or summary indicator of a person’s attitude towards his or her job that cuts across the various facets.³⁵ The statement “On the whole, I really like my job, although a couple of aspects could stand some improvement” is indicative of the nature of overall satisfaction. Overall satisfaction is an average or total of the attitudes individuals hold towards various facets of the job. Thus, two employees might express the same level of overall satisfaction for different reasons.

Well-developed measures of job satisfaction include the *Job Descriptive Index* and the *Minnesota Satisfaction Questionnaire*.³⁶ Both provide measures of facet satisfaction as well as an index of overall satisfaction. Firms such as Best Buy, Marriott, Scotiabank, The Keg, and Microsoft make extensive use of employee attitude surveys. We will cover the details of such surveys in [Chapter 10](#) when we explore communication and in [Chapter 15](#) when we cover organizational development.

What Determines Job Satisfaction?

◀ Listen to the Audio

When employees on a variety of jobs complete satisfaction surveys, we often find differences in the average scores across jobs because the jobs might differ objectively in the facets that contribute to satisfaction. Thus, you would not be astonished to learn that a corporate vice president was more satisfied with his or her job than a janitor in the same company. Of greater interest is the fact that we frequently find decided differences in job satisfaction expressed by individuals performing the same job in a given organization. For example, two nurses who work side by side might indicate radically different satisfaction in response to a survey item about “The chance to help people.” How does this happen?

Discrepancy

You will recall that attitudes, such as job satisfaction, are the product of associated beliefs and values. These two factors cause differences in job satisfaction even when jobs are identical. First, people might differ in their beliefs about the job in question. That is, they might differ in their *perceptions* concerning the actual nature of the job. For example, one of the nurses might perceive that most of her working time is devoted to direct patient care, while the other might perceive that most of her time is spent on administrative functions. To the extent that they both value patient care, the former nurse should be more satisfied with this aspect of the job than the latter. Second, even if individuals perceive their jobs as equivalent, they might differ in what they *want* from the job. Such desires are preferences that are dictated, in part, by the workers’ value systems.

Thus, if the two nurses perceive their opportunities to engage in direct patient care as high, the one who values this activity more will be more satisfied with the patient care aspect of work. The **discrepancy theory** of job satisfaction asserts that satisfaction is a function of the discrepancy between the job outcomes people want and the outcomes that they perceive they obtain.³⁷ For instance, there is strong evidence that satisfaction with one's pay is high when the gap between the pay received and the perception of how much pay *should* be received is small.³⁸ For example, at Facebook, generational differences in values could have an impact on job satisfaction levels.

Fairness

In addition to the discrepancy between the outcomes people receive and those they desire, another factor that determines job satisfaction is fairness. Issues of fairness affect both what people want from their jobs and how they react to the inevitable discrepancies of organizational life. As you will see, there are three basic kinds of fairness. Distributive fairness has to do with the outcomes we receive; procedural fairness concerns the process that led to those outcomes; and interactional fairness concerns how these matters were communicated to us.³⁹

Distributive Fairness

Distributive fairness (often called *distributive justice*) occurs when people receive the outcomes they think they deserve from their jobs; that is, it involves the ultimate *distribution* of work rewards and resources. Previously, we indicated that what people want from their jobs is a partial function of their value systems. In fact, however, there are practical limitations to this notion. You might value money and the luxurious lifestyle that it can buy very highly, but this does not suggest that you expect to receive a salary of \$200 000 a year. In the case of many job facets, individuals want "what's fair." And how do we develop our

conception of what is fair? **Equity theory** states that the inputs that people perceive themselves as investing in a job and the outcomes that the job provides are compared against the inputs and outcomes of some other relevant person or group.⁴⁰ Equity will be perceived when the following distribution ratios exist:

$$\frac{\text{My outcomes}}{\text{My inputs}} = \frac{\text{Other's outcomes}}{\text{Other's inputs}}$$

In these ratios, **inputs** consist of anything that individuals consider relevant to their exchange with the organization, anything that they give up, offer, or trade to their organization. These might include factors such as education, training, seniority, hard work, and high-quality work.

Outcomes are those factors that the organization distributes to employees in return for their inputs. The most relevant outcomes are represented by the job facets we discussed earlier—pay, career opportunities, supervision, the nature of the work, and so on. The “other” in the distribution ratio might be a co-worker performing the same job, a number of co-workers, or even one’s conception of all the individuals in one’s occupation.⁴¹ For example, the CEO of Microsoft probably compares his outcome/input ratio with those that he assumes exist for the CEOs of Google and Intel. You probably compare your outcome/input ratio in your organizational behaviour class with that of one or more fellow students.

Equity theory has important implications for job satisfaction. First, inequity itself is a dissatisfying state, especially for those on the “short end of the stick.” For example, suppose you see the hours spent studying as your main input to your organizational behaviour class and the final grade as an important outcome. Imagine that a friend in the class is your comparison person. Under these conditions, the following situations appear equitable and should not provoke dissatisfaction on your part:

You	Friend		You	Friend
C grade	A grade	Or	A grade	C grade
50 hours	100 hours		60 hours	30 hours

In each of these cases, a fair relationship seems to exist between study time and grades distributed. Now consider the following relationships:

You	Friend		You	Friend
C grade	A grade	Or	A grade	C grade
100 hours	50 hours		30 hours	60 hours

In each of these situations, an unfair connection appears to exist between study time and grades received, and you should perceive inequity. However, the situation on the left, in which you put in more work for a lower grade, should be most likely to prompt dissatisfaction. This is a “short end of the stick” situation. For example, the employee who frequently remains on the job after regular hours (input) and receives no special praise or extra pay (outcome) might perceive inequity and feel dissatisfied. Equity considerations also have an indirect effect on job

satisfaction by influencing what people want from their jobs. If you study for 100 hours while the rest of the class averages 50 hours, you will expect a higher grade than the class average.

Consider a practical example of equity in action. During a business recession, the Canadian-based luxury hotel company, Four Seasons, did not lay off employees and thus threaten customer service like many of its competitors. Rather, executives accepted a pay freeze, and workers were asked to vote on a temporary move to a four-day workweek rather than five. The offer was accepted enthusiastically because it was seen as fair, given extensive industry layoffs and the sacrifices made by company executives.⁴²

The equity concept suggests that outcomes should be tied to individual contributions or inputs. This corresponds well with the individualistic North American culture. In more collective cultures, *equality* of outcomes might produce more feelings of distributive fairness. In more feminine cultures, allocating outcomes according to *need* (rather than performance) might provide for distributive fairness.

Procedural Fairness

Procedural fairness [Ⓢ] (often called *procedural justice*) occurs when individuals see the process used to determine outcomes as reasonable; that is, rather than involving the actual distribution of resources or rewards, it is concerned with how these outcomes are decided and allocated. An example will illustrate the difference between distributive and procedural fairness. Out of the blue, Greg's boss tells him that she has completed his performance evaluation and that he will receive a healthy pay raise starting next month. Greg has been working very hard, and he is pleased with the pay raise (distributive fairness). However, he is vaguely unhappy about the fact that all this occurred without his


participation. Where he used to work, the employee and the boss would complete independent performance evaluation forms and then sit down and discuss any differences. This provided good feedback for the employee. Greg wonders how his peers, who got less generous raises, are reacting to the boss's style.

Procedural fairness is particularly relevant to outcomes such as performance evaluations, pay raises, promotions, layoffs, and work assignments. In allocating such outcomes, the following factors contribute to perceptions of procedural fairness.⁴³ The allocator does the following actions:

- Manager follows consistent procedures over time and across people
- Manager uses accurate information and appears unbiased
- Manager allows two-way communication during the allocation process
- Manager welcomes appeals of the procedure or allocation

Procedural fairness is especially likely to provoke dissatisfaction when people also see distributive fairness as being low.⁴⁴ One view notes that dissatisfaction will be "maximized when people believe that they *would* have obtained better outcomes if the decision maker had used other procedures that *should* have been implemented."⁴⁵ (Students who receive lower grades than their friends will recognize the wisdom of this observation!) Thus, Greg, mentioned previously, will probably not react too badly to the lack of consultation, while his peers who did not receive large raises might strongly resent the process that the boss used.

Interactional Fairness

Interactional fairness  (often called *interactional justice*) occurs when people feel that they have received respectful and informative

communication about some outcome.⁴⁶ In other words, it extends beyond the actual procedures used to include the interpersonal treatment received when learning about the outcome. Respectful communication is sincere and polite and treats the individual with dignity; informative communication is candid, timely, and thorough. Interactional fairness is important because it is possible for absolutely fair outcomes or procedures to be perceived as unfair when they are inadequately or uncaringly explained.

Sometimes, lower-level managers have little control over procedures that are used to allocate resources. However, they almost always have the opportunity to explain these procedures in a thorough, truthful, and caring manner. Frequently, people who experience procedural unfairness are dissatisfied with the “system.” On the other hand, people who experience interactional unfairness are more likely to be dissatisfied with the boss. Both procedural and interactional fairness can, to some extent, offset the negative effects of distributive unfairness. And one more thing, recent findings suggest that *inconsistency*, being fairly treated sometimes but not others, may be more stressful than consistent unfair treatment.⁴⁷ This is probably due to the uncertainty of inconsistent fairness.

As shown in [Exhibit 4.5](#), the consequences of fairness and unfairness are far reaching, affecting factors such as motivation, stress, and cynicism in addition to job satisfaction.

Exhibit 4.5 The consequences of fairness and unfairness.



Source: American Psychological Association. 2017. *Work and well-being survey*. Washington, DC: American Psychological Association.

Disposition

Could your personality contribute to your feelings of job satisfaction?

This is the essential question guiding research on the relationship between disposition and job satisfaction. Underlying the dispositional view is the idea that some people are *predisposed* by virtue of their personalities to be more or less satisfied despite changes in discrepancy or fairness. Some of the research that suggests that disposition contributes to job satisfaction is fascinating:⁴⁸

- Identical twins raised apart from early childhood tend to have similar levels of job satisfaction.
- Job satisfaction tends to be fairly stable over time, even when changes in employer occur.
- Disposition measured early in adolescence is correlated with one's job satisfaction as a mature adult.

Taken together, these findings suggest that some personality characteristics originating in genetics or early learning contribute to adult

job satisfaction. In fact, recent research has linked dopamine and serotonin genes to satisfaction.⁴⁹

Research on disposition and job satisfaction has centred on the Big Five personality traits (Chapter 2). People who are extraverted and conscientious tend to be more satisfied with their jobs, while those high in neuroticism are less satisfied.⁵⁰ Also, people who are high in self-esteem and internal locus of control are more satisfied.⁵¹ Thus, in general, people who are more optimistic and proactive report higher job satisfaction. Mood and emotion may contribute to this connection, so we will now examine these topics.

Mood and Emotion

The picture we have painted so far of the determinants of job satisfaction has been mostly one of calculation and rationality: people calculate discrepancies, compare job inputs to outcomes, and so on. But what about the intense feelings that are sometimes seen in work settings—the joy of a closed business deal or the despair that leads to workplace homicides? Or what about that vague feeling of a lack of accomplishment that blunts the pleasure of a dream job? We are speaking here about the role of affect as a determinant of job satisfaction. *Affect* is simply a broad label for feelings. These feelings include emotions, which are intense, often short-lived, and caused by a particular event such as a bad performance appraisal. Common emotions include joy, pride, anger, fear, and sadness. Affect also refers to moods, which are less intense, longer-lived, and more diffuse feelings.

How do emotions and moods affect job satisfaction? Affective events theory, proposed by Howard Weiss and Russell Cropanzano, addresses this question.⁵² Basically, the theory reminds us that jobs actually consist of a series of events and happenings that have the potential to provoke

emotions or to influence moods, depending on how we appraise these events and happenings. Thus, seeing a co-worker being berated by a manager might provoke emotional disgust and lower one's job satisfaction, especially if it is a frequent occurrence. This illustrates that perceived unfairness, as discussed earlier, can affect job satisfaction via emotion.⁵³ Also, a person's disposition can interact with job events to influence satisfaction. For instance, those who are neurotic and pessimistic may react to a minor series of job setbacks with a negative mood that depresses their job satisfaction.

An interesting way in which mood and emotion can influence job satisfaction is through **emotional contagion**.⁵⁴ This is the tendency for moods and emotions to spread between people or throughout a group. Thus, people's moods and emotions tend to converge with interaction. Generally, teams experiencing more positive affect tend to be more cooperative, helpful, and successful, all of which are conditions that contribute to job satisfaction.⁵⁵ Emotional contagion can also occur in dealing with customers such that pleasant service encounters contribute to the service provider's satisfaction as well as to that of the customer.

Another interesting way in which mood and emotion can influence job satisfaction is through the need for **emotional labour**.⁵⁶ This is the requirement for people to conform to certain emotional "display rules" in their job behaviour, in spite of their true mood or emotions. In one version, employees are expected to be perky and upbeat whether they feel that way or not, thus exaggerating positive emotions. In the other version, employees are supposed to remain calm and civil even when hassled or insulted, thus suppressing negative emotions. One study found that call centre employees averaged 10 incidents of customer aggression a day.⁵⁷ All jobs have their implicit display rules, such as not acting angry in front of the boss. However, service roles such as those of waiters, bank

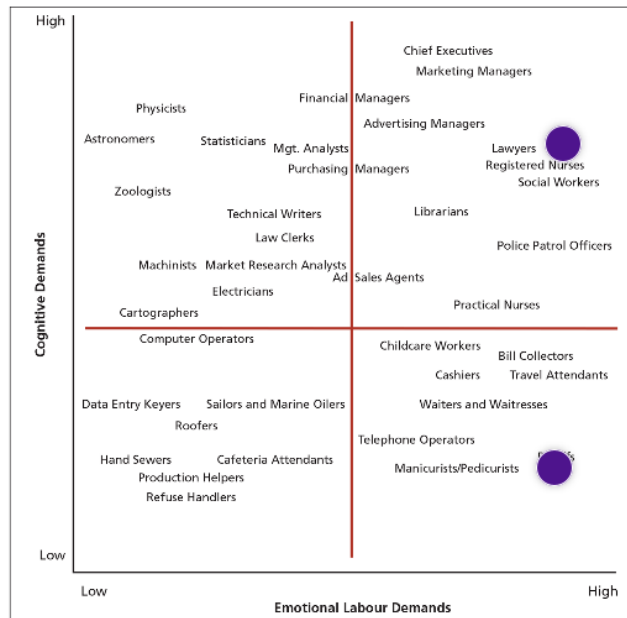
tellers, and flight attendants are especially laden with display rules, some of which may be made explicit in training and via cues from managers.

What are the consequences of the requirement for emotional labour? The frequent need to suppress negative emotions and fake emotions that you do not really feel takes a toll on job satisfaction and increases stress. Flight attendants can humour only so many drunk or angry air passengers before the experience wears thin! On the other hand, the requirement to express positive emotions, especially when you really are feeling positive, boosts job satisfaction and reduces stress.⁵⁸ Positive contagion from happy customers may be responsible.⁵⁹ Of course, disposition may again enter the picture, as extraverts may be energized by requirements for positive display.

Do organizations pay a premium for emotional labour? The answer is “sometimes.” Theresa Glomb, John Kammeyer-Mueller, and Maria Rotundo studied the emotional labour and cognitive demands (thinking, decision making) required in various occupations (see [Exhibit 4.6](#)).⁶⁰ They found that those in occupations with high cognitive demands (the upper portion of the exhibit) tend to be paid more when the jobs are also high in emotional labour. Thus, lawyers tend to earn more than zoologists. On the other hand, occupations with low cognitive demands entail a wage penalty when emotional labour is higher. Thus, the “people jobs” in the lower right quadrant of the exhibit tend to be less well paid than the jobs in the lower left quadrant. As we will see shortly, pay is an important determinant of job satisfaction.

Exhibit 4.6 Occupations Plotted by Emotional Labour and Cognitive Demands

Click the circles below to learn more.



Source: Adapted from Glomb, T. M., Kammeyer-Mueller, J. D., & Rotundo, M. (2004). Emotional labour demands and compensating wage differentials. *Journal of Applied Psychology, 89*, 700–714.

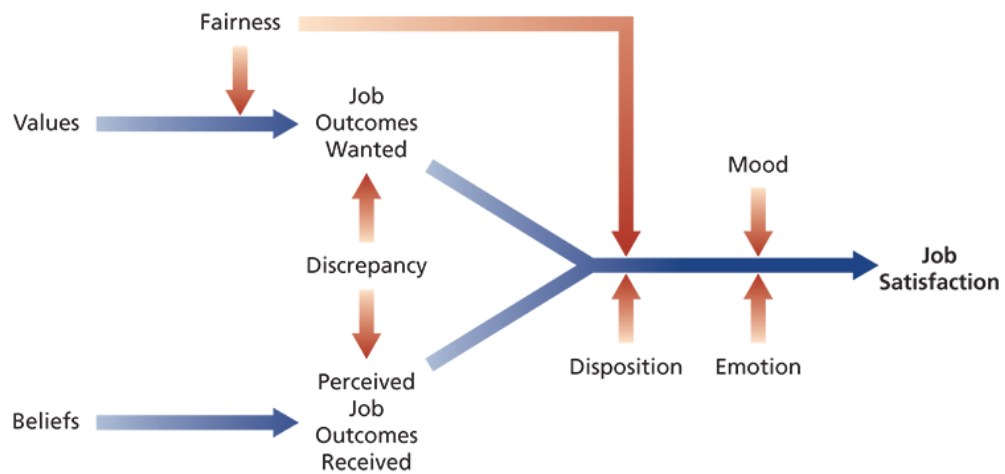
Consideration of mood and emotion helps explain a curious but commonplace phenomenon: how people with similar beliefs and values doing the same job for the same compensation can still exhibit very different satisfaction levels. This difference is probably a result of emotional events and subtle differences in mood that add up over time. We will revisit emotion when we study emotional intelligence (Chapter 5), decision making (Chapter 11), stress (Chapter 13), and organizational change (Chapter 15).

Exhibit 4.7 summarizes the determinants of job satisfaction. To review, satisfaction is a function of dispositional factors, the discrepancy between the job outcomes a person wants and the outcomes received, and mood and emotion. People experience greater satisfaction when they meet or exceed the job outcomes they want, perceive the job outcomes they receive as equitable, and believe that fair procedures determine job

outcomes. The outcomes that people want from a job are a function of their personal value systems, moderated by equity considerations. The outcomes people receive from the job determine their beliefs about the nature of that job.

Exhibit 4.7

How discrepancy, fairness, disposition, mood, and emotion affect job satisfaction.



Some Key Contributors to Job Satisfaction

◀ Listen to the Audio

From what we have said thus far, you might expect that job satisfaction is a highly personal experience. While this is essentially true, we can make some general statements about the facets that seem to contribute the most to feelings of job satisfaction for most workers. These include mentally challenging work, meaningful work, adequate compensation, career opportunities, and friendly or helpful colleagues.⁶¹

Mentally Challenging Work


This is work that tests employees' skills and abilities and allows them to set their own working pace. They perceive such work as personally involving and providing them with clear feedback about their performance. Of course, some types of work can be too challenging, and this can result in feelings of failure and reduced satisfaction. In addition, some people prefer repetitive, unchallenging work that makes few demands on them. At Facebook, frequent job changes contribute to mentally challenging work.

Meaningful Work

Coming up with a creative way to market toothpaste might be mentally challenging, but it might not be viewed as especially important. Meaningful work is work that has a positive and substantial impact on other people.⁶² This social impact contributes greatly to job satisfaction

and also to job performance.⁶³ For example, many professors see teaching as a “calling” that enables them to enrich and change students’ lives.

Adequate Compensation

It should not surprise you that pay and satisfaction are positively related. However, not everyone is equally desirous of money, and some people are certainly willing to accept less responsibility or fewer working hours for lower pay. In most companies, one finds a group of employees who are especially keen to earn extra money through overtime and another group that actively avoids overtime work. Are people willing to trade pay for meaningful work? Have a look at [Research Focus: *Would You Trade Money for Meaningful Work?*](#) 

Research Focus

Would You Trade Money for Meaningful Work?

Adequate compensation is an important determinant of job satisfaction, but would you trade a lower salary for more meaningful work? Jing Hu and Jacob Hirsh of the University of Toronto conducted several research studies to see if people would sacrifice some financial compensation for a more fulfilling job. In one study, people were asked to name a job that they would be able to do that would provide them with a sense of personal meaning and another job they could do that would not provide such meaning. In each case, they were requested to provide the minimum salary they would accept to land the job. Results showed that respondents would accept 32 percent less pay for the more meaningful job. In other studies, employees rated the meaningfulness of their existing jobs and gave a rating to questions such as “I would turn down

another job that offered quite a bit more pay in order to stay with this organization.” The results showed a clear tendency for those with more meaningful jobs to agree with such questions. The Hu and Hirsch findings correspond to a survey by Fidelity Investments showing that millennials would accept a \$7600US pay cut to have a job offering an improved quality of working life.

There might be cross-cultural differences in people’s willingness to trade money for meaningful work because there are international differences in economic values. A global survey by Boston’s State Street Center for Applied Research measured agreement with statements such as “I want to be rich” and “Money is important.” People from India, China, and Brazil were most interested in money, while those from the Netherlands, Switzerland, and Australia were least interested; Americans reported more interest than Canadians. It seems likely that trading off for meaningful work would be less likely in nations where there is a greater focus on money.

Sources: Hu, J., & Hirsh, J. (2017). Accepting lower salaries for meaningful work. *Frontiers in Psychology, 8*, article 1649; Eichler, L. (2016, May 8). Would you trade pay for happiness? *The Globe and Mail*, B15; Redman, E. (2016, October 18). Love of money can hurt hip pocket. *The Australian*, 26.

Career Opportunities

Opportunity for promotion is an important contributor to job satisfaction because promotions contain a number of valued signals about a person’s self-worth. Some of these signals may be material (such as an accompanying raise), while others are of a social nature (recognition within the organization and prestige in the community). Many of today’s flatter organizations no longer offer the promotion opportunities of the past. Firms can offset this by designing lateral moves that provide for challenging work. They can also provide professional development that

prepares employees to assume challenging assignments and provides them with access to evolving skills that keep them marketable.

Opportunities for growth and learning are often as important as formal promotions, especially among millennials.

People

Friendly, considerate, good-natured superiors and co-workers contribute to job satisfaction, especially via positive moods and emotions. There is, however, another aspect to interpersonal relationships that contributes to job satisfaction. Specifically, we tend to be satisfied in the presence of people who help us attain job outcomes that we value. Such outcomes might include doing our work better or more easily or obtaining a raise or promotion. For example, an aggressive young executive might like a considerate boss but prefer even more a boss who can clearly define work objectives and reward their attainment. The friendliness aspect of interpersonal relationships seems most important in lower-level jobs with clear duties and in various dead-end jobs. If pay is tied to performance or as jobs become more complex or promotion opportunities increase, the ability of others to help us do our work well contributes more to job satisfaction.

In the high-tech and creative domains, organizational success depends on attracting and retaining the very best talent and creating an atmosphere free from distractions and inconveniences so that the creative juices can flow. The stress of project deadlines is commonplace. Because of these factors, firms such as Google and Facebook go to extraordinary lengths to foster employee job satisfaction. Perks range from the provision of “fun” campus-like environments to free meals and the availability of services such as transportation, dry cleaning, and car washes.
















Consequences of Job Satisfaction

4.4 Explain the relationship between job satisfaction and absenteeism, turnover, performance, organizational citizenship behaviour, and customer satisfaction.

 Listen to the Audio

Many prominent firms have maintained a competitive advantage by paying particular attention to employee satisfaction. Why is this so? Let's look at some consequences of job satisfaction.

Absence from Work

◀ Listen to the Audio

Absenteeism is an expensive behaviour in North America, costing billions of dollars each year. Such costs are attributable to “sick pay,” lost productivity, and chronic overstaffing to compensate for absentees. Research shows that less-satisfied employees are more likely to be absent and that satisfaction with the content of the work is the best predictor of absenteeism.⁶⁴ However, the absence–satisfaction connection is not very strong. Several factors constrain the ability of many people to convert their like or dislike of work into corresponding attendance patterns:


- Some absence is simply unavoidable because of illness, weather conditions, or child-care problems. Thus, some very happy employees will occasionally be absent owing to circumstances beyond their control.
- Some organizations have attendance control policies that influence absence more than satisfaction does. In a company that does not pay workers for missed days (typical of many workplaces with hourly pay), absence may be more related to economic needs than to dissatisfaction. The unhappy worker who absolutely needs money will probably show up for work.
- In many jobs, it may be unclear to employees how much absenteeism is reasonable or sensible. With a lack of company guidelines, workers may look to the behaviour of their peers for a norm to guide their behaviour. This norm and its corresponding “absence culture” might

have a stronger effect than individual employees' satisfaction with their jobs.⁶⁵

Turnover

◀ Listen to the Audio

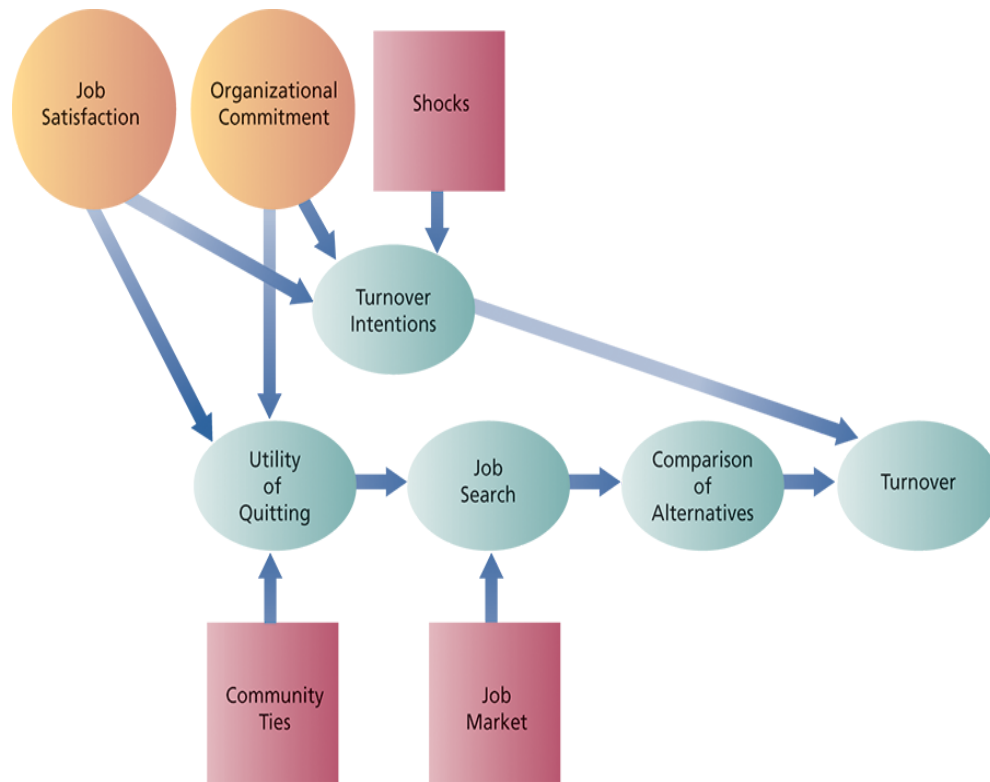
Turnover refers to resignation from an organization, and it can be incredibly expensive. For example, it costs several thousand dollars to replace a nurse or a bank teller who resigns.⁶⁶ As employees move up the organizational hierarchy, or into technologically complex jobs, such costs escalate dramatically. For example, it costs millions of dollars to hire and train a single military fighter pilot. Estimates of turnover costs usually include the price of hiring, training, and developing to proficiency a replacement employee. Such figures probably underestimate the true costs of turnover, however, because they do not include intangible costs, such as work-group disruption or the loss of employees who have informally acquired special skills and knowledge over time on a job. All this would not be so bad if turnover were concentrated among poorer performers, but this is not always the case. In one study, 23 percent of scientists and engineers who left an organization were among the top 10 percent of performers.⁶⁷ Given this, it is not surprising that high turnover rates damage organizational financial performance.⁶⁸

What is the relationship between job satisfaction and turnover? Research indicates a moderately strong connection, with less-satisfied workers being more likely to quit.⁶⁹ However, the relationship between the attitude (job satisfaction) and the behaviour (turnover) is far from perfect. **Exhibit 4.8**  presents a model of turnover that can help explain this.⁷⁰ In the model, circles represent attitudes, ovals represent elements of the turnover process, and squares denote situational factors. The model

shows that job satisfaction as well as commitment to the organization and various “shocks” (both discussed next) can contribute to intentions to leave. Research shows that such intentions are very good predictors of turnover.⁷¹ As shown, such intentions sometimes prompt turnover directly, even impulsively. On the other hand, reduced satisfaction or commitment can also stimulate a more deliberate evaluation of the utility of quitting and a careful job search and evaluation of job alternatives. The following are some reasons why satisfied people sometimes quit their jobs or dissatisfied people stay:⁷²

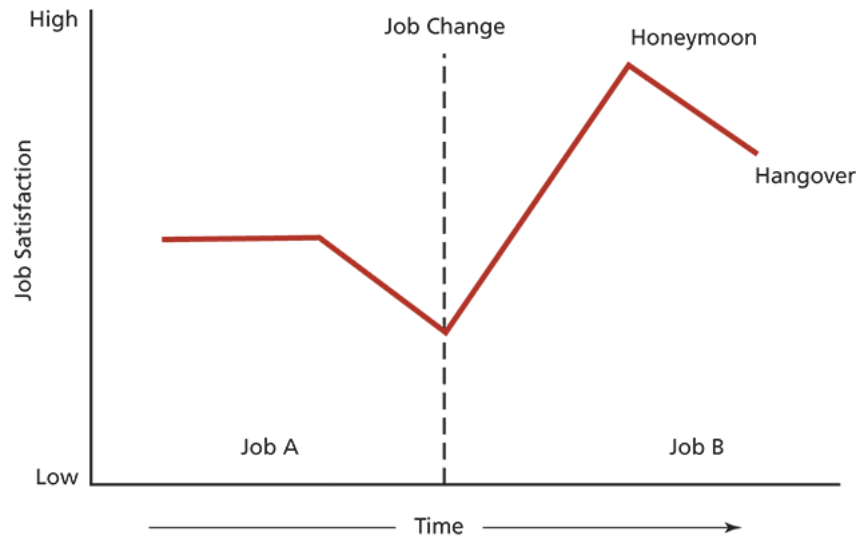
- Certain “shocks,” such as a marital breakup, the birth of a child, or an unsolicited job offer in an attractive location, might stimulate turnover despite an employee’s satisfaction with the current job.
- An employee’s dissatisfaction with his or her specific job might be offset by a strong commitment to the overall values and mission of the organization.
- An employee might be so embedded in the community (due to involvement with churches, schools, or sports) that he or she is willing to endure a dissatisfying job rather than move.
- A weak job market might result in limited employment alternatives. Dissatisfaction is most likely to result in turnover when jobs are plentiful.⁷³

Exhibit 4.8 A model of employee turnover.



Despite these exceptions, a decrease in job satisfaction often precedes turnover, and an employee who quits experiences a boost in satisfaction in the new job. However, some of this boost might be due to a “honeymoon effect,” in which the bad facets of the old job are gone, the good facets of the new job are apparent, and the bad facets of the new job are not yet known. Over time, as these bad facets are recognized, a “hangover effect” can occur, in which overall satisfaction with the new job decreases.⁷⁴ This pattern is shown in [Exhibit 4.9](#), which traces job satisfaction at five points in time as a person moves between jobs A and B.

Exhibit 4.9 The honeymoon–hangover effect.



Source: Drawing by the authors, based on Boswell, W. R., Boudreau, J. W., & Tichy, J. (2005). The relationship between employee job change and job satisfaction: The honeymoon-hangover effect. *Journal of Applied Psychology, 90*, 882-892.

In closing this section, we must emphasize that not all turnover is bad, and contemporary organizations are no longer committed to offering jobs for a lifetime. After all, poor performers might leave. As well, turnover allows for fresh thinking as new recruits join the organization. And turnover among well-satisfied staff who find even better opportunities elsewhere can serve as a recruiting tool if they speak highly of their former employer.

Performance

◀ Listen to the Audio

It seems to make sense that job satisfaction contributes to less absenteeism and turnover, but does it also lead to improved job performance? After all, employees might be so “satisfied” that no work is accomplished! In fact, research has confirmed what folk wisdom and business magazines have advocated for many years—job satisfaction is associated with enhanced performance.⁷⁵ However, the connection between satisfaction and performance is complicated because many factors besides job satisfaction influence motivation and performance (as we’ll see in [Chapter 5](#)). Thus, research has led to some qualifications to the idea that “a happy worker is a productive worker.”

All satisfaction facets are not equal in terms of stimulating performance. The most important facet has to do with the content of the work itself.⁷⁶ Thus, interesting, challenging, meaningful jobs are most likely to stimulate high performance (we will see how to design such jobs in [Chapter 6](#)). One consequence of this is the fact that the connection between job satisfaction and performance is stronger for complex, high-tech jobs in science, engineering, and computers and less strong for more routine labour jobs. In part, this is because people doing complex jobs have more control over their level of performance.

Another issue in the connection between satisfaction and performance has to do with the question of which of these is the cause and which the effect. Although job satisfaction contributes to performance, performance

could also contribute to job satisfaction.⁷⁷ When good performance is *followed by rewards*, employees are more likely to be satisfied. However, many organizations do not reward good performance sufficiently. Thus, contemporary research indicates that satisfaction is more likely to affect performance, rather than the reverse.⁷⁸

In addition to boosting formal job performance, satisfaction can also contribute to employees' informal, everyday behaviour and actions that help their organizations and their co-workers. Let's turn now to a discussion of this.

Organizational Citizenship Behaviour

◀ Listen to the Audio

Organizational citizenship behaviour (OCB)⁷⁹ is voluntary, informal behaviour that contributes to organizational effectiveness.⁷⁹ In many cases, the formal performance evaluation system does not detect and reward it. Job satisfaction contributes greatly to the occurrence of OCB, more than it does to regular task performance, in fact.⁸⁰

An example of OCB should clarify the concept. You are struggling to master a particularly difficult piece of software. A colleague at the next desk, busy on his or her own deadline, comes over and offers assistance. Irritated with the software, you are not even very grateful at first, but within 10 minutes you have solved the problem with your colleague's help. Notice the defining characteristics of this example of OCB:

- The behaviour is voluntary. It is not included in the person's job description.
- The behaviour is spontaneous. No one ordered or suggested it.
- The behaviour contributes to organizational effectiveness. It extends beyond simply doing you a personal favour.
- The behaviour is unlikely to be explicitly picked up and rewarded by the performance evaluation system, especially since it is not part of the job description.



One worker voluntarily helping out another is an example of organizational citizenship, which positively influences organizational effectiveness.

Monkey Business Images/Shutterstock

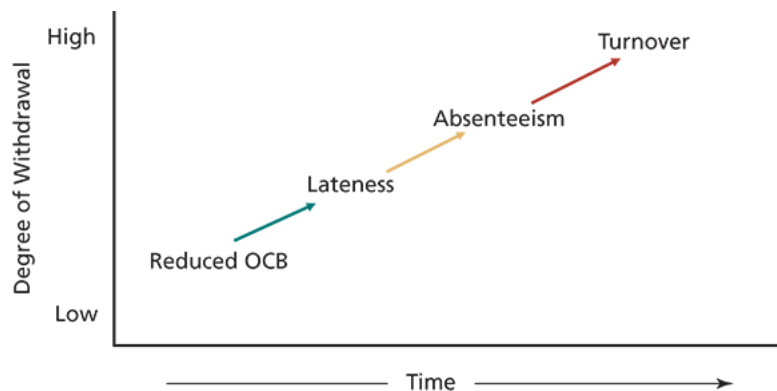
What forms might OCB take? As the software example indicates, one prominent form is *helping* behaviour, offering assistance to others. Another might be *conscientiousness* to the details of work, including getting in on the snowiest day of the year and not wasting organizational resources. A third involves being a *good sport* when the inevitable frustrations of organizational life crop up—not everyone can have the best office or the best parking spot. A final form of OCB is *courtesy and cooperation*.⁸¹ Examples might include warning the photocopy unit about a big job that is on the way or delaying one's own work to assist a colleague on a rush job.

Just how does job satisfaction contribute to OCB? Fairness is the key. Although distributive fairness (especially in terms of pay) is important, procedural and interactional fairness from a supportive manager are

especially critical.⁸² If the manager strays from the prescriptions for procedural fairness we gave earlier, OCB can suffer. If one feels unfairly treated, it might be difficult to lower formal performance for fear of dire consequences. It might be much easier to withdraw the less visible, informal activities that make up OCB. On the other hand, fair treatment and its resulting satisfaction might be reciprocated with OCB, a truly personalized input. OCB is also influenced by employees' mood at work. People in a pleasant, relaxed, optimistic mood are more likely to provide special assistance to others.⁸³ OCB contributes to organizational productivity and efficiency and to reduced turnover.⁸⁴

Research shows that there is sometimes a progression of withdrawal in response to job dissatisfaction (and to reduced commitment, discussed next).⁸⁵ That is, people withdraw their attention or work effort in an attempt to compensate for dissatisfaction, beginning with more subtle behaviours and progressing to more extreme ones, until some equilibrium is struck. As shown in [Exhibit 4.10](#), reduction of OCB is often the first withdrawal response, as these are voluntary behaviours. This may be followed, in turn, by coming to work late, then absenteeism, and ultimately turnover. Managers should be alert to increases in the lower forms of withdrawal because they may signal bigger problems in the future.

Exhibit 4.10 Progression of withdrawal.



Customer Satisfaction and Profit

◀ Listen to the Audio

Is it possible that employee satisfaction could actually affect *customer* satisfaction? That is, do happy employees translate into happy customers? And do happy employees actually contribute to the bottom line of the organization by increasing organizational profits?

A growing body of evidence has established that employee job satisfaction is indeed translated into customer or client satisfaction and organizational profitability.⁸⁶ Thus, organizations with higher average levels of employee satisfaction are more effective. For instance, firms in the 100 Best Companies to Work for in America have consistently generated higher stock returns than their corporate peers.⁸⁷ The same applies to units within larger organizations. Hence, local bank branches or insurance claims offices with more satisfied employees should tend to have more satisfied clients and generate more profits for the larger firm. Thus, it makes good sense to use employee satisfaction as one criterion in judging the effectiveness of local unit managers.

How does employee satisfaction translate into customer satisfaction? Reduced absenteeism and turnover contribute to the seamless delivery of service, as do the OCBs that stimulate good teamwork. Also, the mood mechanism, mentioned earlier, should not be discounted, as good mood among employees can be contagious for customers.

Let's turn now to another important work attitude—organizational commitment.















What Is Organizational Commitment?

4.5 Differentiate *affective, continuance, and normative commitment*, and explain how organizations can foster *organizational commitment*.

◀ Listen to the Audio

Organizational commitment [Ⓜ] is an attitude that reflects the strength of the linkage between an employee and an organization. This linkage has implications for whether someone tends to remain in an organization. Canadian researchers John Meyer and Natalie Allen have identified three very different types of organizational commitment:⁸⁸

- **Affective commitment** [Ⓜ] is commitment based on a person's identification and involvement with an organization. People with high affective commitment stay with an organization because they *want* to.
- **Continuance commitment** [Ⓜ] is commitment based on either the costs that would be incurred in leaving an organization (e.g., losing a pension) or a lack of suitable job alternatives. People with high continuance commitment stay with an organization because they *have* to.
- **Normative commitment** [Ⓜ] is commitment based on ideology or a feeling of obligation to an organization. People with high normative commitment stay with an organization because they think that they *should* do so.

Employees can be committed not only to their organization but also to various constituencies within and outside the organization. Thus, each type of commitment could also apply to one's work team, union, or profession.⁸⁹

Key Contributors to Organizational Commitment

◀ Listen to the Audio

The best predictor of strong affective commitment is interesting, satisfying work.⁹⁰ One mistake that organizations sometimes make is starting employees out in unchallenging jobs so they do not make any serious errors. This can have a negative impact on affective commitment. Role clarity and having one's expectations met after being hired also contribute to affective commitment.⁹¹

Continuance commitment occurs when people feel that leaving the organization will result in personal sacrifice, or they perceive that good alternative employment is lacking. Building up "side bets" in pension funds, obtaining rapid promotion, or being well integrated into the community where the firm is located can lock employees into organizations even though they would rather go elsewhere. Not surprisingly, continuance commitment increases with the length of time a person is employed by an organization.

Normative commitment ("I *should* stay here") can be fostered by benefits that build a sense of obligation to the organization. These might include tuition reimbursements or special training that enhances one's skills. Strong identification with an organization's product or service ("I should stay here because the Sierra Club is doing important work") can also foster normative commitment. Finally, certain socialization practices (see [Chapter 8](#)) that emphasize loyalty to the organization can stimulate

normative commitment. For example, sports coaches often haze players who miss practice to stress the importance of loyalty to the team.

Consequences of Organizational Commitment

◀ Listen to the Audio

Speaking generally, high affective commitment or high commitment across all three forms are associated with elevated job satisfaction and lower work stress, while high continuance commitment due to lack of alternatives provokes dissatisfaction and stress.⁹² All forms of commitment reduce turnover intentions and actual turnover.⁹³

Organizations plagued with turnover problems among key employees should look carefully at tactics that foster commitment. This is especially called for when turnover gets so bad that it threatens customer service. Many service organizations (e.g., restaurants and hotels), however, have traditionally accepted high turnover rates.

Organizations should take care, though, in their targeting of the kind of commitment to boost. Affective commitment is positively related to performance because it focuses attention on goals and thus enhances motivation.⁹⁴ However, continuance commitment is *negatively* related to performance, something you might have observed in dealing with burned-out bureaucrats.⁹⁵ An especially bad combination for both the employee and the organization is high continuance commitment coupled with low affective commitment—people locked into organizations that they detest. This happens very frequently during recessions. Is there a downside to organizational commitment? Very high levels of commitment can cause conflicts between family life and work life. Also, very high levels of commitment have often been implicated in unethical

and illegal behaviour, including a General Electric price-fixing conspiracy. Finally, high levels of commitment to a particular *form* or *style* of organization can cause a lack of innovation and lead to resistance when a change in the culture is necessary.⁹⁶

Changes in the Workplace and Employee Commitment

◀ Listen to the Audio

Organizations are experiencing unprecedented change as a result of shifts in workforce demographics, technological innovations, and global competition. John Meyer, Natalie Allen, and Laryssa Topolnytsky explain that the impact of these changes on employee commitment can be seen in three main areas:⁹⁷

- *Changes in the nature of employees' commitment to the organization.* Depending on the nature of workplace changes and how they are managed, each type of commitment can increase or decrease. Thus, the commitment profiles of employees following a change will be different from what they were prior to the change, and maintaining a high level of affective commitment is particularly challenging. Changes that are made in the organization's best interest but that are detrimental to employees' well-being are most likely to damage affective commitment.
- *Changes in the focus of employees' commitment.* Employees generally have multiple commitments. In particular, employee commitment can be directed to others within the organization, such as subunits or divisions, teams, the "new" organization, as well as entities outside the organization, such as one's occupation, career, or union. Therefore, changes in the workplace might alter the focus of employees' commitments both within and outside the organization. As organizations increase in size following mergers and acquisitions,

for example, employees are likely to shift their commitment to smaller units, such as their particular division, branch, or team.⁹⁸ As well, changes that threaten employees' future in the organization might result in a shift in commitment to entities outside the organization, such as one's profession, occupation, or personal career.

- *The multiplicity of employer–employee relationships within organizations.* As organizations attempt to cope with and adapt to rapid change, they need to be flexible enough to shrink or expand their workforce. At the same time, they need a workforce that is flexible enough to get any job done. This creates a potential conflict, as employees who do not have guaranteed job security may be unwilling to be as flexible as the organization would like or to exhibit strong commitment. A potential solution is for organizations to have different relationships with employee groups. For example, an organization might have a group of core employees who perform the key operations required for organizational success. It would be important for this group of employees to have a high level of affective commitment. Other employees would consist of those on limited contracts or hired on a temporary basis who do not perform the core tasks and whose commitment is not as critical.⁹⁹

In summary, it is important that organizations understand the way changes in the workplace can change the profile and focus of employee commitment and the impact this can have on employee behaviour and organizational success.















Summary: Values, Attitudes, and Work Behaviour

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 4.

4.1 Define *values* and discuss the implications of cross-cultural variation in values for organizational behaviour.

Values are broad preferences for particular states of affairs. Values tend to differ across generations and across cultures. Critical cross-cultural dimensions of values include power distance, uncertainty avoidance, masculinity/femininity, individualism/collectivism, and time orientation. Differences in values across cultures set constraints on the export and import of organizational behaviour theories and management practices. They also have implications for satisfying global customers and developing globally aware employees.

4.2 Define *attitudes* and explain how people develop attitudes.

4.3 Explain the concept of *job satisfaction*, and discuss some of its key contributors, including discrepancy, fairness, disposition, mood, and emotion.

4.4 Explain the relationship between job satisfaction and absenteeism, turnover, performance, organizational citizenship behaviour, and customer satisfaction.

4.5 Differentiate *affective*, *continuance*, and *normative commitment*, and explain how organizations can foster *organizational commitment*.

Key Terms

Start Over

Swap

0/25 REVIEWED · 0 MASTERED

Equity theory



Previous

Next

Got It!



* On-the-Job Challenge Question

Mr. Winston

In 2006, Arthur Winston died at age 100. He had worked for 76 years for the Los Angeles Metropolitan Transportation Authority cleaning trains and buses. Although this is remarkable enough, it is even more remarkable that he missed only one day of work in his last 72 years, the day of his wife's funeral in 1988. At the time of his retirement on the eve of becoming 100, he headed a crew of 11 workers. Although he had aspired to become a mechanic when younger, the racial biases of the 1930s and 1940s prevented this career advancement. In 1996, Mr. Winston received a congressional citation from the U.S. president as "Employee of the Century." Mr. Winston's incredible record was the object of extensive media coverage, both at home and abroad.

Use the material in the chapter to speculate on various reasons for Mr. Winston's awesome attendance record. What accounts for the great media interest in Mr. Winston?

Sources: (2006, April 14). MTA employee who retired at 100 has died in his sleep. <http://cbs2.com/local/Arthur.Winston.MTA.2.515610.html>; Marquez, M. (2006, March 22). Los Angeles man retires at 100. abcnews.go.com/US/WNT/story?id=1756219.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Attitudes Towards Absenteeism from Work

In this exercise, we will examine your attitudes towards absenteeism from work. Although you learned in the chapter that absence can stem from job dissatisfaction, the scenarios below show that a number of other factors can also come into play.

1. Working alone, please indicate the extent to which you think that the employee's absence in each of the following scenarios is legitimate or illegitimate by using one of the six answer categories that appear below. A legitimate absence might be considered acceptable, while an illegitimate absence might be considered unacceptable. This is a measure of your personal attitudes; there are no right or wrong answers. Add up your scores and divide by 7 to obtain an average. Lower scores represent less favourable attitudes towards absenteeism.
2. Working in groups of three to five people, discuss the ratings that each of you gave to each scenario. What are the major reasons that contributed to each of your ratings? Compare your average scores.
3. As a group, decide which scenario is *most* legitimate, and explain why. Then decide which scenario is *least* legitimate, and explain why. Compare with the norms provided below.
- *4. As managers, how would you react to the least legitimate situation? What would you do?

6	5	4	3	2	1
Extremely	Moderately	Slightly	Slightly	Moderately	Extremely
legitimate	legitimate	legitimate	illegitimate	illegitimate	illegitimate

1. Susan is a highly productive employee, but she is absent more often than her co-workers. She has decided to be absent from work to engage in some recreational activities because she believes that her absence would not affect her overall productivity. _____
2. John is an active member of his community social club. Occasionally, the club organizes community activities with the aim of improving the quality of community life. A few days before a planned community activity, much of the work has not been done, and the club members are concerned that the activities will be unsuccessful. John has therefore decided to be absent from work to help the club organize its forthcoming activities. _____
3. Peter is a member of a project team that was charged with the responsibility of converting the company's information systems. The work entailed long hours, but the team was able to finish the project on time. Now that the project is completed, the long working hours have taken a toll, and Peter feels quite stressed, so he has decided to stay away from work to recuperate. _____
4. Jane works in a low-paying job for which she is overqualified. She has been searching for a more suitable job through advertisements in the newspapers. She has been called for a job interview and has decided to call in sick to attend the interview. _____
5. Frank has a few months before his retirement and has lost the enthusiasm he used to have for his work. He believes he has contributed to making the company the success it is today. He recently joined a retired persons association where he feels his services are needed more. The association is organizing a safety awareness program for senior citizens, so he has decided to stay away from work to help. _____

6. Joan's co-workers normally use up all their sick leave. She is moving into a new house, and since she has not used up all her permitted sick leave, she has decided to call in sick so that she can finish packing for the move. _____
7. Anne does not feel challenged by her job and believes that she is not making any meaningful contribution to her organization. Her mother is going to the doctor for a routine medical check-up and because Anne believes the company will not miss her, she decided to stay away from work to accompany her mother. _____

Source: Scenarios developed by Helena M. Addae. Used with permission.

Scoring and Interpretation

As noted, lower scores represent less favourable attitudes towards absenteeism. Helena Addae, who developed the scenarios, administered them to more than 1500 employees in nine countries. The average rating across the 7 scenarios was 3.09. Respectively, the average ratings for each scenario were: S1 = 2.39; S2 = 2.88; S3 = 3.96; S4 = 3.52; S5 = 3.12; S6 = 3.03; S7 = 2.70. Higher numbers indicate more legitimacy.

* Question 4 is also assignable in Writing Space.

Case Incident

Millennial Blues

At 24, Sara Tremblay felt she had landed her dream job. As an assistant procurement manager for Xenon Natural Foods, she had the job of sourcing many of the raw food materials that went into the production of various Xenon products. The job involved some travel, which she loved, and the other aspects of the work were challenging and rewarding. Sara had been particularly attracted to the job at Xenon because of the firm's mission statement declaring that it was fully dedicated to sustainable business practices, environmental protection, and the maintenance of a green supply chain. These features of the Xenon business model had been emphasized by the older managers who had interviewed her for the job.

In the recent company employee attitude survey, Sara had given her job and the company the highest marks. However, shortly thereafter, she discovered that a key (and rare) ingredient that the company sourced for several of its products was actually being cultivated using grossly unsustainable growing practices. On her own initiative, she researched and discovered a highly sustainable alternative produced in the mountains of Peru that cost 8 percent more. Sara's recommendation to change suppliers was rejected by Xenon executives due to cost considerations. Shortly thereafter, feeling a bit cynical, she accepted a position with another employer.

1. Sara seems to have experienced considerable job satisfaction prior to her departure. Given this, how do you account for her

leaving?

- *2. Is Sara just a naïve idealist, or does the case reveal something more profound about millennials' expectations for their employers?
3. What would you have done if you were Sara?

Source: Inspired by Finkelstein, S. (2017, August 23). How a corporate mission can drive young workers away. *BBC.Com*. <http://www.bbc.com/capital/story/20170822-how-a-corporate-mission-can-drive-young-workers-away>

* Question 2 is also assignable in Writing Space.

Case Study

Michael Simpson

Michael Simpson is one of the most outstanding managers in the management consulting division of Avery McNeil and Co. (Avery McNeil is primarily an accounting firm, but it also has two divisions besides accounting: tax and management consulting.) A highly qualified individual with a deep sense of responsibility, Simpson obtained his MBA two years ago from one of the leading northeastern schools. Before graduating from business school, Simpson interviewed a number of consulting firms and decided that the consulting division of Avery McNeil offered the greatest potential for rapid advancement.

At the time of the events in this story, Simpson had recently been promoted to manager, making him the youngest individual at this level in the consulting group. Two years with the firm was an exceptionally short period of time in which to achieve this promotion. Although the promotions had been announced, Simpson had not yet been informed of his new salary. Despite the fact that his career had progressed well, he was concerned that his salary would be somewhat lower than the current market value that a headhunter had recently quoted him.

Simpson's wife, Diane, soon would be receiving her MBA. One night over dinner, Simpson was amazed to hear the level of the salaries being offered to new MBAs. Simpson commented to Diane, "I certainly hope I get a substantial raise this time. I mean, it just wouldn't be fair to be making the same amount as recent graduates when I've been at the company now for over two years! I'd like to buy a house soon, but with housing costs rising and inflation following, that will depend on my pay raise."

Several days later, Simpson was working at his desk when Dave Barton, a friend and colleague, came across to Simpson's office. Barton had been hired at the same time as Simpson and had also been promoted recently. Barton said, "Hey, Mike, look at this! I was walking past Jane's desk and saw this memo from the personnel manager lying there. She obviously forgot to put it away. Her boss would kill her if he found out!"

The memo showed the proposed salaries for all the individuals in the consulting group that year. Simpson looked at the list and was amazed by what he saw. He said, "I can't believe this, Dave! Walt and Rich will be getting \$12 000 more than I am." Walt Gresham and Rich Watson had been hired within the past year. Before coming to Avery McNeil, they had both worked one year at another consulting firm. Barton spoke angrily: "Mike, I knew the firm had to pay them an awful lot to attract them, but to pay them more than people above them is ridiculous!" Simpson responded, "You know, if I hadn't seen Walt and Rich's salaries, I would think I was getting a reasonable raise. Hey listen, Dave, let's get out of here. I've had enough of this place for one day." Barton replied, "Okay, Mike, just let me return this memo. Look, it's not that bad; after all, you are getting the largest raise."

On his way home, Simpson tried to think about the situation more objectively. He knew that there were a number of pressures on the compensation structure in the consulting division. If the division wished to continue attracting MBAs from top schools, it would have to offer competitive salaries. Starting salaries had increased about \$23 000 during the last two years. As a result, some of the less experienced MBAs were earning nearly the same amounts as others who had been with the firm several years but had come in at lower starting salaries, even though their pay had been gradually increasing over time. Furthermore, because of expanding business, the division had found it necessary to hire consultants from other firms. In order to do so effectively, Avery McNeil

had found it necessary to upgrade the salaries they offered. The firm as a whole was having problems meeting the federally regulated Equal Opportunity Employment goals and was trying especially hard to recruit women and minorities.

One of Simpson's colleagues, Martha Lohman, had been working in the consulting division of Avery McNeil and Company until three months ago, when she was offered a job at another consulting firm. She had become disappointed with her new job and on returning to her previous position at Avery McNeil was rehired at a salary considerably higher than her former level. Simpson had noticed on the memo that she was earning more than he was, even though she was not given nearly the same level of responsibility as he was. Simpson also realized that the firm attempted to maintain some parity between salaries in the auditing and consulting divisions.

When Simpson arrived home, he discussed the situation with his wife:

Simpson: Diane, I know I'm getting a good raise, but I am still earning below my market value—\$20 000 less than that headhunter told me last week. And the fact that those two guys from the other consulting firm are getting more than I am shows the firm is prepared to pay competitive rates.

Diane: I know it's unfair, Mike, but what can you do? You know your boss won't negotiate salaries after they have been approved by the compensation committee, but it wouldn't hurt to at least talk to him about your dissatisfaction. I don't think you should let a few thousand dollars a year bother you. You will catch up eventually, and the main thing is that you really enjoy what you are doing.

Simpson: Yes, I do enjoy what I'm doing, but that is not to say that I wouldn't enjoy it elsewhere. I really just have to sit down and think about

all the pros and cons in my working for Avery McNeil. First of all, I took this job because I felt that I could work my way up quickly. I think that I have demonstrated this, and the firm has also shown that they are willing to help me achieve this goal. If I left this job for a better-paying one, I might not get the opportunity to work on the exciting jobs that I am currently working on. Furthermore, this company has time and money invested in me. I'm the only one at Avery that can work on certain jobs, and the company has several lined up. If I left the company now, they would not only lose me, but they would probably lose some of their billings as well. I really don't know what to do at this point, Diane. I can either stay with Avery McNeil or look for a higher-paying job elsewhere; however, there is no guarantee that my new job would be a "fast track" one like my job at Avery. One big plus at Avery is that the people there already know me and the kind of work I produce. If I went elsewhere, I'd essentially have to start all over again. What do you think I should do, Diane?

Source: From Nadler, D. A., Tushman, M. L., & Hatvany, N. G. (1982). *Managing organizations: Readings and cases*. Used with permission.

Questions

1. Use discrepancy theory concepts to explain Michael Simpson's feelings.
2. Use equity theory to explain Michael's feelings. Provide details about inputs, outcomes, and likely comparison people.
3. Comment on Mike's likely perceptions about procedural fairness at Avery McNeil and Co.
4. Apply affective events theory to the case. How did the memo affect the mood in the office? What emotions are at play?
5. Use [Exhibit 4.8](#) to analyze the factors that might determine if Mike quits his job at Avery McNeil.

- *6. Speculate on the likely consequences of Mike's dissatisfaction if he does not quit the firm.
7. Comment on how Mike's organizational commitment may be changing.
8. What should Mike do now?

* Question 6 is also assignable in Writing Space.













































Chapter 5

Theories of Work Motivation

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Learning Objectives

After reading Chapter 5, you should be able to:

- 5.1 Define *motivation*, discuss its basic properties, and distinguish it from *performance*.
- 5.2 Compare and contrast *intrinsic* and *extrinsic motivation*.
- 5.3 Explain and discuss the different factors that predict *performance*, and define *general cognitive ability* and *emotional intelligence*.
- 5.4 Explain and discuss *need theories* of motivation and *self-determination theory*.
- 5.5 Explain and discuss the *process theories of motivation*.
- 5.6 Discuss the cross-cultural limitations of theories of motivation.
- 5.7 Summarize the relationships among the various theories of motivation, performance, and job satisfaction.

DevFacto Technologies Inc

Mike McKinnon had a lot going on. In fact, that's an understatement. With a newborn at home, the developer was still spending long hours at Edmonton IT consultancy DevFacto Technologies Inc. He was working on a big project that had run into some snags, and the pressure was on. If the job was successful, the company would bankroll a trip for all its employees to Las Vegas. Instead of grumbling, the sleep-deprived McKinnon doubled his efforts to make sure the job was done right. And when he and his wife finally did board the plane to Las Vegas, his company gave them a pair of tickets to catch a show as a further thank you.

*DevFacto Technologies of Edmonton, Alberta, was founded by Chris Izquierdo and David Cronin in 2007. Both had previously worked as software developers in rigidly bureaucratic firms and decided to start their own IT consulting practice. Their dream was to create a different kind of organization with a healthy workplace that allowed talent to flourish, while building superior software that had a brilliant customer-service edge. They focused on a simple equation:
happy employees = happy customers.*

In starting their own company, the thinking was that a self-motivated workforce would make for a less hierarchical, more efficient, and more productive business. "If you get a bunch of driven people who are intrinsically motivated to do good work, you shouldn't have to monitor them using managers," says Cronin. "If you give them a purpose that's larger than themselves, you can lead them to results."

DevFacto has more than doubled in size since 2010 and now has offices in Calgary, Regina, and Toronto. Job applicants go through a lengthy culture-fit interview with Cronin or a regional director. "I'm looking for evidence of intrinsic motivation, that thing that's driving them to be better," says Cronin. Employees also participate in group interviews to assess candidates and have the power to veto a hire who won't fit in.

DevFacto employees are responsible for keeping one another accountable to deadlines, budgets, and other concerns. "People do need some pressure and attention put on them," Cronin says. "That can come from a boss walking around, or it can come from peers giving you feedback and challenging you," says Cronin. He feels the latter approach is a more potent way to make people understand their own role in the overall health of the organization.

Motivation at DevFacto is more than just intrinsic. For example, new hires receive three weeks of vacation per year to start. The company offers all employees \$2500 per year for any vocational training (including photography classes, cooking classes, public speaking classes, and self-help books), \$100 per month for travel expenses (including a bus pass), and free beer on Fridays from the company's beer fridge. Employees also receive an annual \$1200 cellphone and home-internet subsidy. The company also has a profit-sharing program that they use every year to implement two new benefit programs for its employees. For example, in 2011, the company introduced a \$500-per-year wellness fund that can be used for anything from a gym membership to a tablet computer, and a 52-cent-per-kilometre subsidy whenever an employee has to travel for work. In 2012, the company introduced a \$1000-per-year vacation subsidy to encourage employees to use their minimum three weeks of vacation per year. The second program in 2012 was a plan to match a percentage of each employee's RRSP contributions.



Motivated employees are the key to the success of DevFacto Technologies Inc., which has been named one of the Best Workplaces in Canada and the best place for millennials to work in Alberta.

DevFacto Technologies

The company also hosts DevFacto Development Days four times a year. Employees are split into teams and have free rein to create whatever they want, be it a technical process or a mobile application. At the end of the day, their creations are showcased to the rest of the DevFacto team.

Today, DevFacto is an award-winning company with 120 consultants across Canada. DevFacto has been named one of the Best Workplaces in Canada, Best Small and Medium Employers in Canada, and the best place for millennials to work in Alberta. It has also been recognized as one of Canada's fastest growing companies. Its average annual employee retention rate is 97 percent. Cronin believes that, by investing in their young employees, "they will return the favour by working hard and being loyal."¹

Would you be motivated if you worked for DevFacto Technologies? What kind of person would respond well to the company's motivational techniques? What underlying philosophy of motivation is being used, and what effect does it have on employees' motivation and performance? These are some of the questions that this chapter will explore.

First, we will define *motivation* and distinguish it from *performance*. After that, we will describe several popular theories of work motivation and contrast them. Then, we will explore whether these theories translate across cultures. Finally, we will present a model that links motivation, performance, and job satisfaction.

What Is Motivation?

LO 5.1 Define *motivation*, discuss its basic properties, and distinguish it from *performance*.

LO 5.2 Compare and contrast *intrinsic* and *extrinsic motivation*.

LO 5.3 Explain and discuss the different factors that predict *performance*, and define *general cognitive ability* and *emotional intelligence*.

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Motivation is one of the most traditional topics in organizational behaviour, and it has interested managers, researchers, teachers, and sports coaches for years. However, a good case can be made that motivation has become even more important in contemporary organizations. Much of this is a result of the need for increased productivity for organizations to be globally competitive. It is also a result of the rapid changes that contemporary organizations are undergoing. Stable systems of rules, regulations, and procedures that once guided behaviour are being replaced by requirements for flexibility and attention to customers that necessitate higher levels of initiative. This initiative depends on motivation. Perhaps it is not surprising that motivation has been described as the number one problem facing many organizations today.²

What would a good motivation theory look like? In fact, as we shall see, there is no single, all-purpose motivation theory. Rather, we will consider several theories that serve somewhat different purposes. In combination,

though, a good set of theories should recognize human diversity and consider that the same conditions will not motivate everyone. Also, a good set of theories should be able to explain how it is that some people like those who work at DevFacto Technologies seem to be self-motivated, while others seem to require external motivation. Finally, a good set of theories should recognize the social aspect of human beings—people’s motivation is often affected by how they see others being treated. Before getting to our theories, let’s first define motivation more precisely.

The term *motivation* is not easy to define. However, from an organization’s perspective, when we speak of a person as being motivated, we usually mean that the person works “hard,” “keeps at” his or her work, and directs his or her behaviour toward appropriate outcomes.

Basic Characteristics of Motivation

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We can formally define **motivation** ³ as the extent to which persistent effort is directed toward a goal.³

Effort

The first aspect of motivation is the strength of the person's work-related behaviour, or the amount of *effort* the person exhibits on the job. Clearly, this involves different kinds of activities on different kinds of jobs. A loading-dock worker might exhibit greater effort by carrying heavier crates, while a researcher might reveal greater effort by searching out an article in some obscure foreign technical journal. Both are exerting effort in a manner appropriate to their jobs.

Persistence

The second characteristic of motivation is the *persistence* that individuals exhibit in applying effort to their work tasks. The organization would not be likely to think of the loading-dock worker who stacks the heaviest crates for two hours and then goofs off for six hours as especially highly motivated. Similarly, the researcher who makes an important discovery early in her career and then rests on her laurels for five years would not be considered especially highly motivated. In each case, workers have not been persistent in the application of their effort.

Direction

Effort and persistence refer mainly to the quantity of work an individual produces. Of equal importance is the quality of a person's work. Thus, the third characteristic of motivation is the *direction* of the person's work-related behaviour. In other words, do workers channel persistent effort in a direction that benefits the organization? Employers expect motivated stockbrokers to advise their clients of good investment opportunities and motivated software designers to design software, not play computer games. These correct decisions increase the probability that persistent effort is actually translated into accepted organizational outcomes. Thus, motivation means working smart as well as working hard.

Goals


Ultimately, all motivated behaviour has some goal or objective toward which it is directed. We have presented the preceding discussion from an organizational perspective—that is, we assume that motivated people act to enhance organizational objectives. In this case, employee goals might include high productivity, good attendance, or creative decisions. Of course, employees can also be motivated by goals that are contrary to the objectives of the organization, including absenteeism, sabotage, and embezzlement. In these cases, they are channelling their persistent efforts in directions that are dysfunctional for the organization.

Extrinsic and Intrinsic Motivation

◀ Listen to the Audio

Some hold the view that people are motivated by factors in the external environment (such as supervision or pay), while others believe that people can, in some sense, be self-motivated without the application of these external factors. You might have experienced this distinction. As a worker, you might recall tasks that you enthusiastically performed simply for the sake of doing them and others that you performed only to keep your job or placate your boss.

Experts in organizational behaviour distinguish between intrinsic and extrinsic motivation. At the outset, we should emphasize that there is only weak consensus concerning the exact definitions of these concepts and even weaker agreement about whether we should label specific motivators as intrinsic or extrinsic.⁴ However, the following definitions and examples seem to capture the distinction fairly well.

Intrinsic motivation  stems from the direct relationship between the worker and the task and is usually self-applied. Feelings of achievement, accomplishment, challenge, and competence derived from performing one's job are examples of intrinsic motivators, as is sheer interest in the job itself. Off the job, avid participation in sports and hobbies is often intrinsically motivated. As described in the chapter-opening vignette, DevFacto Technologies emphasizes intrinsic motivation even when hiring employees.

Extrinsic motivation ⁵ stems from the work environment external to the task and is usually applied by someone other than the person being motivated. Pay, fringe benefits, company policies, and various forms of supervision are examples of extrinsic motivators. At DevFacto Technologies, the trip to Las Vegas and the vacation subsidy are examples of extrinsic motivators.

Obviously, employers cannot package all conceivable motivators as neatly as these definitions suggest. For example, a promotion or a compliment might be applied by the boss but might also be a clear signal of achievement and competence. Thus, some motivators have both extrinsic and intrinsic qualities.

The relationship between intrinsic and extrinsic motivators has been the subject of a great deal of debate.⁵ Some research studies have reached the conclusion that the availability of extrinsic motivators can reduce the intrinsic motivation stemming from the task itself.⁶ The notion is that when extrinsic rewards depend on performance, then the motivating potential of intrinsic rewards decreases. Proponents of this view have suggested that making extrinsic rewards contingent on performance makes individuals feel less competent and less in control of their own behaviour. That is, they come to believe that their performance is controlled by the environment and that they perform well only because of the reward.⁷ As a result, their intrinsic motivation suffers.

However, a review of research in this area reached the conclusion that the negative effect of extrinsic rewards on intrinsic motivation occurs only under very limited conditions and they are easily avoidable. Another review found that intrinsic motivation is a moderate to strong predictor of performance even when extrinsic rewards are present.⁸ As well, in organizational settings in which individuals see extrinsic rewards as

symbols of success and as signals of what to do to achieve future rewards, they increase their task performance.⁹

Thus both intrinsic motivation and extrinsic motivation are related to performance. However, extrinsic motivation is more strongly related to the *quantity* of performance, while intrinsic motivation is more strongly related to the *quality* of performance. Furthermore, intrinsic motivation seems to be especially beneficial for performance on complex tasks, while extrinsic motivation is most beneficial for performance on more mundane tasks.¹⁰

Thus, it is safe to assume that both kinds of rewards are important and compatible in enhancing work motivation and performance. Further, as you will see later in the chapter, many theories of work motivation make the distinction between intrinsic and extrinsic motivation.

Motivation and Performance

◀ Listen to the Audio

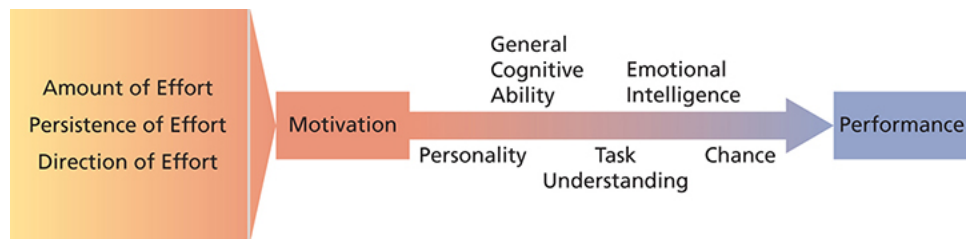
At this point, you may well be saying, “Wait a minute. I know many people who are ‘highly motivated’ but just don’t seem to perform well. They work long and hard, but they just don’t measure up.” This is certainly a sensible observation, and it points to the important distinction between motivation and performance. **Performance** [Ⓜ] can be defined as the extent to which an organizational member contributes to achieving the objectives of the organization.



Motivation is just one of several factors that contributes to performance.

Some of the factors that contribute to individual performance in organizations are shown in Exhibit 5.1.¹¹ While motivation clearly contributes to performance, the relationship is not one to one because a number of other factors also influence performance. For example, recall from Chapter 2 that personality traits such as the Big Five and core self-evaluations also predict job performance. You might also be wondering about the role of intelligence: Doesn't it influence performance? The answer, of course, is yes—intelligence, or what is also known as mental ability, does predict performance. Two forms of intelligence that are particularly important for performance are general cognitive ability and emotional intelligence. Let's consider each before we discuss motivation.


Exhibit 5.1 Factors contributing to individual job performance.



General Cognitive Ability

The term *cognitive ability* is often used to refer to what most people call intelligence or mental ability. Although there are many different types of specific cognitive abilities, in organizational behaviour, we are often concerned with what is known as *general cognitive ability*. **General cognitive ability** is a term used to refer to a person's basic information-processing capacities and cognitive resources. It reflects an individual's overall capacity and efficiency to mentally process, understand, and learn information. It includes a number of cognitive abilities—such as verbal, numerical, spatial, and reasoning abilities—that are required to perform

mental tasks. Cognitive ability is usually measured by a number of specific aptitude tests that measure these abilities.¹²

Research has found that general cognitive ability predicts learning, training, career success, and job performance in all kinds of jobs and occupations, including those that involve both manual and mental tasks. This should not be surprising, because many cognitive skills are required to perform most jobs. General cognitive ability is an even better predictor of performance for more complex and higher-level jobs that require the use of more cognitive skills and involve more information processing.¹³ Thus, both general cognitive ability and motivation are necessary for performance. This raises an interesting question: What is more important for performance, cognitive ability or motivation? To find out, see Research Focus: *Is Cognitive Ability or Motivation More Important for Performance?* 

Research Focus

Is Cognitive Ability or Motivation More Important for Performance?

Two important determinants of performance are cognitive ability and motivation. Cognitive ability is the capacity to mentally process, understand, and learn information.

Motivation refers to the direction, intensity, and persistence of effort. There is a longstanding belief that ability and motivation interact to influence job performance such that the relationship between ability and performance depends on motivation. This is known as the multiplicative model of performance and is sometimes stated as: $\text{Performance} = f(\text{Ability} \times \text{Motivation})$

.

The multiplicative model predicts that when individuals possess little or no motivation, they will demonstrate similarly low levels of performance regardless of their level of cognitive ability. However, when there are differences in motivation, cognitive ability will play an important role, and the relationship between cognitive ability and performance will become positive. Thus, the multiplicative model is non-compensatory in that performance is predicted to be low whenever cognitive ability or motivation is low.

An alternative model is an additive model in which the effects of cognitive ability and motivation on performance are independent and compensatory. Thus, according to the additive model, individuals' level of motivation does not affect the relationship between cognitive ability and performance. Thus, individuals who possess a low level of motivation could compensate for this to some extent with a higher level of cognitive ability.

Although the idea of a multiplicative model is widely accepted and can be found in several theories of motivation and models of job performance, there have been few actual tests of it, and not all studies have found support for it. Therefore, to learn more about the relationship between cognitive ability and motivation for performance, Van Iddekinge, Aguinis, Mackey, and DeOrtentiis conducted a comprehensive test of the multiplicative model using data from studies that measured cognitive ability, motivation, and performance. The authors conducted an extensive literature search that resulted in 55 independent studies.

The results indicate that cognitive ability and motivation are both important for performance. With respect to the

correlations with performance, both cognitive ability and motivation were positively correlated. As for the multiplicative model, there was very little support. Rather, performance was mostly predicted by the additive effects of cognitive ability and motivation. In terms of the relative importance of cognitive ability and motivation, the results indicate that they contribute equally to the prediction of job performance. However, cognitive ability was a much stronger predictor of training performance and performance on work-related tasks in laboratory studies. Cognitive ability was also a stronger predictor of objective measures of performance whereas cognitive ability and motivation contribute equally to the prediction of subjective measures of performance.

In summary, the results of this study do not support the multiplicative model of performance. Rather, the results suggest that when it comes to predicting performance, what matters most are the additive or independent effects of cognitive ability and motivation. In other words, the effects of cognitive ability and motivation on performance are additive rather than multiplicative. Furthermore, cognitive ability and motivation appear to be equal when predicting job performance. Thus, motivation is just as important as cognitive ability when it comes to job performance.

Source: Based on Van Iddekinge, C. H., Aguinis, H., Mackey, J. D., & DeOrtentiis, P. S. (2018). A meta-analysis of the interactive, additive, and relative effects of cognitive ability and motivation on performance. *Journal of Management*, 44, 249–279.

Emotional Intelligence

Although the importance of general cognitive ability for job performance has been known for many years, researchers have only recently begun to study emotional intelligence. Emotional intelligence (EI) has to do with

an individual's ability to understand and manage his or her own and others' feelings and emotions. It involves the ability to perceive and express emotion, assimilate emotion in thought, understand and reason about emotions, and manage emotions in oneself and others. Individuals high in EI are able to identify and understand the meanings of emotions and to manage and regulate their emotions as a basis for problem solving, reasoning, thinking, and action.¹⁴

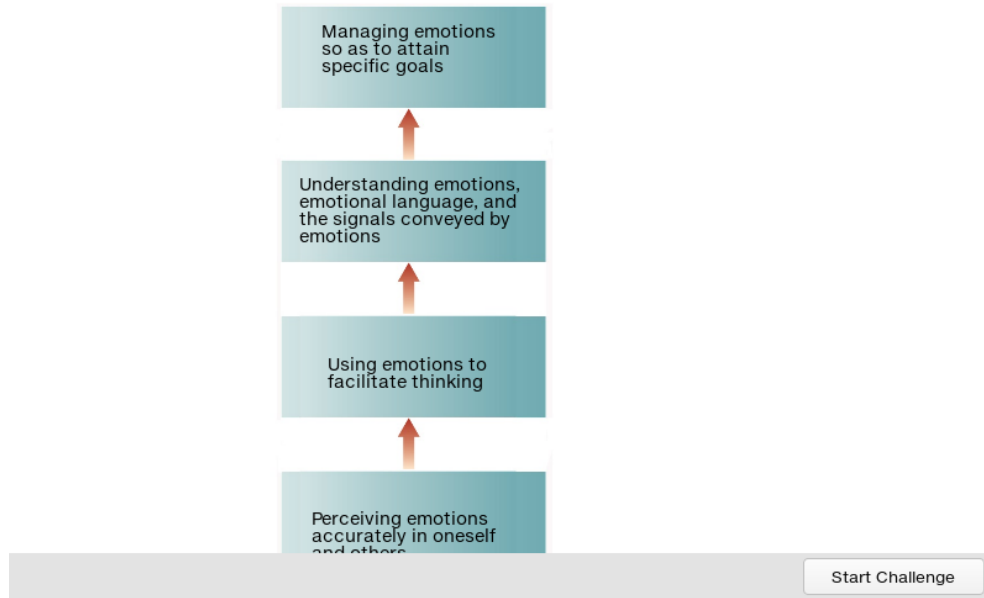
Peter Salovey and John Mayer, who are credited with first coining the term *emotional intelligence*, have developed an EI model that consists of four interrelated sets of skills, or branches. The four skills represent sequential steps that form a hierarchy. The perception of emotion is at the bottom of the hierarchy, followed by (in ascending order) using emotions to facilitate thinking, understanding emotions, and managing and regulating emotions. The four-branch model of EI is shown in [Exhibit 5.2](#) and described here.¹⁵

1. *Perceiving emotions accurately in oneself and others*: This involves the ability to perceive emotions and to accurately identify one's own emotions and the emotions of others. An example of this is the ability to accurately identify emotions in people's faces and in non-verbal behaviour. People differ in the extent to which they can accurately identify emotions in others, particularly from facial expressions.¹⁶ This step is the most basic level of EI and is necessary to be able to perform the other steps in the model.
2. *Using emotions to facilitate thinking*: This refers to the ability to use and assimilate emotions and emotional experiences to guide and facilitate one's thinking and reasoning. This means that one is able to use emotions in functional ways, such as making decisions and other cognitive processes (e.g., creativity, integrative thinking, and inductive reasoning). This stage also involves being able to shift one's emotions and generate new emotions that can

help one to see things in different ways and from different perspectives. This is an important skill because, as will be described in [Chapter 11](#), emotions and moods affect what and how people think when making decisions.¹⁷

3. *Understanding emotions, emotional language, and the signals conveyed by emotions:* This stage involves being able to understand emotional information, the determinants and consequences of emotions, and how emotions evolve and change over time. At this stage, people understand how different situations and events generate emotions as well as how they and others are influenced by various emotions.¹⁸ Individuals who are good at this know not to ask somebody who is in a bad mood for a favour but, rather, to wait until the person is in a better mood or to just ask somebody else!
4. *Managing emotions so as to attain specific goals:* This involves the ability to manage one's own and others' feelings and emotions as well as emotional relationships. This is the highest level of EI because it requires one to have mastered the previous stages. At this stage, an individual is able to regulate, adjust, and change his or her own emotions as well as others' emotions to suit the situation. Examples of this include being able to stay calm when feeling angry or upset; being able to excite and enthuse others; or being able to lower another person's anger. To be effective at managing emotions, one must be able to perceive emotions, integrate and assimilate emotions, and be knowledgeable of and understand emotions.

Study the four-branch model of emotional intelligence and try a challenge when you're ready.



Research on EI has found that it predicts job performance and academic performance.¹⁹ One study found that college students' EI measured at the start of the academic year predicted their grade point averages at the end of the year. A review of research on emotional intelligence and job performance found that not only is EI positively related to job performance, it also predicts job performance above and beyond cognitive ability and the Big Five personality variables.²⁰ There is also some evidence that EI is most strongly related to job performance in jobs that require high levels of emotional labour, such as police officers and customer service representatives.²¹ According to the results of one study, emotional intelligence is most important for the job performance of employees with lower levels of cognitive ability and of less importance for the job performance of employees with high levels of cognitive ability.²²

The Motivation–Performance Relationship

◀ Listen to the Audio

As shown in [Exhibit 5.1](#), it is certainly possible for performance to be low even when a person is highly motivated. In addition to personality, general cognitive ability, and emotional intelligence, poor performance could also be due to a poor understanding of the task or luck and chance factors that can damage the performance of the most highly motivated individuals. Of course, an opposite effect is also possible. An individual with rather marginal motivation might have high general cognitive ability or emotional intelligence or might understand the task so well that some compensation occurs—what little effort the individual makes is expended very efficiently in terms of goal accomplishment. Also, a person with weak motivation might perform well because of some luck or chance factor that boosts performance. Thus, it is no wonder that workers sometimes complain that they receive lower performance ratings than colleagues who “don’t work as hard.”

In this chapter, we will concentrate on the motivational components of performance rather than on the other determinants in [Exhibit 5.1](#). However, the message here should be clear: we cannot consider motivation in isolation. High motivation will not result in high performance if employees have low cognitive ability and emotional intelligence, do not understand their jobs, or encounter unavoidable obstacles over which they have no control. Motivational interventions, such as linking pay to performance, simply *will not work* if employees are

deficient in important skills and abilities.²³ Let's now turn to theories of work motivation to better understand what motivates people, and the process of motivation.















Need Theories of Work Motivation

LO 5.4 Explain and discuss *need theories* of motivation and *self-determination theory*.

◀ Listen to the Audio

The first three theories of motivation that we will consider are **need theories**. These theories attempt to specify the kinds of needs people have and the conditions under which they will be motivated to satisfy these needs in a way that contributes to performance. Needs are physiological and psychological wants or desires that individuals can satisfy by acquiring certain incentives or achieving particular goals. It is the behaviour stimulated by this acquisition process that reveals the motivational character of needs:

NEEDS → BEHAVIOUR → INCENTIVES AND GOALS

Notice that need theories are concerned with *what* motivates workers (needs and their associated incentives or goals). They can be contrasted with *process theories*, which are concerned with exactly *how* various factors motivate people. Need and process theories are complementary rather than contradictory. Thus, a need theory might contend that money can be an important motivator (what), and a process theory might explain the actual mechanics by which money motivates (how).²⁴ In this section, we will examine three prominent need theories of motivation.

Maslow's Hierarchy of Needs

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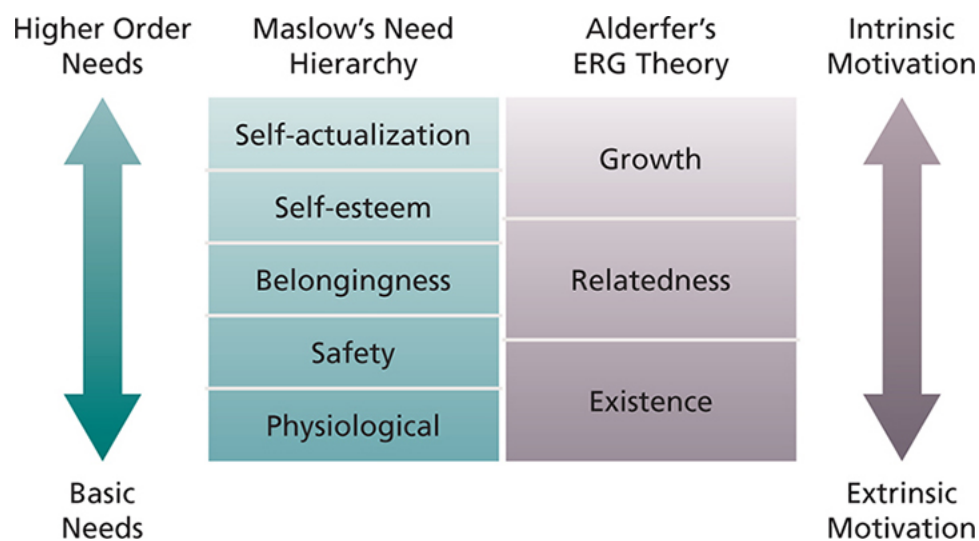
Abraham Maslow was a psychologist who developed and refined a general theory of human motivation.²⁵ According to Maslow, humans have five sets of needs that are arranged in a hierarchy, beginning with the most basic and compelling needs (see the left side of [Exhibit 5.3](#)).

1. *Physiological needs.* These include the needs that must be satisfied for the person to survive, such as food, water, oxygen, and shelter. Organizational factors that might satisfy these needs include the minimum pay necessary for survival and working conditions that promote existence.
2. *Safety needs.* These include needs for security, stability, freedom from anxiety, and a structured and ordered environment. Organizational conditions that might meet these needs include safe working conditions, fair and sensible rules and regulations, job security, a comfortable work environment, pension and insurance plans, and pay above the minimum needed for survival.
3. *Belongingness needs.* These include needs for social interaction, affection, love, companionship, and friendship. Organizational factors that might meet these needs include the opportunity to interact with others on the job, friendly and supportive supervision, opportunity for teamwork, and opportunity to develop new social relationships.
4. *Esteem needs.* These include needs for feelings of adequacy, competence, independence, strength, and confidence, and the

appreciation and recognition of these characteristics by others. Organizational factors that might satisfy these needs include the opportunity to master tasks leading to feelings of achievement and responsibility. Also, awards, promotions, prestigious job titles, professional recognition, and the like might satisfy these needs when they are felt to be truly deserved.

5. *Self-actualization needs.* These needs are the most difficult to define. They involve the desire to develop one's true potential as an individual to the fullest extent and to express one's skills, talents, and emotions in a manner that is most personally fulfilling. Maslow suggests that self-actualizing people have clear perceptions of reality; accept themselves and others; and are independent, creative, and appreciative of the world around them. Organizational conditions that might provide self-actualization include absorbing jobs with the potential for creativity and growth as well as a relaxation of structure to permit self-development and personal progression.

Exhibit 5.3 Relationship between Maslow's and Alderfer's need theories.



Given the fact that individuals may have these needs, in what sense do they form the basis of a theory of motivation? That is, what exactly is the motivational premise of Maslow's hierarchy of needs? Put simply, the lowest-level unsatisfied need category has the greatest motivating potential. Thus, none of the needs is a "best" motivator; motivation depends on the person's position in the need hierarchy. According to Maslow, individuals are motivated to satisfy their physiological needs before they reveal an interest in safety needs, and safety must be satisfied before social needs become motivational, and so on. When a need is unsatisfied, it exerts a powerful effect on the individual's thinking and behaviour, and this is the sense in which needs are motivational. However, when needs at a particular level of the hierarchy are satisfied, the individual turns his or her attention to the next higher level. Notice the clear implication here that a *satisfied need is no longer an effective motivator*. Once one has adequate physiological resources and feels safe and secure, one does not seek more of the factors that met these needs but looks elsewhere for gratification. According to Maslow, the single exception to this rule involves self-actualization needs. He felt that these are "growth" needs that become stronger as they are gratified.

Alderfer's ERG Theory

◀ Listen to the Audio

Clayton Alderfer developed another need-based theory, called **ERG theory**.²⁶ It streamlines Maslow's need classifications and makes some different assumptions about the relationship between needs and motivation. The name ERG stems from Alderfer's compression of Maslow's five-category need system into three categories: existence, relatedness, and growth needs.

1. *Existence needs.* These are needs that are satisfied by some material substance or condition. As such, they correspond closely to Maslow's physiological needs and to those safety needs that are satisfied by material conditions rather than interpersonal relations. These include the need for food, shelter, pay, and safe working conditions.
2. *Relatedness needs.* These are needs that are satisfied by open communication and the exchange of thoughts and feelings with other organizational members. They correspond fairly closely to Maslow's belongingness needs and to those esteem needs that involve feedback from others. However, Alderfer stresses that relatedness needs are satisfied by open, accurate, honest interaction rather than by uncritical pleasantness.
3. *Growth needs.* These are needs that are fulfilled by strong personal involvement in the work setting. They involve the full utilization of one's skills and abilities and the creative development of new skills and abilities. Growth needs correspond to Maslow's need

for self-actualization and the aspects of his esteem needs that concern achievement and responsibility.

As you can see in [Exhibit 5.3](#), Alderfer's need classification system does not represent a radical departure from that of Maslow. In addition, Alderfer agrees with Maslow that as lower-level needs are satisfied, the desire to have higher-level needs satisfied will increase. Thus, as existence needs are fulfilled, relatedness needs gain motivational power. Alderfer explains this by arguing that as more "concrete" needs are satisfied, energy can be directed toward satisfying less concrete needs. Finally, Alderfer agrees with Maslow that the least concrete needs—growth needs—become *more* compelling and *more* desired as they are fulfilled.

It is, of course, the differences between ERG theory and the need hierarchy that represent Alderfer's contribution to the understanding of motivation. First, unlike the need hierarchy, ERG theory does not assume that a lower-level need *must* be gratified before a less concrete need becomes operative. Thus, ERG theory does not propose a rigid hierarchy of needs. Some individuals, owing to background and experience, might seek relatedness or growth even though their existence needs are ungratified. Hence, ERG theory seems to account for a wide variety of individual differences in motive structure. Second, ERG theory assumes that if the higher-level needs are ungratified, individuals will increase their desire for the gratification of lower-level needs. Notice that this represents a *radical* departure from Maslow. According to Maslow, if esteem needs are strong but ungratified, a person will not revert to an interest in belongingness needs because these have necessarily already been gratified. (Remember, he argues that satisfied needs are not motivational.) According to Alderfer, however, the frustration of higher-order needs will lead workers to regress to a more concrete need category. For example, the software designer who is unable to establish

rewarding social relationships with superiors or co-workers might increase his or her interest in fulfilling existence needs, perhaps by seeking a pay increase. Thus, according to Alderfer, an apparently satisfied need can act as a motivator by substituting for an unsatisfied need.

Given the preceding description of ERG theory, we can identify its two major motivational premises as follows:

1. The more lower-level needs are gratified, the more higher-level need satisfaction is desired.
2. The less higher-level needs are gratified, the more lower-level need satisfaction is desired.

McClelland's Theory of Needs

◀ Listen to the Audio

Psychologist David McClelland spent several decades studying the human need structure and its implications for motivation. According to McClelland's theory of needs, needs reflect relatively stable personality characteristics that one acquires through early life experiences and exposure to selected aspects of one's society. Unlike Maslow and Alderfer, McClelland has not been interested in specifying a hierarchical relationship among needs. Rather, he has been more concerned with the specific behavioural consequences of needs. In other words, under what conditions are certain needs likely to result in particular patterns of motivation? The three needs that McClelland studied most have special relevance for organizational behaviour: needs for achievement, affiliation, and power.²⁷

Individuals who are high in need for achievement (*n Ach*) have a strong desire to perform challenging tasks well. More specifically, they exhibit the following characteristics:

- *A preference for situations in which personal responsibility can be taken for outcomes.* Those high in *n Ach* do not prefer situations in which outcomes are determined by chance because success in such situations does not provide an experience of achievement.
- *A tendency to set moderately difficult goals that provide for calculated risks.* Success with easy goals will provide little sense of achievement, while

extremely difficult goals might never be reached. The calculation of successful risks is stimulating to the high- n Ach person.

- *A desire for performance feedback.* Such feedback permits individuals with high n Ach to modify their goal attainment strategies to ensure success and signals them when success has been reached.²⁸

People who are high in n Ach are concerned with bettering their own performance or that of others. They are often concerned with innovation and long-term goal involvement. However, these things are not done to please others or to damage the interests of others. Rather, they are done because they are *intrinsically* satisfying. Thus, n Ach would appear to be an example of a growth or self-actualization need.

People who are high in need for affiliation ^① (n Aff) have a strong desire to establish and maintain friendly, compatible interpersonal relationships. In other words, they like to like others, and they want others to like them! More specifically, they have an ability to learn social networking quickly and a tendency to communicate frequently with others, either face to face, by telephone, or in writing. Also, they prefer to avoid conflict and competition with others, and they sometimes exhibit strong conformity to the wishes of their friends. The n Aff motive is obviously an example of a belongingness or relatedness need.



People with a high need for power have a desire to influence others.

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People who are high in need for power $(n\text{ Pow})$ strongly desire to have influence over others. In other words, they wish to make a significant impact or impression on them. People who are high in $n\text{ Pow}$ seek out social settings in which they can be influential. When in small groups, they act in a “high-profile,” attention-getting manner. There is some tendency for those who are high in $n\text{ Pow}$ to advocate risky positions. Also, some people who are high in $n\text{ Pow}$ show a strong concern for personal prestige. The need for power is a complex need because power can be used in a variety of ways, some of which serve the power seeker and some of which serve other people or the organization. However, $n\text{ Pow}$ seems to correspond most closely to Maslow’s self-esteem need.

McClelland predicts that people will be motivated to seek out and perform well in jobs that match their needs. Thus, people with high $n\text{ Ach}$ should be strongly motivated by sales jobs or entrepreneurial positions, such as running a small business. Such jobs offer the feedback, personal

responsibility, and opportunity to set goals, as noted earlier. People who are high in n Aff will be motivated by jobs such as social work or customer relations because these jobs have as a primary task establishing good relations with others.

Finally, high n Pow will result in high motivation in jobs that enable one to have a strong impact on others—jobs such as journalism and management. In fact, McClelland has found that the most effective managers have a low need for affiliation, a high need for power, and the ability to direct power toward organizational goals.²⁹ (We will study this further in [Chapter 12](#).)

Research Support for Need Theories

◀ Listen to the Audio

Maslow's need hierarchy suggests two main hypotheses. First, specific needs should cluster into the five main need categories that Maslow proposes. Second, as the needs in a given category are satisfied, they should become less important, while the needs in the adjacent higher-need category should become more important. This second hypothesis captures the progressive, hierarchical aspect of the theory. In general, research support for both these hypotheses is weak or negative. This is probably a function of the rigidity of the theory, which suggests that most people experience the same needs in the same hierarchical order. However, there is fair support for a simpler, two-level need hierarchy comprising the needs toward the top and the bottom of Maslow's hierarchy.³⁰

This latter finding provides some indirect encouragement for the compressed need hierarchy found in Alderfer's ERG theory. Several tests indicate fairly good support for many of the predictions generated by the theory, including expected changes in need strength. Particularly interesting is the confirmation that the frustration of relatedness needs increases the strength of existence needs.³¹ The simplicity and flexibility of ERG theory seem to capture the human need structure better than the greater complexity and rigidity of Maslow's theory.

McClelland's need theory has generated a wealth of predictions about many aspects of human motivation. Researchers have tested more and

more of these predictions in organizational settings, and the results are generally supportive of the idea that particular needs are motivational when the work setting permits the satisfaction of these needs.³²

Managerial Implications of Need Theories

◀ Listen to the Audio

The need theories have some important things to say about managerial attempts to motivate employees.

Appreciate Diversity

The lack of support for the fairly rigid need hierarchy suggests that managers must be adept at evaluating the needs of individual employees and offering incentives or goals that correspond to their needs.

Unfounded stereotypes about the needs of the “typical” employee and naïve assumptions about the universality of need satisfaction are bound to reduce the effectiveness of chosen motivational strategies. The best salesperson might not make the best sales manager! The needs of a young recent college graduate probably differ from those of an older employee preparing for retirement. Thus, it is important to survey employees to find out what their needs are and then offer programs that meet their needs.

Appreciate Intrinsic Motivation

The need theories also serve the valuable function of alerting managers to the existence of higher-order needs (whatever specific label we apply to them). The recognition of these needs in many employees is important for two key reasons. One of the basic conditions for organizational survival is the expression of some creative and innovative behaviour on the part of members. Such behaviour seems most likely to occur during

the pursuit of higher-order need fulfillment, and ignorance of this factor can cause the demotivation of the people who have the most to offer the organization. Second, observation and research evidence support Alderfer's idea that the frustration of higher-order needs prompts demands for greater satisfaction of lower-order needs. This can lead to a vicious motivational cycle—that is, because the factors that gratify lower-level needs are fairly easy to administer (e.g., pay and fringe benefits), management has grown to rely on them to motivate employees. In turn, some employees, deprived of higher-order need gratification, come to expect more and more of these extrinsic factors in exchange for their services. Thus, a cycle of deprivation, regression, and temporary gratification continues, at great cost to the organization.³³

How can organizations benefit from the intrinsic motivation that is inherent in strong higher-order needs? First, such needs will fail to develop for most employees unless lower-level needs are reasonably well gratified.³⁴ Thus, very poor pay, job insecurity, and unsafe working conditions will preoccupy most workers at the expense of higher-order outcomes. Second, if basic needs are met, jobs can be “enriched” to be more stimulating and challenging and to provide feelings of responsibility and achievement (we will have more to say about this in [Chapter 6](#)).³⁵ Finally, organizations could pay more attention to designing career paths that enable interested workers to progress through a series of jobs that continue to challenge their higher-order needs. Individual managers could also assign tasks to employees with this goal in mind.

Self-Determination Theory

◀ Listen to the Audio

A more recent theory of motivation that involves needs is **self-determination theory** (SDT), which relates the satisfaction of three basic psychological needs to autonomous or controlled motivation. However, unlike the need theories described in the previous section, SDT considers needs to be universal necessities for psychological health and well-being and does not consider needs to be hierarchical. Thus, people do not differ in the strength of particular needs. What is most important is the satisfaction of basic needs. According to SDT, all individuals have three innate basic psychological needs that are important for the psychological growth and well-being: competence, autonomy, and relatedness. Competence has to do with feeling a sense of mastery and being effective in one's environment; relatedness has to do with feeling connected to others; and autonomy refers to having choice and feeling volitional in one's behaviour.³⁵

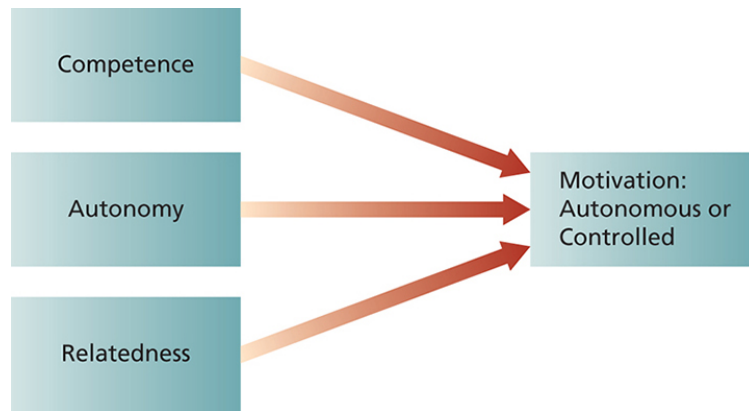
With respect to motivation, self-determination theory makes a distinction between two types of motivation: autonomous (or self-determined) motivation and controlled (or not self-determined) motivation. In addition, the focus of self-determination theory is the quality rather than the quantity of motivation. Thus, SDT explains what motivates people and whether motivation is autonomous or controlled.³⁶

If you refer to the chapter-opening vignette, you will see that when it comes to motivation at DevFacto Technologies, the emphasis is self-

motivation, or what SDT calls autonomous motivation. **Autonomous motivation** ³⁷ is self-motivation or intrinsic motivation and occurs when people feel they are in control of their motivation, they are performing a task because it is interesting, and they have chosen to do it. Thus, when motivation is autonomous, individuals are engaged in a task because they have made a choice to do the task and their actions are internally rather than externally regulated.

Controlled motivation ³⁷ occurs when people are motivated to obtain a desired consequence or extrinsic rewards. When motivation is controlled, individuals feel they are pressured and have no choice but to engage in a task. Thus, their motivation is externally rather than internally regulated. This is the case when people do something to obtain a desired consequence, avoid punishment, or because their boss is watching them. Controlled motivation is similar to extrinsic motivation.


The extent to which a person's motivation is autonomous or controlled depends on the satisfaction of the three basic psychological needs. As shown in [Exhibit 5.4](#) ³⁷, these three needs influence people's motivation. When people have their basic psychological needs for competence, autonomy, and relatedness satisfied, their motivation will be autonomous. When these needs are not satisfied, motivation will be controlled. Thus, the basic premise of SDT is that work environments that lead to the satisfaction of the three psychological needs will promote autonomous motivation, which will then lead to more effective performance and positive work outcomes.³⁷



Research Support for and Managerial Implications of Self-Determination Theory

◀ Listen to the Audio

Research on self-determination theory has investigated the predictors and consequences of autonomous and controlled motivation as well as the three psychological needs. A key predictor variable is autonomy support from one's direct supervisor.

Autonomy support  involves providing employees with choice and encouragement for personal initiative. Managers provide employees with autonomy support when they give a meaningful rationale for performing an activity or task, emphasize and enable some choice rather than control, and understand and acknowledge employees' feelings and perspectives. They also encourage employees to take initiative and convey confidence in employees' abilities.

Research has found that autonomy support is positively related to the satisfaction of the needs for competence, relatedness, and autonomy as well as autonomous motivation. The satisfaction of the three psychological needs has been found to be positively related to job attitudes, work engagement, well-being, performance, and autonomous motivation. In addition, autonomous motivation is related to more effective job performance, especially on complex tasks. It is also associated with more positive job attitudes—such as organizational commitment, job satisfaction, and psychological well-being—while

controlled motivation is associated with negative outcomes—such as psychological distress and turnover intentions.³⁸

The most important managerial implication of SDT is that organizations need to create work environments that will satisfy employees' basic psychological needs for competence, autonomy, and relatedness and facilitate autonomous motivation. Thus, managers should provide employees with autonomy support as well as jobs that are interesting and challenging and that allow employees some choice. There is even some evidence that managers can be trained to provide employees with autonomy support. Structuring work to allow interdependence among employees can also facilitate autonomous motivation by satisfying the need for relatedness.³⁹















Process Theories of Work Motivation

LO 5.5 Explain and discuss the *process theories of motivation*.

◀ Listen to the Audio

In contrast to need theories of motivation, which concentrate on *what* motivates people, **process theories** concentrate on *how* motivation occurs. In this section, we will examine three important process theories: expectancy theory, equity theory, and goal setting theory.

Expectancy Theory

◀ Listen to the Audio

The basic idea underlying **expectancy theory** is the belief that motivation is determined by the outcomes that people expect to occur as a result of their actions on the job. Psychologist Victor Vroom is usually credited with developing the first complete version of expectancy theory and applying it to the work setting.⁴⁰ The basic components of Vroom's theory are shown in **Exhibit 5.5** and are described in more detail here.

- **Outcomes** are the consequences that may follow certain work behaviours. Of particular interest to the organization are first-level outcomes, such as high productivity versus average productivity, illustrated in **Exhibit 5.5**, or good attendance versus poor attendance. Expectancy theory is concerned with specifying how an employee might attempt to choose one first-level outcome instead of another. Second-level outcomes are consequences that follow the attainment of a particular first-level outcome. Contrasted with first-level outcomes, second-level outcomes are most personally relevant to the individual worker and might involve amount of pay, sense of accomplishment, acceptance by peers, fatigue, and so on.
- **Instrumentality** is the probability that a particular first-level outcome (such as high productivity) will be followed by a particular second-level outcome (such as pay) (this is also known as the *performance* → *outcome* link). For example, a bank teller might

figure that the odds are 50/50 (instrumentality = 0.5) that a good performance rating will result in a pay raise.

- **Valence** Φ is the expected value of outcomes, the extent to which they are attractive or unattractive to the individual. Thus, good pay, peer acceptance, the possibility of being fired, or any other second-level outcome might be more or less attractive to particular workers. According to Vroom, the valence of first-level outcomes is the sum of products of the associated second-level outcomes and their instrumentalities—that is,

$$\text{the valence of particular first-level outcome} = \sum \text{instrumentalities} \times \text{second-level valences}$$

In other words, the valence of a first-level outcome depends on the extent to which it leads to favourable second-level outcomes.

- **Expectancy** Φ is the probability that the worker can actually achieve a particular first-level outcome (this is also known as the

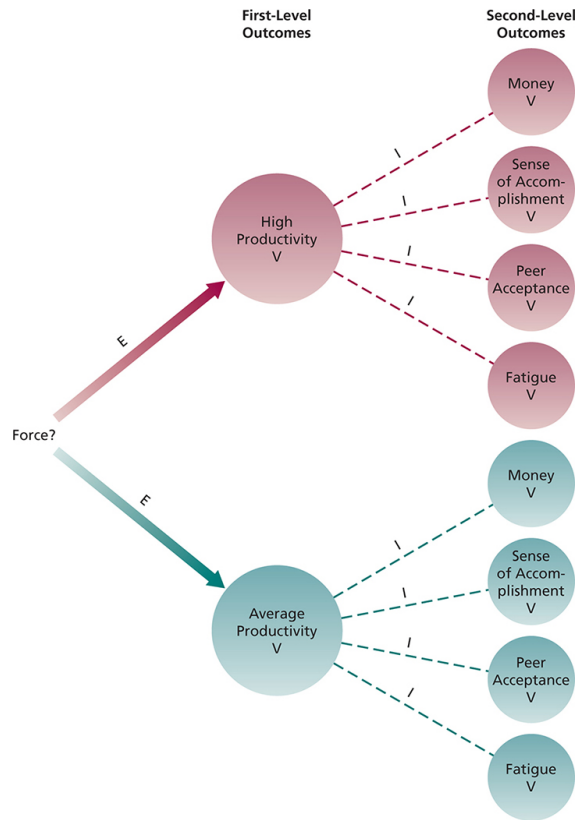
effort → performance

link). For example, a machinist might be absolutely certain (expectancy = 1.0) that she can perform at an average level (producing 15 units a day) but less certain (expectancy = 0.6) that she can perform at a high level (producing 20 units a day).

- **Force** Φ is the end product of the other components of the theory. It represents the relative degree of effort that will be directed toward various first-level outcomes.

Exhibit 5.5

A hypothetical expectancy model (E = Expectancy, I = Instrumentality, V = Valence).



According to Vroom, the force directed toward a first-level outcome is a product of the valence of that outcome and the expectancy that it can be achieved. Thus,

$$\text{Force} = \text{First-level valence} \times \text{Expectancy}$$

We can expect an individual's effort to be directed toward the first-level outcome that has the largest force product. Notice that no matter the valence of a particular first-level outcome, a person will not be motivated to achieve it if the expectancy of accomplishment approaches zero.

Believe it or not, the mechanics of expectancy theory can be distilled into a couple of simple sentences! In fact, these sentences nicely capture the premises of the theory:

- People will be motivated to perform in those work activities that they find attractive and that they feel they can accomplish.
- The attractiveness of various work activities depends on the extent to which they lead to favourable personal consequences.

It is extremely important to understand that expectancy theory is based on the perceptions of the individual worker. Thus, expectancies, valences, instrumentalities, and relevant second-level outcomes depend on the perceptual system of the person whose motivation we are analyzing. For example, two employees performing the same job might attach different valences to money, differ in their perceptions of the instrumentality of performance for obtaining high pay, and differ in their expectations of being able to perform at a high level. Therefore, they would likely exhibit different patterns of motivation.

Although expectancy theory does not concern itself directly with the distinction between extrinsic and intrinsic motivators, it can handle any form of second-level outcome that has relevance for the person in question. Thus, some people might find second-level outcomes of an intrinsic nature, such as feeling good about performing a task well, positively valent. Others might find extrinsic outcomes, such as high pay, positively valent.

Research Support for Expectancy Theory

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Tests have provided moderately favourable support for expectancy theory.⁴¹ In particular, there is especially good evidence that the valence of first-level outcomes depends on the extent to which they lead to favourable second-level consequences. We must recognize, however, that the sheer complexity of expectancy theory makes it difficult to test. Some research studies show that individuals have a difficult time discriminating between instrumentalities and second-level valences. Despite this and other technical problems, experts in motivation generally accept expectancy theory.

Managerial Implications of Expectancy Theory

◀ Listen to the Audio

The motivational practices suggested by expectancy theory involve “juggling the numbers” that individuals attach to expectancies, instrumentalities, and valences.

Boost Expectancies

One of the most basic things managers can do is ensure that their employees *expect* to be able to achieve first-level outcomes that are of interest to the organization. No matter how positively valent high productivity or good attendance might be, the force equation suggests that workers will not pursue these goals if expectancy is low. Low expectancies can take many forms, but a few examples will suffice to make the point.

- Employees might feel that poor equipment, poor tools, or lazy co-workers impede their work progress.
- Employees might not understand what the organization considers to be good performance or see how they can achieve it.
- If performance is evaluated by a subjective supervisory rating, employees might see the process as capricious and arbitrary, not understanding how to obtain a good rating.

Although the specific solutions to these problems vary, expectancies can usually be enhanced by providing proper equipment and training, demonstrating correct work procedures, carefully explaining how performance is evaluated, and listening to employee performance problems. The point of all this is to clarify the path to beneficial first-level outcomes.

Clarify Reward Contingencies

Managers should also attempt to ensure that the paths between first- and second-level outcomes are clear. Employees should be convinced that first-level outcomes desired by the organization are clearly *instrumental* in obtaining positive second-level outcomes and avoiding negative outcomes. If managers have a policy of recommending good performers for promotion, they should spell out this policy. Similarly, if managers desire regular attendance, they should clarify the consequences of good and poor attendance. To ensure that instrumentalities are strongly established, they should be clearly stated and then acted on by the manager. Managers should also attempt to provide stimulating, challenging tasks for workers who appear to be interested in such work. On such tasks, the instrumentality of good performance for feelings of achievement, accomplishment, and competence is almost necessarily high. The ready availability of intrinsic motivation reduces the need for the manager to constantly monitor and clarify instrumentalities.⁴²

Appreciate Diverse Needs

Obviously, it might be difficult for managers to change the valences that employees attach to second-level outcomes. Individual preferences for high pay, promotion, interesting work, and so on, are the product of a long history of development and are unlikely to change rapidly. However, managers would do well to analyze the diverse preferences of particular employees and attempt to design individualized “motivational packages”

to meet their needs. Of course, all concerned must perceive such rewards to be fair. Let's examine another process theory that is concerned specifically with the motivational consequences of fairness.

Equity Theory

◀ Listen to the Audio

In [Chapter 4](#), we discussed the role of [equity theory](#) in explaining job satisfaction. To review, the theory asserts that workers compare the inputs that they invest in their jobs and the outcomes that they receive against the inputs and outcomes of some other relevant person or group. When these ratios are equal, the worker should feel that a fair and equitable exchange exists with the employing organization. Such fair exchange contributes to job satisfaction. When the ratios are unequal, workers perceive inequity, and they should experience job dissatisfaction, at least if the exchange puts the worker at a disadvantage vis-à-vis others.

But in what sense is equity theory a theory of motivation? Put simply, *individuals are motivated to maintain an equitable exchange relationship.* Inequity is unpleasant and tension producing, and people will devote considerable energy to reducing inequity and achieving equity. What tactics can do this? Psychologist J. Stacey Adams has suggested the following possibilities:⁴³

- Perceptually distort one's own inputs or outcomes.
- Perceptually distort the inputs or outcomes of the comparison person or group.
- Choose another comparison person or group.
- Alter one's inputs or alter one's outcomes.
- Leave the exchange relationship.

Notice that the first three tactics for reducing inequity are essentially psychological, while the last two involve overt behaviour.

To clarify the motivational implications of equity theory, consider Terry, a middle manager in a consumer products company. He has five years' work experience and an MBA degree and considers himself a good performer. His salary is \$75 000 a year. Terry finds out that Maxine, a co-worker with whom he identifies closely, makes the same salary he does. However, she has only a bachelor's degree and one year of experience, and he sees her performance as average rather than good. Thus, from Terry's perspective, the following outcome/input ratios exist:

$$\frac{\text{TERRY } \$75000}{\text{Good performance, MBA, 5 years}} \neq \frac{\text{MAXINE } \$75000}{\text{Average performance, bachelor's, 1 year}}$$

In Terry's view, he is underpaid and should be experiencing inequity. What might he do to resolve this inequity? Psychologically, he might distort the outcomes that he is receiving, rationalizing that he is due for a certain promotion that will bring his pay into line with his inputs. Behaviourally, he might try to increase his outcomes (by seeking an immediate raise) or reduce his inputs. Input reduction could include a decrease in work effort or perhaps excessive absenteeism. Finally, Terry might resign from the organization to take what he perceives to be a more equitable job somewhere else.

Let's reverse the coin and assume that Maxine views the exchange relationship identically to Terry—same inputs, same outcomes. Notice that she too should be experiencing inequity, this time from relative overpayment. It does not take a genius to understand that Maxine would be unlikely to seek equity by marching into the boss's office and demanding a pay cut. However, she might well attempt to increase her inputs by working harder or enrolling in an MBA program. Alternatively,

she might distort her view of Terry's performance to make it seem closer to her own. As this example implies, equity theory is somewhat vague about just when individuals will employ various inequity reduction strategies.

Gender and Equity

As an addendum to the previous example, it is extremely interesting to learn that both women and men have some tendency to choose same-sex comparison persons—that is, when judging the fairness of the outcomes that they receive, men tend to compare themselves with other men, and women tend to compare themselves with other women. This might provide a partial explanation for why women are paid less than men, even for the same job. If women restrict their equity comparisons to (lesser-paid) women, they are less likely to be motivated to correct what we observers see as wage inequities.⁴⁴

Research Support for Equity Theory

◀ Listen to the Audio

Most research on equity theory has been restricted to economic outcomes and has concentrated on the alteration of inputs and outcomes as a means of reducing inequity. In general, this research is very supportive of the theory when inequity occurs because of *underpayment*.⁴⁵ For example, when workers are underpaid on an hourly basis, they tend to lower their inputs by producing less work. This brings inputs in line with (low) outcomes. Also, when workers are underpaid on a piece-rate basis (e.g., paid \$1 for each market research interview conducted), they tend to produce a high volume of low-quality work. This enables them to raise their outcomes to achieve equity. Finally, there is also evidence that underpayment inequity leads to resignation. Presumably, some underpaid workers seek equity in another organizational setting.

The theory's predictions regarding *overpayment* inequity have received less support.⁴⁶ The theory suggests that such inequity can be reduced behaviourally by increasing inputs or by reducing one's outcomes. The weak support for these strategies suggests either that people tolerate overpayment more than underpayment or that they use perceptual distortion to reduce overpayment inequity.

Managerial Implications of Equity Theory

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The most straightforward implication of equity theory is that perceived underpayment will have a variety of negative motivational consequences for the organization, including low productivity, low quality, theft, or turnover. On the other hand, attempting to solve organizational problems through overpayment (disguised bribery) might not have the intended motivational effect. The trick here is to strike an equitable balance.

But how can such a balance be struck? Managers must understand that feelings about equity stem from a *perceptual* social comparison process in which the worker “controls the equation”—that is, employees decide what are considered relevant inputs, outcomes, and comparison persons, and management must be sensitive to these decisions. For example, offering the outcome of more interesting work might not redress inequity if better pay is considered a more relevant outcome. Similarly, basing pay only on performance might not be perceived as equitable if employees consider seniority an important job input.

Understanding the role of comparison people is especially crucial.⁴⁷ Even if the best engineer in the design department earns \$2000 more than anyone else in the department, she might still have feelings of inequity if she compares her salary with that of more prosperous colleagues in *other* companies. Awareness of the comparison people chosen by workers

might suggest strategies for reducing perceived inequity. Perhaps the company will have to pay even more to retain its star engineer.

Goal Setting Theory

◀ Listen to the Audio

At the beginning of the chapter, motivation was defined as persistent effort directed toward a goal. But what is a goal? A goal is the object or aim of an action.⁴⁸ One of the basic characteristics of all organizations is that they have goals. Thus, if employees are to achieve acceptable performance, some method of translating organizational goals into individual goals must be implemented.

Unfortunately, there is ample reason to believe that personal performance goals are vague or nonexistent for many organizational members. Employees frequently report that their role in the organization is unclear, or that they do not really know what their boss expects of them. Even in cases in which performance goals would seem to be obvious because of the nature of the task (e.g., filling packing crates to the maximum to avoid excessive freight charges), employees might be ignorant of their current performance. This suggests that the implicit performance goals simply are not making an impression.

The notion of goal setting as a motivator has been around for a long time. However, theoretical developments and some very practical research have demonstrated when and how goal setting can be effective.⁴⁹

What Kinds of Goals Are Motivational?

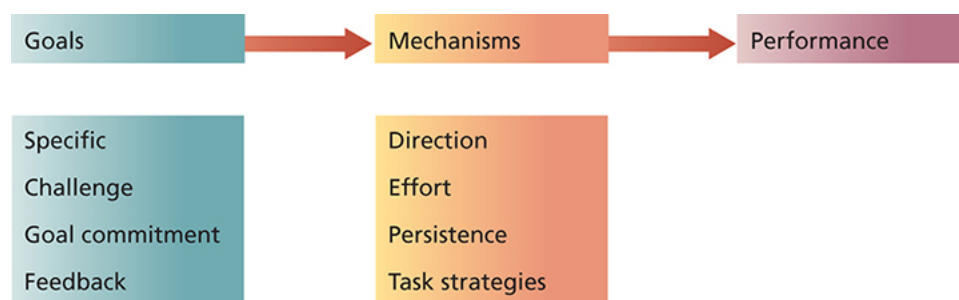
◀ Listen to the Audio

According to **goal setting theory**,⁵⁰ goals are most motivational when they are *specific* and *challenging* and when organizational members are *committed* to them. In addition, *feedback* about progress toward goal attainment should be provided.⁵⁰ The positive effects of goals are due to four mechanisms:⁵¹

- They *direct* attention toward goal-relevant activities.
- They lead to greater *effort*.
- They increase and prolong *persistence*.
- They lead to the discovery and use of task-relevant *strategies* for goal attainment.

Exhibit 5.6 shows the characteristics of goals that are motivational and the mechanisms that explain the effects of goals on performance. Let's now consider the motivational characteristics of goal setting theory in more detail.

Exhibit 5.6 The mechanisms of goal setting.



Source: Locke, E. A., & Latham, G. P. (2002). Building a practically useful theory of goal setting and task motivation. *American Psychologist*, 57, 705–717.

Goal Specificity

Specific goals are goals that specify an exact level of achievement for people to accomplish in a particular time frame. For example, “I will enrol in five courses next semester and achieve a B or better in each course” is a specific goal. Similarly, “I will increase my net sales by 20 percent in the coming business quarter” is a specific goal. On the other hand, “I will do my best” is not a specific goal, since level of achievement and time frame are both vague.

Goal Challenge

Obviously, specific goals that are especially easy to achieve will not motivate effective performance. But goal challenge is a much more personal matter than goal specificity, since it depends on the experience and basic skills of the organizational member. One thing is certain, however: when goals become so difficult that they are perceived as *impossible* to achieve, they will lose their potential to motivate. Thus, goal challenge is best when it is pegged to the competence of individual workers and increased as the particular task is mastered. One practical way to do this is to base initial goals on past performance. For example, an academic counsellor might encourage a D student to set a goal of achieving Cs in the coming semester and encourage a C student to set a goal of achieving Bs. Similarly, a sales manager might ask a new salesperson to try to increase their sales by 5 percent in the next quarter and ask an experienced salesperson to try to increase their sales by 10 percent.

Goal Commitment

Individuals must be committed to specific, challenging goals if the goals are to have effective motivational properties. The effect of goals on performance is strongest when individuals have high goal commitment. In a sense, goals really are not goals and cannot improve performance unless an individual accepts them and is committed to working toward them. This is especially important when goals are challenging and difficult to achieve. In a following section, we will discuss some factors that affect goal commitment.

Goal Feedback

Specific and challenging goals have the most beneficial effect when they are accompanied by ongoing feedback that enables the person to compare current performance with the goal. This is why a schedule of tasks to be completed often motivates goal accomplishment. Progress against the schedule provides feedback. To be most effective, feedback should be accurate, specific, credible, and timely. Performance feedback is also obtained from co-workers and managers who are familiar with each employee's work, and informal progress reviews are also held throughout the year.

Enhancing Goal Commitment

◀ Listen to the Audio

It has probably not escaped you that the requirements for goal challenge and goal commitment seem potentially incompatible. After all, you might be quite amenable to accepting an easy goal but balk at accepting a tough one. Therefore, it is important to consider some of the factors that might affect commitment to challenging, specific goals, including participation, rewards, and management support.

Participation

It seems reasonable that organizational members should be more committed to goals that are set with their participation than to those simply handed down by their superior. As sensible as this sounds, the research evidence on the effects of participation is very mixed—sometimes participation in goal setting increases performance, and sometimes it does not.⁵² If goal commitment is a potential *problem*, participation might prove beneficial.⁵³ When a climate of distrust between superiors and employees exists, or when participation provides information that assists in the establishment of fair, realistic goals, then it should facilitate performance. On the other hand, when employees trust their boss and when the boss has a good understanding of the capability of the employees, participation might be quite unnecessary for goal commitment.⁵⁴ Interestingly, research shows that participation can improve performance by increasing the *difficulty* of the goals that employees adopt.⁵⁵ This might occur because participation induces

competition or a feeling of team spirit among members of the work unit, which leads them to exceed the goal expectations of the supervisor.

Rewards

Will the promise of extrinsic rewards (such as money) for goal accomplishment increase goal commitment? Probably, but there is plenty of evidence that goal setting has led to performance increases *without* the introduction of monetary incentives for goal accomplishment. One reason for this might be that many ambitious goals involve no more than doing the job as it was designed to be done in the first place. For example, encouraging employees to pack crates or load trucks to within 5 percent of their maximum capacity does not really involve a greater expenditure of effort or more work. It simply requires more attention to detail. Goal setting should, however, be compatible with any system to tie pay to performance that already exists for the job in question.

Management Support

There is considerable agreement about one factor that will *reduce* commitment to specific, challenging performance goals. When supervisors behave in a coercive manner to encourage goal accomplishment, they can badly damage employee goal commitment. For goal setting to work properly, supervisors must demonstrate a desire to assist employees in goal accomplishment and behave supportively if failure occurs, even adjusting the goal downward if it proves to be unrealistically high. Threat and punishment in response to failure will be extremely counterproductive.⁵⁶ In addition, trust in the manager who assigns challenging goals is also important for goals to lead to improved performance.⁵⁷

Goal Orientation

◀ Listen to the Audio

Another important factor associated with goals has to do with people's preferences for different kinds of goals, or what is known as *goal orientation*. **Goal orientation** refers to an individual's goal preferences in achievement situations. It is a stable individual difference that affects performance. Some individuals have a preference for learning goals while others have a preference for performance goals (performance-prove or performance-avoid goals).

Individuals with a **learning goal orientation** are most concerned about learning something new and developing their competence in an activity by acquiring new skills and mastering new situations; they focus on acquiring new knowledge and skills and developing their competence.

Individuals with a **performance-prove goal orientation** are concerned about demonstrating their competence in performing a task by seeking favourable judgments about the outcome of their performance.

Individuals with a **performance-avoid goal orientation** are concerned about avoiding negative judgments about the outcome of their performance.⁵⁸

Research on goal orientation has found that learning goal orientation is positively related to learning as well as academic, task, and job performance, while a performance-avoid orientation is negatively related to learning and lower task and job performance. A performance-prove orientation is not related to learning or performance outcomes. Thus, a

learning goal orientation is most effective for learning and performance outcomes, while a performance-avoid goal orientation is detrimental for learning and performance.⁵⁹



Goal Proximity

◀ Listen to the Audio

Goals can also be distinguished in terms of whether they are distal or proximal goals. A **distal goal** is a long-term or end goal, such as achieving a certain level of sales performance. A **proximal goal** is a short-term goal or sub-goal that is instrumental for achieving a distal goal. Proximal goals involve breaking down a distal goal into smaller, more attainable sub-goals. Proximal goals provide clear markers of progress toward a distal goal because they result in more frequent feedback. As a result, individuals can evaluate their ongoing performance and identify appropriate strategies for the attainment of a distal goal. Distal goals are too far removed to provide markers of one's progress, making it difficult for individuals to know how they are doing and to adjust their strategies.⁶⁰

Proximal goals have been found to be especially important for novel and complex tasks, and distal goals can have a negative effect. However, when distal goals are accompanied with proximal goals, they have a significant positive effect on the discovery and use of task-relevant strategies, self-efficacy, and performance.⁶¹

Research Support for Goal Setting Theory

◀ Listen to the Audio

Goal setting theory is considered to be one of the most valid and practical theories of employee motivation. Several decades of research have demonstrated that specific, difficult goals lead to improved performance and productivity on a wide variety of tasks and occupations, including servicing drink machines, entering data, selling, teaching, and typing text. Furthermore, the effect of group goal setting on group performance is similar to the effect of individual goal setting. Group goals result in superior group performance, especially when groups set specific goals and when the group members participate in setting the goals.⁶² Studies also reveal that the positive effects of goal setting are not short lived—they persist over a long enough time to have practical value.⁶³

For example, in a now classic study conducted at Weyerhaeuser Company, a large forest products firm headquartered in Tacoma, Washington, truck drivers were assigned the specific, challenging performance goal of loading their trucks to 94 percent of legal weight capacity. Before setting this goal, management had simply asked the drivers to do their best to maximize their weight. Over the first several weeks, load capacity gradually increased to more than 90 percent and remained at this high level for seven years! In the first nine months alone, the company accountants conservatively estimated the savings at \$250 000. These results were achieved without driver participation in setting the goal and without monetary incentives for goal accomplishment.

Drivers evidently found the 94 percent goal motivating in and of itself; they frequently recorded their weights in informal competition with other drivers.⁶⁴




Drivers at Weyerhaeuser Company were assigned the specific, challenging performance goal of loading their trucks to 94 percent of legal weight capacity.

© Weyerhaeuser

In recent years, research has found that the effects of goal setting on performance depend on a number of factors. For example, when individuals lack the knowledge or skill to perform a novel or complex task, a specific and challenging performance goal can decrease rather than increase performance relative to a do-your-best goal. On the other hand, when a task is straightforward, a specific, high-performance goal results in higher performance than a do-your-best goal. Thus, a high-performance goal is most effective when individuals already have the ability to perform a task. However, when individuals are learning to perform a novel or complex task, setting a specific, high-learning goal that focuses on knowledge and skill acquisition will be more effective than a specific, high-performance goal or a do-your-best goal. This is

because effective performance of complex tasks requires the acquisition of knowledge and skills, and a specific learning goal focuses one's attention on learning. There is also some evidence that teams that set high learning goals are more successful when it comes to new products.⁶⁵

In addition, a new stream of goal setting research has found that subconscious goals can be activated by exposing participants to achievement-related stimuli such as a word or photograph and that these primed goals also have a positive effect on performance.⁶⁶ Finally, it is worth noting some research has suggested that there might be a dark side to goal setting. To learn more, see Ethical Focus: *The Dark Side of Goal Setting* .

Ethical Focus

The Dark Side of Goal Setting

A number of studies have found that in some situations, high-performance goals can lead to undesirable outcomes, such as stress and unethical behaviour. In some cases, failure to meet a high-performance goal has led to poorer performance than having no goal at all.

To learn more about the negative effects of goal setting, David Welsh and Lisa Ordonez conducted a laboratory experiment to test the effects of different goal structures across multiple rounds. In particular, they considered the effects of high and low goals as well as consecutive goals in which the assignment of a new goal immediately follows the completion of an existing goal. They suggested that a series of consecutive high-performance goals can result in unethical behaviour because they diminish an individual's capacity for self-regulation.

Recall from [Chapter 2](#) that self-regulation involves the use of learning principles to regulate one's own behaviour. Individuals, however, have a limited capacity for self-regulation, which means that certain tasks can drain or deplete self-regulatory resources. The authors suggested that consecutive high-performance goals will have a depleting effect on self-regulatory resources compared to do-your-best (DYB) and low-performance goals because high performance goals require motivation, focus, and persistence, which will consume and diminish self-regulatory resources. In addition, the authors predicted that goals that start high and then decrease over time will consume more self-regulatory resources because, compared to goals that start low and increase over time, there is little opportunity for recovery. Finally, based on research that has found a relationship between diminished self-regulatory resources and unethical behaviour, the authors predicted that consecutive high-performance goals will lead to increased unethical behaviour because there is a greater temptation to cheat to reach one's goal when one's capacity for self-regulation is depleted.

To test these predictions, the authors conducted a laboratory experiment with a sample of undergraduate students. The participants were randomly assigned to goal setting conditions (high, low, increasing, decreasing, and DYB) and then completed five rounds of a problem-solving task in which they had to solve a series of 20 numbered matrices per round. They also completed a depletion survey before each round.

Participants were told that they would receive \$1 for each round in which they achieved the performance goal except for the DYB condition, for which they were told they would be paid a flat fee of \$5, since no goals were assigned. The participants

were told that they could throw away their worksheets for each round at the end of the experiment and would hand in only the task packet that contained their self-reported performance and the depletion survey. Thus, their work was not checked, and they could cheat by overstating their performance. However, unbeknown to the participants, the worksheets and task packets were coded so that the two could be linked after participants disposed of their materials. Over-reporting of correctly solved matrices was used to measure unethical behaviour.

The results indicated that goals improved performance on the task, and the average performance was best in the high goal condition. However, consecutive high goals increased depletion more than low and DYB goals. In addition, goals that started high and then decreased over time (decreasing goals) increased depletion more than consecutive low and DYB goals and more than goals that started low and increased over time (increasing goals). Finally, high-performance goals were associated with increased unethical behaviour. Participants in the high goal condition had the highest level of unethical behaviour.

The results of this study indicate a dark side of goal setting such that high-performance goals can increase unethical behaviour by depleting self-regulatory resources. The overuse of high-performance goals over time can lead to diminished self-regulatory resources and unethical behaviour. Thus, managers should think very carefully about the frequency and difficulty of the goals they assign to employees, as there are both performance and ethical consequences of high-performance goals.

Source: Based on Welsh, D. T., & Ordóñez, L. D. (2014). The dark side of consecutive high performance goals: Linking goal setting, depletion, and unethical

behavior. *Organizational Behavior and Human Decision Processes*, 123, 79–89.

Managerial Implications of Goal Setting Theory

◀ Listen to the Audio

The managerial implications of goal setting theory seem straightforward: set specific and challenging goals and provide ongoing feedback so that individuals can compare their performance with the goal. While goals can be motivational in certain circumstances, they obviously have some limitations. For example, as indicated earlier, the performance impact of specific, challenging goals is stronger for simpler jobs than for more complex jobs, such as scientific and engineering work. Thus, when a task is novel or complex and individuals need to acquire new knowledge and skills for good performance, setting a specific learning goal will be more effective than setting a high-performance goal. Setting a high-performance goal will be most effective when individuals already have the ability to perform a task effectively. In addition, proximal goals should be set in conjunction with distal goals when employees are learning a new task or performing a complex one.⁶⁷ In the next chapter, we will discuss a more elaborate application of goal setting theory, called Management by Objectives.

Study the table, and then click "Check Your Understanding."

Theory	Example
Expectancy Theory	Jay figures the odds are good that his exceptional performance rating will result in a pay raise.
Goal Setting Theory	Ayesha is a first-year business student. She is aiming for an average of over 80% in her core subjects so that she can get into the co-op program next year.
Equity Theory	Terry is a middle-manager with an MBA and five years' work experience. When he finds out that his colleague who has only a bachelor's degree and one year of work experience is making the same salary he does, he starts to show up late for work, and his productivity declines.

Check Your Understanding

Now that you are familiar with the theories of work motivation, please try applying them in the You Be the Manager: *The Non-Stop Nightmare* [🔗](#).

You Be the Manager: The "Non-Stop Nightmare"

In November 2017, a CBC News Go Public investigation reported allegations by a Bell call centre employee who described working in the call centre as "a non-stop nightmare." The employee told Go Public that in order to hit her sales targets and keep her job, she had to sell customers products they don't need or want, and that they might not understand. She said she was under intense pressure to make a sale on every call and the pressure to upsell customers was relentless.

The employee said she feels bad because she is not really listening to what customers called about. Instead, she said that she is thinking, "Oh wow, this customer just said they didn't want the service, it's too expensive. And I've sold a service to them that they will not know how to use, or really need." Many of the customers who call in are on a limited income and can't use the products she is pressured to sell. "We have a lot of seniors who call," she says, "They tell me they're blind, and I still have to sell them internet." Coaches randomly listen in on customer calls without employees' knowledge and rush to her desk if she's not making a deal. She said that she is coached to talk quickly, not to let the customer speak, and to bury the price of products and services.

The employee told Go Public that she has struggled to meet her sales targets and was told that she was "unable to meet performance expectations," and put on a plan she believes is designed to eventually enable the company to terminate her employment. She said that many of the top performers on her team hit their sales goals by being unethical—not telling customers about a two-year contract, or that a promotional price is going to go up after a few months. "But nobody listens to their calls," she says, "Managers don't want to know what their star performers are saying to customers." She had to take a stress leave because of the constant pressure to meet sales targets or face possible termination. "I was having panic attacks," she says, "I was stressed out and crying, thinking 'I don't have enough time to get my numbers up.'"

Reset

Next

Sources: Johnson, E. (2017, November 19). Bell insider reveals high-pressure sales tactics required on every single call. *CBC News – Go Public*, <http://www.cbc.ca/news/business/bell-whistleblower-reveals-high-pressure-sales-1.4404088>; Johnson, E. (2017, November 22). Bell customers, employees, flood CBC with complaints about high-pressure sales. *CBC News—Go Public*, <http://www.cbc.ca/news/business/bell-high-pressure-sales-reaction-1.4413187>; Johnson, E. (2018, January 14). Rogers employees say managers turn a blind eye so call centre workers can lie and cheat customers. *CBC News—Go Public*, <http://www.cbc.ca/news/business/rogers-employees-pressure-to-sell-1.4481128>; Campion-Smith, B. (2018, June 14). Ottawa orders probe of high-pressure telecom sales tactics. *Toronto Star*, <https://www.thestar.com/news/canada/2018/06/14/ottawa-orders-probe-of-high-pressure-telecom-sales-tactics.html>; Paddon, D. (2018, January 8). CRTC urged to investigate telecom sales tactics. *Toronto Star*, https://www.thestar.com/business/tech_news/2018/01/08/crtc-urged-to-investigate-telecom-sales-tactics.html.















Do Motivation Theories Translate Across Cultures?

LO 5.6 Discuss the cross-cultural limitations of theories of motivation.

◀ Listen to the Audio

Are the motivation theories that we have described in this chapter culture bound? That is, do they apply only to North America, where they were developed? The answer to this question is important for North American organizations that must understand motivational patterns in their international operations. It is also important to foreign managers, who are often exposed to North American theory and practice as part of their training and development.

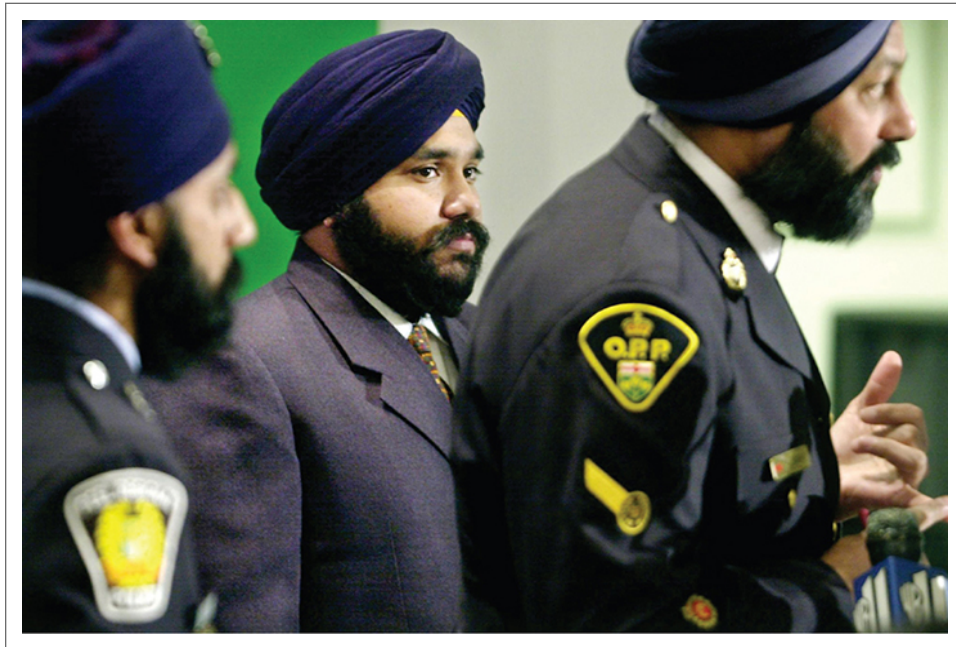
It is safe to assume that most theories that revolve around human needs will come up against cultural limitations to their generality. For example, both Maslow and Alderfer suggest that people pass through a social stage (belongingness, relatedness) on their way to a higher-level personal growth or self-actualization stage. However, as we discussed in [Chapter 4](#), it is well established that there are differences in the extent to which societies value a more collective or a more individualistic approach to life.⁶⁸ In individualistic societies (e.g., Canada, the United States, Great Britain, and Australia), people tend to value individual initiative, privacy, and taking care of oneself. In more collective societies (e.g., Mexico, Singapore, and Pakistan), more closely knit social bonds are observed, in which members of one's in-group (family, clan, or organization) are

expected to take care of each other in exchange for strong loyalty to the in-group.⁶⁹ This suggests that there might be no superiority to self-actualization as a motive in more collective cultures. In some cases, for example, appealing to employee loyalty might prove more motivational than the opportunity for self-expression, because it relates to strong belongingness needs that stem from cultural values. Also, cultures differ in the extent to which they value achievement as it is defined in North America, and conceptions of achievement might be more group oriented in collective cultures than in individualistic North America. Similarly, the whole concept of intrinsic motivation might be more relevant to wealthy societies than to developing societies.

Research on self-determination theory across various cultures, however, has been largely supportive. For example, a study of SDT in nine different countries found that the three psychological needs are positively related to autonomous motivation, although the size of the relationships varied across countries for competence and autonomy, which suggests that the importance of the three needs might vary across cultures. In addition, positive relationships between autonomous motivation and positive work outcomes were found across the countries studied, and autonomy support has been found to predict satisfaction of employees' autonomy, competence, and relatedness needs in different cultures. Thus, the satisfaction of basic psychological needs and motivation type matters across cultures and organizational contexts, and SDT has been found to be cross-culturally valid.⁷⁰

With respect to equity theory, we noted earlier that people should be appropriately motivated when outcomes received "match" job inputs. Thus, higher producers are likely to expect superior outcomes compared with lower producers. This is only one way to allocate rewards, however, and it is one that is most likely to be endorsed in individualistic cultures. In collective cultures, there is a tendency to favour reward allocation

based on equality rather than equity.⁷¹ In other words, everyone should receive the same outcomes despite individual differences in productivity, and group solidarity is a dominant motive. Trying to motivate employees with a “fair” reward system might backfire if your definition of fairness is equity and theirs is equality.



Cultures differ in how they define achievement. In collective societies where group solidarity is dominant, achievement may be more group oriented than in individualistic societies.

AP/Bebeto Matthews

Because of its flexibility, expectancy theory is very effective when applied cross-culturally. The theory allows for the possibility that there may be cross-cultural differences in the expectancy that effort will result in high performance. It also allows for the fact that work outcomes (such as social acceptance versus individual recognition) may have different valences across cultures.⁷²

Finally, setting specific and challenging goals should also be motivational when applied cross-culturally, and, in fact, goal setting has been found to predict, influence, and explain behaviour in numerous countries around the world.⁷³ However, for goal setting to be effective, careful attention will be required to adjust the goal setting process in different cultures. For example, individual goals are not likely to be accepted or motivational in collectivist cultures, where group (rather than individual) goals should be used. Power distance is also likely to be important in the goal setting process. In cultures where power distance is large, it would be expected that goals be assigned by superiors. However, in some small power distance cultures in which power differences are downplayed, participative goal setting would be more appropriate. One limitation to the positive effect of goal setting might occur in cultures (mainly Far Eastern) in which saving face is important. That is, a specific and challenging goal may not be very motivating if it suggests that failure could occur and if it results in a negative reaction. This would seem to be especially bad if it were in the context of the less-than-preferred individual goal setting. Failure in the achievement of a very specific goal could lead to loss of face. As well, in the so-called being-oriented cultures, where people work only as much as needed to live and avoid continuous work, there tends to be some resistance to goal setting.⁷⁴

International management expert Nancy Adler has shown how cultural blinders often lead to motivational errors.⁷⁵ A primary theme running through this discussion is that appreciating cultural diversity is critical in maximizing motivation.















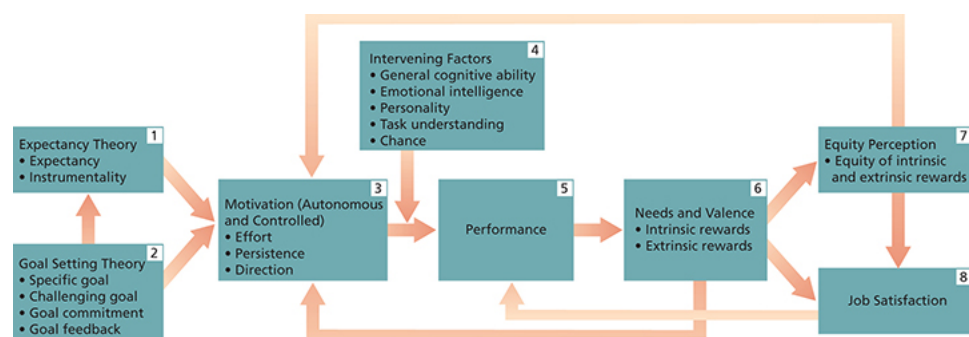
Putting It All Together: Integrating Theories of Work Motivation

LO 5.7 Summarize the relationships among the various theories of motivation, performance, and job satisfaction.

◀ Listen to the Audio

In this chapter, we have presented several theories of work motivation and attempted to distinguish between motivation and performance. In [Chapter 4](#), we discussed the relationship between job performance and job satisfaction. At this point, it seems appropriate to review how all these concepts fit together. [Exhibit 5.7](#) presents a model that integrates these relationships.

Exhibit 5.7 Integrative model of motivation theories.



Each of the theories helps us to understand the motivational process. First, for individuals to obtain rewards, they must achieve designated levels of performance. We know from earlier in this chapter that

performance is a function of motivation as well as other factors, such as personality, general cognitive ability, emotional intelligence, understanding of the task, and chance. In terms of motivation, we are concerned with the amount, persistence, and direction of effort as well as whether it is autonomous or controlled motivation. Therefore, Boxes 1 through 5 in [Exhibit 5.7](#) explain these relationships.

Perceptions of expectancy and instrumentality (expectancy theory) relate to all three components of motivation (Box 1). In other words, individuals direct their effort toward a particular first-level outcome (expectancy) and increase the amount and persistence of effort to the extent that they believe it will result in second-level outcomes (instrumentality). Goal setting theory (Box 2) indicates that specific and challenging goals that people are committed to, as well as feedback about progress toward goal attainment, will have a positive effect on amount, persistence, and direction of effort. Goal specificity should also strengthen both expectancy and instrumentality connections. The individual will have a clear picture of a first-level outcome to which his or her effort should be directed and greater certainty about the consequences of achieving this outcome.

Boxes 3 through 5 illustrate that motivation (Box 3) will be translated into good performance (especially if it is autonomous motivation—Box 5) if the worker has the levels of general cognitive ability and emotional intelligence relevant to the job, and if the worker understands the task (Box 4). Chance can also help to translate motivation into good performance. If these conditions are not met, high motivation will not result in good performance.

Second, a particular level of performance (Box 5) will be followed by certain outcomes. To the extent that performance is followed by outcomes that fulfill individual needs (need theory) and are positively

valent second-level outcomes (expectancy theory), they can be considered rewards for good performance (Box 6). In general, the connection between performance and the occurrence of intrinsic rewards should be strong and reliable because such rewards are self-administered. For example, the nurse who assists several very sick patients back to health is almost certain to feel a sense of competence and achievement because such feelings stem directly from the job. On the other hand, the connection between performance and extrinsic rewards might be much less reliable because the occurrence of such rewards depends on the actions of management. Thus, the head nurse may or may not recommend attendance at a nursing conference (an extrinsic fringe benefit) for the nurse's good performance.

Third, to the extent that the rewards fulfill individual needs (need theory), then they will be motivational, as depicted by the path from rewards (Box 6) to motivation (Box 3). However, in accordance with self-determination theory, intrinsic rewards will influence autonomous motivation, while extrinsic rewards will influence controlled motivation. In addition, the rewards that individuals receive are also the outcomes of the equity theory equation and will be used by individuals to form perceptions of equity (Box 7). Perceptions of equity also influence motivation (Box 3) and job satisfaction (Box 8). You will recall that this relationship between job outcomes, equity, and job satisfaction was discussed in [Chapter 4](#). According to equity theory, individuals in a state of equity have high job satisfaction. Individuals who are in a state of inequity experience job dissatisfaction. Also, recall from [Chapter 4](#) that good performance leads to job satisfaction if that performance is rewarded, and job satisfaction in turn leads to good performance.

In summary, each theory of motivation helps us to understand a different part of the motivational process. Understanding how the different theories of motivation can be integrated brings us to the topic of the next

chapter—practical methods of motivation that apply the theories we have been studying in this chapter.















Summary: Theories of Work Motivation

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 5.

5.1 Define *motivation*, discuss its basic properties, and distinguish it from performance.

Motivation is the extent to which persistent effort is directed toward a goal. *Performance* is the extent to which an organizational member contributes to achieving the objectives of the organization.

5.2 Compare and contrast *intrinsic* and *extrinsic motivation*.

5.3 Explain and discuss the different factors that predict *performance*, and define *general cognitive ability* and *emotional intelligence*.

5.4 Explain and discuss *need theories of motivation* and *self-determination theory*.

5.5 Explain and discuss the *process theories of motivation*.

5.6 Discuss the cross-cultural limitations of theories of motivation.

5.7 Summarize the relationships among the various theories of motivation, performance, and job satisfaction.

Key Terms

Start Over

Swap

0/33 REVIEWED · 0 MASTERED

Expectancy theory



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Got It!



*On-the-Job Challenge Question

Your New Salary

Gravity Payments is a mobile credit-card payment processing company in Seattle, Washington, that was started by its CEO Dan Price while he was still a freshman at Seattle Pacific University. In 2014, Gravity Payments made \$2.2 million in profits, and Price earned a salary of \$1 million.

In April of 2015, Dan Price made a very surprising announcement to the company's 120 employees: "You might be making \$35 000 a year right now but everyone in here will definitely be making \$70 000 a year and I'm super excited about that." He told them that he would be cutting his \$1 million salary and would use the company's profits so that all of the company's employees would earn a base salary of \$70 000.

About 30 employees will have their salary double, while others will get raises to bring them up to \$70 000, and about 50 employees are already paid above \$70 000. Before the increase, the average salary at Gravity Payments was \$48 000. The pay increases will cost about \$1.7 million, most of the company's profits. In order to afford it, Price is taking a pay cut from \$1 million to \$70 000. Price said he did not think it was right that he should earn up to 100 times more than most of his employees.

Price says he got the idea from a Princeton University study that found that emotional well-being increases with income, but only to about \$75 000. According to Price, if companies want to have happy, motivated employees, they should pay them enough to thrive, not survive. He says,

“I think this is going to become a competitive imperative over time, and it will catch on.”

What do you think of the new base salary at Gravity Payments? Using each of the theories of motivation, explain if this will have a positive effect on employee motivation and performance. Based on the theories, should other companies consider paying their employees a base salary of \$70 000? What are the pros and cons of this revolutionary approach to pay? Will it catch on?

Sources: Levinson King, R. (2015, April 17). Forget the minimum wage. Gravity Payments CEO Dan Price sets \$70K “happiness” wage. *Toronto Star*, www.thestar.com/news/canada/2015/04/17/ ; Ensor, J. (2015, April 16). How about a \$70,000 minimum wage? That’s what this CEO is offering his employees. *Financial Post*, www.business.financialpost.com/executive/...

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Work-Related Basic Need Satisfaction Scale (W-BNS)

The following statements aim to tap into your personal experiences at work. If you are not currently employed, answer the questions thinking about your most recent work experience. Answer each of the statements as accurately and honestly as possible using the following response scale:

1—Strongly disagree

2—Disagree

3—Neither disagree nor agree

4—Agree

5—Strongly agree

_____1 I don't really feel connected with other people at my job.

_____2 I don't really feel competent in my job.

_____3 I feel like I can be myself at my job.

_____4 At work, I feel part of a group.

_____5 I really master my tasks at my job.

_____6 At work, I often feel like I have to follow other people's commands.

_____7 I don't really mix with other people at my job.

_____8 I feel competent at my job.

_____9 If I could choose, I would do things at work differently.

_____ ~~10~~ At work, I can talk with people about things that really matter to me.

_____ ~~11~~ I doubt whether I am able to execute my job properly.

_____ ~~12~~ The tasks I have to do at work are in line with what I really want to do.

_____ ~~13~~ I often feel alone when I am with my colleagues.

_____ ~~14~~ I am good at the things I do in my job.

_____ ~~15~~ I feel free to do my job the way I think it could best be done.

_____ ~~16~~ Some people I work with are close friends of mine.

_____ ~~17~~ I have the feeling that I can even accomplish the most difficult tasks at work.

_____ ~~18~~ In my job, I feel forced to do things I do not want to do.

Scoring and Interpretation

You have just completed the Work-Related Basic Need Satisfaction scale (W-BNS) developed by Anja Van den Broeck, Maarten Vansteenkiste, Hans De Witte, Bart Soenens, and Willy Lens. The scale measures the three basic needs of self-determination theory: the needs for autonomy, competence, and relatedness. The need for autonomy represents individuals' inherent desire to feel volitional and to experience a sense of choice and psychological freedom when carrying out an activity. The need for competence is defined as individuals' inherent desire to feel effective in interacting with the environment. The need for relatedness is defined as individuals' inherent propensity to feel connected to others—that is, to be a member of a group, to love and care, and to be loved and cared for. The authors found that satisfaction of each of the three needs was positively associated with job satisfaction, life satisfaction, organizational commitment, work engagement, and self-reported performance, and negatively related to exhaustion. In addition, all three needs related positively to autonomous motivation.

To obtain your need satisfaction scores, first subtract your response to questions 1, 2, 6, 7, 9, 11, 13, and 18 from 6. For example, if you gave a response of 1 to question 1, give yourself a 5 (6 minus 1). If you gave yourself a response of 5 to question 1, then give yourself a 1 (6 minus 5). To obtain your satisfaction score on each need, add your scores and then divide by 6, as follows:

Relatedness Need Satisfaction: Add items 1, 4, 7, 19, 13, and 16/6.

Competence Need Satisfaction: Add items 2, 5, 8, 11, 14, and 17/6.

Autonomy Need Satisfaction: Add items 3, 6, 9, 12, 15, and 18/6.

Total Need Satisfaction Score: Add items 1 to 18 and divide by 18.

Your need satisfaction score for each of the three needs and your total need satisfaction score should be somewhere between 1 and 5. The higher your score, the higher your need satisfaction.

To facilitate class discussion and your understanding of need satisfaction and self-determination theory, form a small group with several other members of the class and consider the following questions:

1. Each group member should present their need satisfaction scores. Rank your three scores from highest to lowest. What need is most and least satisfied? In general, how satisfied are group members with each need? How satisfied are group members with respect to their total need satisfaction?
2. Given your need satisfaction scores, to what extent does it affect your motivation, job attitudes, and well-being at work? How does it affect your performance at work?
3. Does your need satisfaction affect the nature of your work motivation (controlled versus autonomous)? To be sure, answer each of the following two questions using the same scale as you used to measure your need satisfaction

(1 = Strongly disagree to 5 = Strongly agree): (1) "I am motivated at work because of the rewards I can obtain and/or because of external pressure or to avoid punishment." (2) "I am motivated at work because of my interest and enjoyment for the work I do." Now consider group members' need satisfaction scores in relation to their answers to each question. To what extent do group members with higher scores on the first question (controlled motivation) have lower need satisfaction scores? To what extent do group members with higher scores on the second question (autonomous motivation) have higher need satisfaction scores? Is there a relationship between need satisfaction and controlled and autonomous motivation?

- *4. How can knowledge of your need satisfaction help you in your current or a future job? How can it help you improve your work experiences as well as your motivation, attitudes, well-being, and performance? What are the implications of need satisfaction and motivation for organizations?
5. Based on the results of this exercise, what have you learned about yourself and your work motivation? What have you learned about need satisfaction and work motivation? How can your understanding of need satisfaction help you make future job choice and career decisions?

Source: Van den Broeck, A., Vansteenkiste, M., De Witte, H., Soenens, B., & Lens, W. (2010). Capturing autonomy, competence, and relatedness at work: Construction and initial validation of the Work-related Basic Need Satisfaction scale. *Journal of Occupational and Organizational Psychology*, 83, 981–1002.

* Question 4 is also assignable in Writing Space.

Case Incident

A Night at the Office

Professor Hackenbush was one of the most popular professors at his university. Students couldn't wait to take his courses. One year, there were so many students on the waiting list to get into his course that the department decided to double the class size. Professor Hackenbush didn't mind, but he knew that he would need more teaching assistants (TAs) to help with the grading of assignments and exams.

Although he was given two TAs, the larger class size meant that much more time was needed to get exams and assignments graded.

Unfortunately, final grades had to be submitted one week after the final exam. The two TAs had taken too long to mark tests and exams during the term, and Professor Hackenbush was concerned that he would not be able to submit the final grades by the deadline. In an attempt to speed things up, he decided to set a challenging goal for the TAs. He asked them to mark 50 exams each day. The TAs told Professor Hackenbush that this might not be possible because they had several exams themselves. Regardless, Professor Hackenbush told them to each mark 50 exams a day and to return the graded exams to him the day before final grades were due.

Professor Hackenbush was pleased when the TAs arrived at his office with the graded exams right on time. "You finished them all?" he asked. "We sure did," said one of the TAs, "It was no problem." "Wonderful" said Professor Hackenbush, "How did they do?" "Very good" said one of the TAs, "They must have really enjoyed your class."

After the students left his office, Professor Hackenbush began to review the exams before calculating final grades. To his dismay, he realized that many of the grades were the same for every question, and some of the questions had not even been graded. The professor was furious and realized that his two TAs had done a poor job and that he would now have to stay at his office all night to re-mark the exams himself. "Ah, students today" he said to himself. "What am I going to do?"

1. Do you think it was a good idea for Professor Hackenbush to use goal setting to motivate the TAs? How effective was this motivational strategy?
2. Use goal setting theory to explain why setting goals for the TAs was not very effective and how it could have been more effective.
- *3. What advice would you give Professor Hackenbush next time he needs to motivate his TAs to mark exams? Refer to the different theories of motivation to answer this question.

* Question 3 is also assignable in Writing Space.

Case Study

Kyle Evans at Ruffian Apparel: Staffing a Retail Establishment



INTRODUCTION

It was July 1, 2007, and the newly hired regional manager of Ruffian Apparel, Kyle Evans, sat in the Juniper Mall food court in Kelowna, British Columbia, sipping his coffee. With the back-to-school rush fast approaching, it was critical to get the Kelowna store back on track. The store had been without a capable store manager for several months, and sales figures were far from optimal. In the interim, Ruffian Kelowna was being run by an inexperienced full-time employee who had been granted store manager status and who was dealing with a significant staffing shortage. It was clear to Evans that this store needed help.

With his own performance evaluation and compensation tied to the success of the stores in his region, Evans needed those Kelowna sales figures to go up, and soon. Was it as simple as finding a new store manager? What other changes might be required to turn things around? It was up to Evans to figure things out prior to returning to Vancouver in two days. There, he was to report to his new boss, operations manager Jason Wilcox.

KYLE EVANS

Born in Victoria, British Columbia, in 1977, Evans had spent the majority of his youth in Vancouver and surrounding area. At the age of 18, he ventured east to obtain his undergraduate degree in commerce from the University of Alberta. During his four years at the University of Alberta, Evans had worked at numerous locations in the famous West Edmonton Mall, including Orange Julius and BootLegger, in order to pay his tuition. His last position prior to graduation took him outside of the mall to an independent unisex apparel store called E-Zone Clothing, where he excelled in sales and, upon graduation, moved into management. Evans worked for E-Zone Clothing until 2000, when SportChek, a franchised sporting goods store, offered him a regional sales management position supervising several stores within Alberta. He loved the SportChek job and enjoyed the travelling, but after a few years, Evans felt there was little challenge and limited opportunity to advance beyond his current position. At this time, he came across an advertisement for employment in British Columbia, where Ruffian Apparel was looking for a regional manager who would be in charge of overseeing all B.C. stores as well as supervising and assisting the regional sales manager. (Refer to the following sections for a more detailed breakdown of Ruffian Apparel.) Although the compensation was similar to what Evans was currently making, the opportunity to move back to British Columbia and challenge himself was enough to convince him to apply for the job. After several interviews, in June 2007, Evans was hired as the new B.C. regional manager for Ruffian Apparel.

COMPANY/STORE DESCRIPTION

Established in Vancouver by three University of British Columbia graduates, Ruffian Apparel primarily sold both brand name and exclusive men's apparel. The name, Ruffian Apparel, was based on a nickname of one of the three founders (Jamie "The Ruffian" Clark) and was agreed upon for its simplicity and the fact that nothing better could be thought of

at the time a business licence was obtained. Since the company's inception in 1974, Ruffian Apparel had slowly expanded throughout Western Canada to a point where it had 68 locations and employed over 1200 people. In British Columbia alone, Ruffian Apparel had 19 locations, the majority of which were in Vancouver and the surrounding area. Commonly found in local shopping centres and strip malls, with the exception of an outlet store located in Abbotsford, British Columbia, Ruffian Apparel competed with such stores as Below the Belt, Bootlegger, Thriftys, Extreme, and West 49. Brands commonly sold in the store included Volcom, Quiksilver, Hurley, Billabong, DC, and Element.

REGIONAL MANAGER POSITION

Evans's new job duties were almost identical to those of his previous job. He was responsible for overseeing the operations of all 19 B.C. stores, and his duties consisted of making key staffing decisions, conducting store shrinkage checks, monitoring the newly installed intranet system, taking care of cross-regional product transfers, and attending to workplace emergencies and issues as they arose. Although Evans was not technically in charge of the regional sales manager, he would supervise this position and work in tandem with the regional sales manager in an effort to monitor all 19 locations in a more efficient manner. The difference between the two positions related to sales (hence the title) as the regional sales manager was in charge of in-store promotions and product displays. Compensation for both the regional manager and the regional sales manager was directly linked to the success of the stores. Both positions received a negotiated salary in the range of \$40 000 to \$50 000 a year, with the potential to make upwards of an additional \$25 000 based on store performance. In determining this additional compensation, semi-annual performance reviews would take into account sales goals versus results, shrinkage percentage (the percentage of goods in a store gone missing from inventory), and performance goals versus

results (high-profit items for which employees were given targets) for all stores. When compared to exceeding goals, failing to meet goals had a far greater impact on compensation. As a result of this compensation system, both the regional sales manager and the regional manager required constant updates as to how each store was performing, and both managers were highly invested in ensuring that all goals were met.

COMMON STORE OPERATIONS AND STANDARDS

Employee Expectations/Duties

Depending on both the size and traffic expected at a particular store, staff numbers ranged from 10 to 20, with an average store employing around 12 people. Each store consisted of one store manager, plus a minimum of one assistant manager and one full-time associate and numerous part-time associates who were scheduled according to expected sales figures, store traffic, and other tasks. Typical duties of a Ruffian part-time employee involved assisting customers, answering the phone, using the cash register, cleaning and straightening, checking off incoming stock, putting out stock, “merchandizing” the store, and assisting those in charge as needed (e.g., taking out garbage, making bank runs, etc.). Paramount to their job, however, was the expectation of making sales through what Ruffian called “Extreme Customer Service.” The idea was that employees were expected to go above and beyond when it came to understanding customer needs, providing advice and opinions when necessary, and generally making the shopping experience an exceptionally pleasant one. Realizing that customer service was one of few ways to separate itself from other apparel providers, Ruffian deemed it critical for all employees, not just part-timers, to be trained in such a manner.

Aside from the duties common to all employees, full-time associates had additional responsibilities such as opening and closing the store, managing part-time employees when the manager and assistant manager were not working, and conducting returns and stock transfers. The assistant managers' duties would include these same responsibilities along with shrinkage checks (counting items and comparing counts to computer figures to check whether items were missing) and payroll duties. Finally, the store manager would be required to do all store tasks including the majority of paperwork relevant to inventory control, along with all of the human resource duties (e.g. hiring, scheduling, training, termination, performance evaluations, etc.).

Goals and Compensation

Given the diverse responsibilities at each level (part-time, full-time, assistant manager, and store manager), goal structure and compensation systems were set up differently. Part-time employees started out at minimum wage (\$8.15 per hour) but could make a commission of 4 percent during any individual shift if this figure were to exceed their hourly rate. This goal translated into sales of just over \$200 per hour during a part-time employee's shift. Although the majority of items sold at Ruffian Apparel had an average sales price of \$60 (balancing tops and bottoms), achieving this commission figure appeared to depend just as much on store location and the day and time of the shift worked as it did on the sales ability of the employee. Sales goals for part-time employees were typically assigned by the store manager; however, it had become a standard within the company for an employee to sell \$100 per hour. It had also become quite common for the regional sales manager or regional manager to question store managers about employees who did not meet this goal.

Unlike part-time employees, full-time employees and assistant managers were guaranteed a commission, supplementing their slightly higher hourly rates of approximately \$9 and \$12, respectively. The commission rate for these positions was 2 percent of all sales, typically adding anywhere from \$60 to \$200 a week to their paycheques. Sales goals for both full-time employees and assistant managers were similar to (and sometimes slightly higher than) the \$100 per hour required of part-time employees, due to the fact that having attained such a position within the company reflected superior sales abilities.

Finally, store managers were placed on salary and had no opportunity to make commissions on their sales. This salary figure was somewhat negotiable and depended heavily on seniority (experience), along with store size and sales volume. Recent figures showed managers making between \$650 and \$1150 a week. Supply and demand played a significant role in determining these figures. To supplement their pay, some store managers took on additional duties, such as the training of new store managers, which also looked good in the eyes of management. Further, sales goals for store managers were typically lower than those for full-time employees and assistant managers (generally set at \$80 to \$100 per hour), as store managers had a number of non-sales-related duties that kept them off the sales floor.

Along with the sales goals common to all positions within the store, there were other goals that employees were challenged to achieve. Ruffian Apparel had analyzed the profitability of certain products along with sales strategy and had decided (more than five years ago) to institute performance goals for low-price-point accessories (e.g. belts, caps, wallets), high-price-point accessories (e.g. watches, sunglasses), and "multiples" (i.e. selling more than one item per transaction). Not only would the sales of such products benefit the company's bottom line, but their use as a performance goal served as a way to ensure that employees

were upselling (trying to add additional items to a sale) and providing sufficient customer service to all customers. These goals were commonly based on the previous year's results; however, a typical four-hour shift would have the goal of two low-price-point accessories, one high-price-point accessory, and 60 percent multiples (i.e., 60 percent of all transactions would include more than one item). Stores in general and employees in particular were commonly judged by their ability to hit these targets, with verbal and written warnings issued if goals were not met. The cascading effect of this negative reinforcement encouraged managers to push employees to hit their goals.

Typical Employees

Typical of the majority of service sector positions of this sort, employees tended to reflect a store's target market, consisting of relatively young individuals who met minimal hiring standards and were willing to work for relatively low wages. With this in mind, Ruffian Apparel tended to employ male and female part-time sales associates ranging from 15 to 25 years old. These employees were more apt to work for minimum wage, given that the majority of them had little advanced education or experience and therefore felt unable to successfully acquire a more prestigious position in the workforce. Also, school and other obligations made these employees ideal, as jobs of this nature required flexibility in scheduling and could not provide full-time hours to everyone. Job requirements tended to focus on soft skills (such as attitude, cooperation, and problem solving) more than on hard skills (such as computer skills or cash training), which made for a more informal and subjective hiring process. As an example, competent employees were often asked whether they had any friends who might need work if a spot opened up.

The majority of full-time employees, assistant managers, and store managers were promoted from within or were found in similar stores

doing similar work. For example, it was not uncommon for a full-time sales associate at another store in a local mall to be hired by Ruffian Apparel to fill a position at the same or higher level of the hierarchy. As a result of this process, the majority of managers had little post-secondary education, as they tended to work their way up the ranks. Also, this method of hiring kept the average age of full-time employees and management relatively close to that of the part-time employees, usually between 22 and 30. Although turnover for management was lower than that of part-time employees, it still remained fairly high for both, tied to the nature of the work, along with the fact that Ruffian Apparel's pay level was relatively low compared to similar positions at other companies.

SINK OR SWIM: RUFFIAN KELOWNA

Evans's First Meeting

Just prior to Evans's start date, it was evident that the new regional manager of Ruffian Apparel was going to be baptized by fire. Several Ruffian Apparel stores were in similar states of turmoil that would also require some time and attention. Jason Wilcox, Ruffian Apparel's operations manager and Evans's new boss, scheduled a meeting for Evans's first day to bring him up to date regarding the region and Wilcox's own expectations. First off was Ruffian Vernon, which had just recently been given a complete overhaul as the store's last shrinkage check reported a loss of \$30 000, the majority of which was thought to be due to internal theft. Although this situation was quite alarming, the store was beginning to turn around with an entirely new staff and would require little in the way of increased supervision as long as shrinkage checks maintained an acceptable level. Second was the Prince George store and the pending hike in mall leasing fees. Ruffian Apparel's contract with the Nechako River Mall was up, and it appeared that the store might not be profitable under the new leasing agreement. Third was the

Cranbrook store, which had recently trained an assistant manager to become a store manager. This employee had agreed to relocate to any store within British Columbia but had refused to move to Kelowna when a store manager's job became open at that location. It was evident that this employee had breached the agreement, and some form of discipline would be necessary. Finally, there was the Kelowna store itself. The recent turnover of store managers in Kelowna had left the store with huge staffing issues, along with falling sales and disappointing performance numbers. Wilcox stated his expectations when he met with Evans.

I expect that Kelowna will require your immediate attention. I know you've barely had time to read up on some of our policies and procedures, but I'm confident that you'll be able to sort things out. It's in all our best interests that Kelowna gets back on track as you and I both know that your compensation is tied to the store's success. It may be as simple as hiring another store manager, but you'll have to be the judge. Let's schedule a meeting in July, and you can let me know how you plan to address the Kelowna issue and fill the vacancy. Also, given that you're new, I'd appreciate any other suggestions you might have. Once again, I'm sorry that we won't have time to ease you into things, but your experience should make up for that.

With those final comments, Wilcox dismissed Evans, leaving him to ponder whether he made the right decision in leaving SportChek.

The Kelowna Store

When Ruffian Apparel had decided to expand, the Kelowna location was one of the first stores to be situated outside the Vancouver area. The decision to move to Kelowna in 1986 was largely based on the low leasing costs associated with the brand new Juniper Mall, coupled with the fact that Kelowna was known for hosting numerous sporting and cultural events due to its climate and central location in British Columbia. In June 2007, outside the Vancouver area, Kelowna was the second-largest city in British Columbia, with a population close to 110 000. Moreover, the local post-secondary institution had recently gained university status as part of the University of British Columbia and had

been rapidly expanding. This development, coupled with the city's new "destination" marketing initiative, made Kelowna an attractive location.

Since its opening in the fall of 1986, Ruffian Kelowna had fared well, consistently making average to above-average returns for the company and requiring very little maintenance. Many people within the company had attributed the past success of the Kelowna store to its solid, stable management, as the store was under the control of Samantha Abbott from 1995 to 2005. Abbott had started working at Ruffian in 1993 and had subsequently moved to a store manager's position in 1995. She had an enthusiasm for her work and, as a result, kept her job well beyond the average three-year turnover rate of a store manager. For the majority of Abbott's tenure, both the regional sales manager and the regional manager would rarely visit, assuming that she would let them know if there was a problem. Abbott was likely to know more about the store and the company than either of her two supervisors anyway. Her enthusiasm was contagious, and her store and its employees consistently met or exceeded goals and expectations, winning Abbott managerial awards along the way.

However, things changed in November of 2005. Tired of being underappreciated, Abbott decided she wanted to explore other options at a time when she was financially secure. She handed in her resignation, effective December 31, 2005, which began a period of managerial turnover at the Kelowna store, with three different managers running the operation from January 2006 to May 2007. The first manager, Grace Williams, was a previous employee who had quit due to the lack of upward mobility. Once the store manager job became available, she eagerly returned. However, when she became pregnant, she decided it was in her best interest to resign in July 2006. The second manager, Sara Teegs, was hired away from a ladies' retail store in the mall. Although Teegs had excellent references, her laid-back style and a souring of the

relationship with the company led to her resignation in October 2006, just three months after she started. Finally, a third manager, Wayne Price, was quickly hired away from a local video games store. His management experience and his friends within Ruffian Apparel had helped him secure the job. Price left Ruffian Apparel in order to further his educational and career aspirations. His departure came as somewhat of a surprise to the regional sales manager, who had grown fond of Price and felt that he was just what Ruffian Kelowna needed to straighten things out.

Since the beginning of May 2007, Ruffian Kelowna had been looking for a store manager. In the meantime, Mark Asselhoff, the assistant manager (who had been hired by Price and was a former colleague of Price's at the video games store) initially took over. Asselhoff had been offered the store manager's position but he had refused it, citing that he had taken the job at Ruffian Apparel only as a favour to Price and that he soon planned to change jobs to make more money. He gave his two weeks' notice almost immediately, forcing the regional sales manager, Darnell Wolford, to replace him as soon as possible. Since he had to attend to business elsewhere in the province, Wolford conducted interviews over the phone and came to Kelowna only for the final interview to confirm his choice. With only three days left before Asselhoff was to leave, Jennifer Sands, an assistant manager at a jeans store in the mall, was hired and began training with Asselhoff prior to his departure. Wolford made the choice to hire Sands, a 25-year-old retail veteran, and he flew in additional people to train her in all aspects of the job. Unfortunately for Ruffian Apparel, Sands soon found a job at a local art museum that paid her significantly more money, with better hours and less responsibility. She submitted her two weeks' notice just after finishing her training. Again, it was up to Wolford to find a replacement, but personal issues led him to take a leave of absence, leaving the problem in the hands of the soon-to-be-hired regional manager, Kyle Evans. Realizing the predicament in which she was leaving Ruffian Kelowna, Sands spent her

last two weeks training a newly appointed full-time employee (as there was no assistant manager as of yet) in how to manage the store. This full-time employee, Nathan Edwards, had been running the store since June, but all signs indicated that he was likely to leave as well.

Looking into the Problem

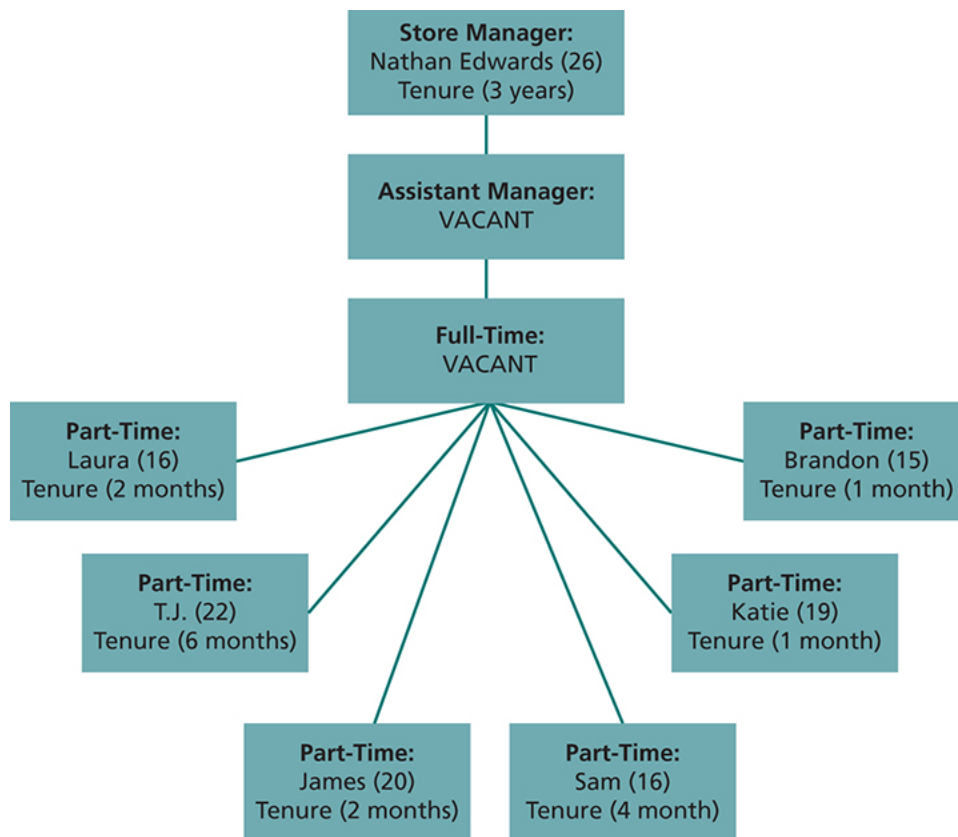
As a new hire at Ruffian Apparel, Kyle Evans was still in the midst of getting to know the company. The personal issues that led to Wolford's leave of absence were quite unexpected and, as a result, Evans had little help with staffing the management position in Kelowna. He had done some recruitment and hiring for SportChek, but usually he had more time and more options. SportChek was fairly proactive in that succession plans were often in place, and the hiring process required little more than verification of qualifications and references. Ruffian Apparel had only recently begun to train people to take over management positions, but the Cranbrook issue had provided evidence that there were several weak points in the company's hiring processes. Evans would need to move quickly to address the vacancy. With this in mind, he began looking over the reported sales figures and speaking to the experienced members of Ruffian Apparel's management team in order to get an idea of what was going on in Kelowna.

Current Staff

A store of Ruffian Kelowna's size and sales figures would typically employ between 10 and 12 people: one store manager, one assistant manager, one full-time sales associate, and seven to nine part-time sales associates. The three employees who worked full-time hours could rotate so that one of them was always present in the store, able to open and close the store and handle returns, thereby keeping security issues to a minimum. At the end of June 2007, Ruffian Kelowna was being managed by Nathan Edwards with no assistant manager and no full-time employees. There

were six part-time employees, one of whom was working full-time hours as a favour to Edwards, four working between 15 and 30 hours a week, and one who was on the schedule but was never available and had not worked in over three months. Ironically, the only part-time employee with any seniority was the one who never worked. The remaining five had been hired only within the last several months and, due to the high level of management turnover, were undertrained and inexperienced at dealing with customers and speaking about the product (see [Exhibit 1](#)).

Exhibit 1 Kelowna Staff (as of July 1, 2007)



Note:

- James held the second key to the store and was therefore responsible for opening and closing the store along with conducting returns when Nathan was not available.
- T.J. had not worked in the past three months.
- Brandon worked close to full-time hours while the remaining staff (with the exception of T.J.) worked anywhere from 15 to 30 hours a week.

Edwards, who had been hired by Samantha Abbott in 2004, had only recently moved to full-time status due to fact that he had been in school. He had seen significant turnover during the past three years but had remained with Ruffian Apparel due to its flexibility in scheduling. Edwards's appointment to store manager appeared to be a short-term solution until Evans could fill the position. Evans had initially thought about possibly offering the store manager's job to Edwards, but the manager of the Prince George store had been quick to point out that she had talked to Edwards about the job, and it was apparent to her that Edwards was planning to move on in the near future. With this in mind, Evans decided to give Edwards a call in mid-June to see how things were going at the Kelowna store and to provide an update on the search for a new manager. Evans expected this call to go fairly smooth, but it was evident that Edwards had some viable concerns.

Phone Conversation With Nathan Edwards

Apparently Edwards was upset with the company's lack of progress in finding a replacement. It was evident that he felt used and that the company was making no effort to replace him, given that he was capable of doing most of the work for far less money than a store manager would demand. "As long as I keep the store afloat, nobody wants to hear from me or talk to me. I feel totally left out of the loop. I'm short-staffed and underappreciated. Why should I care about Ruffian?" Edwards mentioned that he was looking to hire more part-timers, but it was hard, given that everyone in the mall was hiring. Apparently it was not uncommon to see help-wanted signs at the front of almost every store. Edwards even spoke of an instance where he was looking over someone's résumé when a customer saw what was going on and offered the person a job in construction on the spot (see [Exhibit 2](#)). "We don't pay enough, and the commission is a joke. Part-timers rarely ever sell \$200 per hour worth of product in Kelowna. Maybe they make commission all the time in

Vancouver, but not here. And management doesn't get paid much better. Any comparable job in the mall makes at least a couple hundred more a month than this place. You might want to look into that if you want to fill this spot quickly."

Exhibit 2 British Columbia Unemployment Rate (2000–2007) – BC Stats 2008

Year	2000	2001	2002	2003	2004	2005	2006	2007
UI %	7.1	7.7	8.5	8.0	7.2	5.9	4.8	4.2

More importantly, sales figures had begun to reflect the staffing issues at Ruffian Kelowna. Not only had total sales figures plummeted, but both accessories figures as well as multiple figures were horrendous (see Exhibits 3 and 4). Edwards was quick to point out that these goals seemed irrelevant as there were no repercussions for not meeting them. "I've hit my goals and I've missed my goals, and I don't receive any praise or criticism. I see no reason in forcing the part-timers to hit these goals if I don't care about them and they don't mean anything."

Exhibit 3 Kelowna Total Sales Figures by Week (Goals vs. Results for May/June)

Week	1	2	3	4*	5	6	7	8	9
Goal (\$)	10 500	11 100	11 500	13 500	11 200	12 400	11 900	12 600	12 800
Result (\$)	10 442	11 589	11 222	10 490	10 295	10 110	10 702	9976	10 938
Dif. (\$)	-58	489	-278	-3010	-905	-2290	-1198	-2624	-1862

Note: Goals were based on a \$200 increase in the sales result of the same week last year.
 * Week 4 Goal was relatively high due to the fact that, in 2006, Kelowna was host to a provincial cultural event during that week.

Exhibit 4

Kelowna Low Price Accessories/High Price Accessories/Multiples - Figures by Week (Goals vs. Results for May/June)

Week	1	2	3	4*	5	6	7	8	9
Low Price Accessories (G/A)	25/26	25/21	22/24	35/22	20/18	30/18	28/21	28/22	25/17
High Price Accessories (G/A)	8/8	9/6	9/4	15/4	12/6	13/2	10/5	12/7	12/2
Multiples (60% Goal)	62%	55%	68%	44%	55%	48%	38%	53%	45%
Total Goals Met	3	0	2	0	0	0	0	0	0

Note: Goals were based on adding 1 to each of the previous year's results for accessories. Unlike total sales figures, it was more common to compare accessory results between stores of similar size.

*Week 4 Goals were relatively high due to the fact that, in 2006, Kelowna was host to a provincial cultural event during that week.

It was quite evident that Edwards was in need of some help. He was basically holding the store together single-handedly, and if he decided to play hardball, he could easily use his leverage to demand more money. With this in mind, Evans informed Edwards via the company's intranet system that he was raising his wage from \$450 per week to \$600 per week, and he also told Edwards that he was sending additional support. Evans contacted Chris Matthews, an experienced store manager from one of the Victoria locations, and sent him to Kelowna to give Edwards some training and a few days off. Evans also booked a trip to Kelowna for the end of the month so that he could see first-hand what was going on. In the meantime, he planned on talking to other employees and managers about some of the issues that Edwards had brought up regarding goals and commission.

Kyle Evans Visits the Store

Upon arriving in Kelowna, Evans checked into his hotel, dropped off his luggage, and made his way over to Juniper Mall. Having never met Edwards in person, Evans decided to play the role of "secret shopper" and observe how things were going. It quickly became evident that only Edwards had any real experience and knowledge regarding the sales process and the products sold. The two part-time staff members appeared confused and constantly in need of advice or assistance. Whether it involved correcting a problem at the cash register or figuring out what size or cut in one brand would compare with another, Edwards was the

only employee with the answers, and he was on the run constantly. And along with the lack of experience exhibited by the part-timers, the Kelowna employees were clearly not at all concerned with upselling or attempting to move accessories. Ruffian Apparel employees were told to at least mention these additional items and accessories while in the midst of a sale or at the cash register, but at no time did this occur while Evans was looking on. No wonder the sales and performance goals were not being met.

After he felt satisfied that he had seen what he needed to see, Evans finally introduced himself, and when the store traffic had died down, he took Edwards aside to discuss the current state of affairs. Evans immediately raised his concerns regarding what he had seen with respect to sales and performance goals. Edwards was quick to respond.

You can't blame the part-timers. I'll admit I'm not the best role model. I don't see a need to push stuff on people that I wouldn't want pushed on me. Sure, everyone might need a watch, but trying to sell one to somebody who's wearing one isn't exactly easy. If customers want a watch or sunglasses, they'll ask about them. Otherwise, I don't want to be the guy pushing it on them, and I think they appreciate that. Besides, we don't have the selection that stores in Vancouver have. If they don't like one of three wallets, it's a no go. And as far as sales are concerned, we've got enough problems around here. Nobody is experienced enough to train anyone else, and we just don't have the time. They know about commission but they're not stupid. I think we've hit commission maybe once or twice in the last month, and that had nothing to do with being good at sales. And, just to let you know, the whole "multiples" thing can easily be manipulated. With our new cash registers, I can easily split a four-item sale between two people so each gets two items and increases their—and the store's—multiples. I usually don't bother because everyone needs all the sales they can get, and splitting sales to get multiples isn't necessarily a good trade, but I thought you should know because other stores are doing it. Anyway, let's face it, in the end, as long as the customers leave here happy with what they bought, that's about all you can ask of us right now.

Based on the discussions Evans had with other managers, and by taking a look at the numbers, it was clear that Edwards had some legitimate complaints. It was quite common for store location to be an accurate

predictor of sales levels, even above the salesmanship skills of the staff at a given store. It was true that some people hit commission more than others, but in general, it was rare for stores outside the Vancouver area to hit their commission mark. With respect to the performance goals regarding accessories and multiples, most stores appeared to have this under control. Until recently, the Kelowna store had been able to meet its own goals; however, the across-the-board policy for upselling products was a sore spot with many of the employees. After all, trying to sell a pair of sunglasses in the winter or a belt to someone who wasn't buying jeans was a difficult task for the best of salespeople.

Store Manager: What to Do

It was clear to Evans that hiring a store manager for Ruffian Kelowna was a priority. Where and how he would find someone, however, was a problem. It had been common for Ruffian Apparel to simply promote an assistant manager, but in this case, that would not work: even the Cranbrook employee who was trained to take over had refused the job. Looking at the current staff, it was evident that few options existed. Until now, it had been assumed that Edwards was not interested in the position, and the experience of the remaining employees was limited. Besides, with only one exception, no part-time employee was over 20 years old. Outside Ruffian Apparel, the market was not much better. Although people could be found, the low unemployment rate combined with Ruffian Apparel's below-average salaries and lack of competent and experienced staff made the job of store manager extremely undesirable to an outsider. Jennifer Sands had been lured away from the jeans store only after extensive negotiations had provided her with compensation that was above Ruffian Apparel's average salary for store managers. Surely there were people willing to take the job, but would they be the right people? Would it make sense to postpone hiring someone and instead address the training and other staffing issues that currently plagued the

store? And Edwards was right: his \$600 a week salary offer was going to be far less than a competent new store manager would require. Waiting might allow for a more comprehensive search; however, time was still an issue, and Edwards might choose to leave suddenly, causing much bigger problems.

Conclusion

Evans purchased a large cup of coffee and took a seat in the food court in Juniper Mall. It was now more apparent than ever that Ruffian Kelowna was in need of a great deal of help. Inexperienced staff, part-time vacancies, no assistant manager, no store manager, and an overworked full-time/interim store manager represented a host of issues that all appeared to be tied to the store's low sales and performance numbers. Evans knew he had only two days before his meeting with Jason Wilcox. How could he turn Ruffian Kelowna around? Were there other problems that plagued Ruffian Apparel? Was Kelowna simply in need of a good store manager, and if so, how should he go about hiring one? The smell of pizza wafted over the food court as Evans finished his coffee and made his way back to the hotel.

Questions

1. Discuss the motivation and the motivational strategies being used at Ruffian Apparel for each group of employees (store manager, assistant manager, part-time and full-time associates). How motivated are employees, and what are they motivated to do? How do the theories of motivation help us understand employees' motivation and performance and the effectiveness of the motivational strategies?
2. Discuss the use of goals at Ruffian Apparel. How effective are the sales goals and performance goals for employee motivation and performance? Use goal setting theory to explain your answer.

Based on goal setting theory, how would you improve the goal setting process and the motivational potential of goals?

3. Consider the needs of employees at Ruffian Apparel. What are their primary needs and what is most likely to motivate them? How important are intrinsic and extrinsic motivators? Based on your answers, what do you recommend for improving employees' motivation?
4. Use expectancy theory and equity theory to explain the motivation of employees at Ruffian Apparel. What do these theories say about the effectiveness of the current motivational system and how to improve it?
5. What factors do you think contribute to the performance of the employees at Ruffian Kelowna? Refer to **Exhibit 5.1** to explain your answer. Based on your analysis, what needs to be done to improve employee and store performance?
6. Using the theories of motivation, what advice would you give Kyle Evans on how to motivate employees at Ruffian Kelowna? Be sure to refer to the need theories and the process theories of motivation.
- *7. What should Kyle do to get Ruffian Kelowna back on track and improve sales? Do you think it is as simple as hiring a new store manager? Explain your answer. If not, what other changes should he make? Be specific in terms of what he should do to meet the store's sales and performance goals.

Source: Kevin Hewins wrote this case under the supervision of Professor Ann Frost solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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* Question 7 is also assignable in Writing Space.













































Chapter 6

Motivation in Practice

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Learning Objectives

After reading Chapter 6, you should be able to:

- 6.1 Discuss how to tie pay to performance on production jobs and the difficulties of *wage incentive plans*.
- 6.2 Explain how to tie pay to performance on white-collar jobs and the difficulties of *merit pay plans*.
- 6.3 Explain the various approaches to use pay to motivate teamwork.
- 6.4 Compare and contrast the different approaches to job design, including the traditional approach, the *Job Characteristics Model*, *job enrichment*, *work design*, and *relational job design*, and discuss the meaning and relevance of *job crafting* for job design.
- 6.5 Understand the connection between goal setting and *Management by Objectives*.
- 6.6 Explain how flexible work arrangements respect employee diversity.
- 6.7 Describe the factors that organizations should consider when choosing motivational practices.

Vega

How would you like to work for a company that offers vegan meals prepared by an in-house professional chef and complimentary smoothies, soups, salads, and snacks on a daily basis? The 129 employees at Vega of Burnaby, British Columbia, get this and more every day.

Vega was founded by former company president Charles Chang in his basement in 2001. The company sells plant-based natural health and performance products such as its flagship product, protein-rich powdered shake Vega One, as well as other protein smoothies and nutritional shakes. It is considered a pioneer in plant-based supplements.

Vega's sales in 2004, its first year on the market, reached \$1 million. By 2013, sales had grown to \$72 million and reached 95.7 million in 2014. Vega doubled its growth in the United States every year since it entered the market. In 2015, Chang sold Vega to WhiteWave Foods Company for US\$550 million.

At Vega, they refer to the company culture as Vegatopia and employees as Vegatopians. The company's culture and core values of relationships, entrepreneurship, integrity, and performance are a key source of its competitive advantage. According to former president Charles Chang, "We nurture a performance-driven culture with highly motivated employees who have a sense of ownership in the business. We're committed to product innovation, category creation, and category leadership. And we're always fit and ready to sell. This keeps us focused on our vision, our strategy and our best practices."

In addition to healthy food, Vega also offers employees an after-hours clinic with massage therapists and acupuncture and wellness events that include foosball tournaments and team outings such as trips to a spa. Employees also participate in events such as the Tough Mudder obstacle course challenge. There are also on-site yoga and bootcamp classes. Vega has an open-door policy, so everyone has full access to managers and the president. There are also weekly one-on-one meetings with managers and monthly staff meetings, plus a program for coaching and career development.

Performance bonuses are based on quarterly goals, and each employee receives an annual profit-sharing bonus. Benefits include a \$1000 annual fitness subsidy, another \$1000 for personal development, a health spending account, life insurance, travel insurance, an education reimbursement, and free products every month. Employees who do not require a parking spot and use another method to get to work such as biking receive a \$75 green incentive each month.

In 2016, an incentive to over-deliver on shared-company targets resulted in nearly all of Vega's 200 employees getting an extra paid week off work and \$1500 bonus money. Employees were able to choose how to spend their own "Best Life Week." The cash bonus reinforces Vega's core values of trust, passion, teamwork, and people. Employees celebrated the company's achievements at one of two scheduled times. Employees were responsible for figuring out how to cover the workload while colleagues are away. Although scheduling and coverage were challenging, the buzz generated by having all staff work toward the same special holiday was worth the trouble, says Shiah Bazeley, senior director of people and culture. Rather than reward a single top seller or best employee, the program encouraged everyone to cooperate to win—or miss out—together. "We are all a team," explains Bazeley.



Vega is one of the fastest growing and best companies to work for in Canada and in 2017 was named the Best Workplace in Canada.

Eric Milic (ericmilic.com), by permission of Vega, Vegan Snacks

According to Bazeley, the program is a perfect fit for Vega's overall strategy. "Vega's vision is empowering the world to thrive, and internally empowering our Vegatopians to thrive. We know if you're happy and fulfilled in your whole life, you'll come into work with that passion."

Vega's 2016 engagement survey revealed a fulfilling, trusting atmosphere: 100 percent indicated they are proud to tell others they work at Vega; 99 percent said that people care about each other at Vega; and 100 percent classified Vega as a great place to work.

Vega is one of the fastest growing and best companies to work for in Canada. It has been recognized as one of Canada's Best Managed

Companies and in 2017 Vega was named the #1 Best Workplace in Canada.¹

How motivated would you be if you worked for Vega? What motivational strategies are being used, and are they effective? Motivational strategies are necessary for improving employee performance and productivity. This is an especially important issue today given that a recent study found that almost half of Canadian workers indicated that they are less productive at work than they could be.²

In this chapter, we will discuss four motivational strategies: money, job design, Management by Objectives, and flexible work arrangements. In each case, we will consider the practical problems that are involved in implementing these strategies. The chapter will conclude with a discussion of the factors that an organization needs to consider when choosing a motivational strategy.

Money as a Motivator


The money that employees receive in exchange for organizational membership is, in reality, a package made up of pay and various fringe benefits that have dollar values, such as insurance plans, sick leave, and vacation time—or what is sometimes referred to as “total rewards.” Here, we will be concerned with the motivational characteristics of pay itself.

So just how effective is pay as a motivator? How important is pay for you? Chances are you do not think pay is as important as it really is for you. In fact, employees and managers seriously underestimate the importance of pay as a motivator.³ Yet the motivation theories described in **Chapter 5** suggest that pay is, in fact, a very important motivator.

According to Maslow and Alderfer, pay should prove especially motivational to people who have strong lower-level needs. For these people, pay can be exchanged for food, shelter, and other necessities of life. However, suppose you receive a healthy pay raise. Doubtless, this raise will enable you to purchase food and shelter, but it might also give you prestige among friends and family, signal your competence as a worker, and demonstrate that your boss cares about you. Thus, using need hierarchy terminology, pay can also function to satisfy social, self-esteem, and self-actualization needs. If pay has this capacity to fulfill a variety of needs, then it should have especially good potential as a motivator. How can this potential be realized? Expectancy theory provides the clearest answer to this question. According to expectancy theory, if pay can satisfy a variety of needs, it should be highly valent, and it should be a good motivator to the extent that *it is clearly tied to performance*.

Research on pay and financial incentives is consistent with the predictions of need theory and expectancy theory. Financial incentives and pay-for-performance plans have been found to increase performance and lower turnover. Both individual and team-based financial incentives have been shown to have a positive effect on performance. Research not only supports the motivational effects of pay but also suggests that pay may well be the most important and effective motivator of performance. In general, the ability to earn money for outstanding performance is a competitive advantage for attracting, motivating, and retaining employees, and recent reports indicate that an increasing number of Canadian organizations are using financial incentives.⁴

There are a number of ways that organizations can provide employees with pay based on performance, or what is known as variable pay.

Variable pay , or incentive compensation, involves providing employees some portion of their pay that is based on a measure of performance. In

Canada, about 82 percent of organizations have variable pay programs.⁵
In this chapter, we will consider how variable pay can be used to motivate individuals and groups. Let's first consider how to link pay to performance on production jobs.

Linking Pay to Performance on Production Jobs

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6.0 Discuss how to tie pay to performance on production jobs and the difficulties of *wage incentive plans*.

The prototype of all schemes to link pay to performance on production jobs is piece-rate. In its pure form, piece-rate is set up so that individual workers are paid a certain sum of money for each unit of production they complete. For example, sewing machine operators might be paid \$2 for each dress stitched, or punch press operators might be paid a few cents for each piece of metal fabricated. More common than pure piece-rate is a system whereby workers are paid a basic hourly wage and paid a piece-rate differential on top of this hourly wage. For example, a forge operator might be paid \$15 an hour plus 50 cents for each unit he produces. In some cases, of course, it is very difficult to measure the productivity of an individual worker because of the nature of the production process. Under these circumstances, group incentives are sometimes employed. For example, workers in a steel mill might be paid an hourly wage and a monthly bonus for each tonne of steel produced over some minimum quota. These various schemes to link pay to performance on production jobs are called wage incentive plans.

Compared with straight hourly pay, the introduction of wage incentives usually leads to substantial increases in productivity.⁶ One review reports

a median productivity improvement of 30 percent following the installation of piece-rate pay, an increase not matched by goal setting or job enrichment.⁷ Also, a study of 400 manufacturing companies found that those with wage incentive plans achieved 43 to 64 percent greater productivity than those without such plans.⁸

One of the best examples of the successful use of a wage incentive plan is the Lincoln Electric Company. Lincoln Electric is the world's largest producer of arc welding equipment, and it also makes electric motors. The company offers what some say are the best-paid factory jobs in the world. They use an intricate piece-rate pay plan that rewards workers for what they produce. The firm has turned a handsome profit every quarter for more than 60 years and has not laid off anyone for more than 50 years. Employee turnover is extremely low, and Lincoln workers are estimated to be roughly twice as productive as other manufacturing workers.⁹ Other companies that use wage incentive plans include Steelcase, the Michigan manufacturer of office furniture, and Nucor, a steel producer. However, not as many organizations use wage incentives as we might expect. What accounts for this relatively low utilization of a motivational system that has proven results?¹⁰



David Anderson

Potential Problems with Wage Incentives

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Despite their theoretical and practical attractiveness, wage incentives have some potential problems when they are not managed with care.

Lowered Quality

It is sometimes argued that wage incentives can increase productivity at the expense of quality. While this may be true in some cases, it does not require particular ingenuity to devise a system to monitor and maintain quality in manufacturing. However, the quality issue can be a problem when employers use incentives to motivate faster “people processing,” such as conducting consumer interviews on the street or in stores. Here, quality control is more difficult.

Differential Opportunity

A threat to the establishment of wage incentives exists when workers have different opportunities to produce at a high level. If the supply of raw materials or the quality of production equipment varies from workplace to workplace, some workers will be at an unfair disadvantage under an incentive system. In expectancy theory terminology, workers will differ in the expectancy that they can produce at a high level.

Reduced Cooperation

Wage incentives that reward individual productivity might decrease cooperation among workers. For example, to maintain a high wage rate, machinists might hoard raw materials or refuse to engage in peripheral tasks, such as keeping the shop clean or unloading supplies.

Consider what happened when Solar Press, an Illinois printing and packaging company, installed a team wage incentive. It was not long before both managers and employees began to spot problems. Because of the pressure to produce, teams did not perform regular maintenance on the equipment, so machines broke down more often than before. When people found better or faster ways to do things, some hoarded them from fellow employees for fear of reducing the amount of their own payments. Others grumbled that work assignments were not fairly distributed, that some jobs demanded more work than others. They did, but the system did not take this into account.¹¹

Incompatible Job Design

In some cases, the way jobs are designed can make it very difficult to implement wage incentives. On an assembly line, it is almost impossible to identify and reward individual contributions to productivity. As pointed out earlier, wage incentive systems can be designed to reward team productivity in such a circumstance. However, as the size of the team *increases*, the relationship between any individual's productivity and his or her pay *decreases*. For example, the impact of your productivity in a team of two is much greater than the impact of your productivity in a team of 10. As team size increases, the linkage between your performance and your pay is erased, removing the intended incentive effect.



Wage incentive programs that link pay to performance on production jobs have been shown to improve employee productivity.

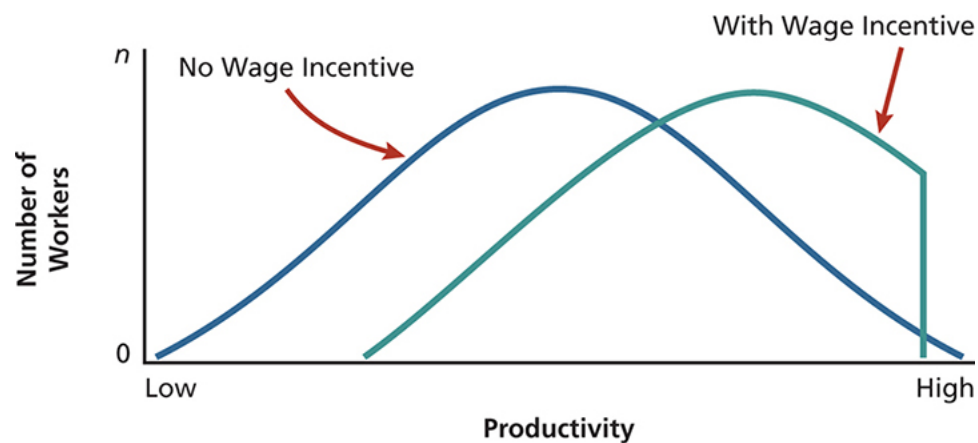
Monkey Business/Fotolia

Restriction of Productivity

A chief psychological impediment to the use of wage incentives is the tendency for workers to restrict productivity. This restriction is illustrated graphically in [Exhibit 6.1](#). Under normal circumstances, without wage incentives, we can often expect productivity to be distributed in a “bell-shaped” manner—a few workers are especially low producers, a few are especially high producers, and most produce in the middle range. When wage incentives are introduced, however, workers sometimes come to an informal agreement about what constitutes a fair day’s work and artificially limit their output accordingly. In many cases, this restriction of productivity can decrease the expected benefits of the incentive system, as in [Exhibit 6.1](#).

Exhibit 6.1

Hypothetical productivity distributions, with and without wage incentives, when incentives promote restriction.



Why does restriction often occur under wage incentive systems?

Sometimes it happens because workers feel that increased productivity due to the incentive will lead to reductions in the workforce. More frequently, however, employees fear that if they produce at an especially high level, an employer will reduce the rate of payment to cut labour costs. In the early days of industrialization, when unions were non-existent or weak, this often happened. Engineers studied workers under normal circumstances, and management would set a payment rate for each unit of productivity. When management introduced the incentive system, workers employed legitimate shortcuts that they had learned on the job to produce at a higher rate than expected. In response to this, management simply changed the rate to require more output for a given amount of pay! Stories of such rate cutting are often passed down from one generation of workers to another in support of restricting output under incentive systems. As you might expect, restriction seems less likely when a climate of trust and a history of good relations exist between employees and management.















Linking Pay to Performance on White-Collar Jobs

◀ Listen to the Audio

LO Explain how to tie pay to performance on white-collar jobs and the difficulties of *merit pay plans*.

Compared to production jobs, white-collar jobs (including clerical, professional, and managerial) frequently offer fewer objective performance criteria to which pay can be tied. To be sure, company presidents are often paid annual bonuses that are tied to the profitability of the firm, and salespeople are frequently paid commissions on sales. However, trustworthy objective indicators of individual performance for the majority of white-collar jobs are often difficult to find. Thus, performance in many such jobs is evaluated by the subjective judgment of the performer's manager (see [Chapter 3](#) on objective and subjective measures of performance).

Attempts to link pay to performance on white-collar jobs are often called **merit pay plans**. Just as straight piece-rate is the prototype for most wage incentive plans, there is also a prototype for most merit pay plans: periodically (usually yearly), managers are required to evaluate the performance of employees on some form of rating scale or by means of a written description of performance. Using these evaluations, the managers then recommend that some amount of merit pay be awarded to individuals over and above their basic salaries. This pay is usually

incorporated into the subsequent year's salary. Since the indicators of good performance on some white-collar jobs (especially managerial jobs) can be unclear or highly subjective, merit pay can provide an especially tangible signal that the organization considers an employee's performance "on track." Individuals who see a strong link between rewards and performance tend to perform better.¹² In addition, white-collar workers (especially managers) particularly support the notion that performance should be an important determinant of pay.¹³

Merit pay plans are employed with a much greater frequency than wage incentive plans and have become one of the most common forms of motivation in Canadian organizations.¹⁴ In a tight labour market, merit pay is often used by organizations to attract and retain employees and as an alternative to wage increases.¹⁵ Furthermore, there is some evidence that pay-for-performance merit pay plans and bonus pay have a positive effect on job performance, especially in jobs where performance is more objectively measured.¹⁶

However, despite the fact that merit pay can stimulate effective performance, that substantial support exists for the idea of merit pay, and that most organizations claim to provide merit pay, it appears that many of these systems now in use are *ineffective*. In reality, a survey found that 83 percent of organizations with a pay-for-performance system said it was only somewhat successful or not working at all.¹⁷

Many individuals who work under such plans do not perceive a link between their job performance and their pay. There is also evidence that pay is, in fact, *not* related to performance under some merit plans.¹⁸ Adding more evidence of ineffectiveness are studies that track pay increases over time. For example, one study of managers showed that pay increases in a given year were often uncorrelated with pay increases in adjacent years.¹⁹ From what we know about the consistency of human

performance, such a result seems unlikely if organizations are truly tying pay to performance. In most organizations, seniority, the number of employees, and job level account for more variation in pay than performance does. However, there are ways to make merit pay plans more effective. To learn more, see Research Focus: *Improving the “Line-of-Sight” in Pay-for-Performance Programs* [□](#).

Research Focus

Improving the “Line-of-Sight” in Pay-for-Performance Programs

Many organizations use some form of individual pay-for-performance program that links employees’ pay to their job performance. Individual pay-for-performance programs such as merit pay plans are fairly straightforward. The basic idea is to provide monetary rewards to employees based on their individual job performance.

However, many employees do not perceive a link between their job performance and pay, or what is known as a line-of-sight and performance-reward expectancy (instrumentality in expectancy theory terms). This is even the case in organizations that say that they have individual pay-for-performance programs.

Line-of-sight is the degree to which a pay-for-performance program enables employees to recognize a clear connection, or line-of-sight, between work behaviours that they might enact and those measured and rewarded. Performance-reward expectancy is the degree to which employees believe that their performance will be rewarded by their organization. Thus,

employees' lack of a line-of-sight and a performance-pay contingency might be undermining the effectiveness of individual pay-for-performance programs.

It is therefore critical to understand the conditions under which employees perceive a strong link between their performance and pay in pay-for-performance programs. Two conditions that might be especially important are the immediate manager's behaviour and other pay-for-performance programs.

Although pay-for-performance programs are designed by human resource (HR) departments, it is employees' immediate manager who actually delivers pay-for-performance to employees. Therefore, managers' behaviour is a key factor for the success of pay-for-performance programs. One particular type of behaviour that is especially important is contingent reward leadership in which managers' reward employees for accomplishing agreed-upon objectives. With contingent reward leadership, managers clearly define employee goals and expectations and reliably evaluate and differentiate employee performance.

An organization's use of profit sharing might also improve the effectiveness of pay-for-performance programs. This is because profit-sharing programs demonstrate to employees that the organization is concerned about performance and intends to reward employees for their performance in several ways. Furthermore, the existence of a profit sharing program reinforces and supports individual pay-for-performance programs and an organization's commitment to reward employee performance.

To investigate the role of contingent reward leadership and profit sharing for the effectiveness of individual pay-for-

performance programs, Joo Hun Han, Kathryn Bartol, and Seongsu Kim conducted a study in 45 Korean companies from eight different industries. Surveys in each company were completed by HR managers, non-managerial employees, and their immediate managers.

As expected, the results indicated that the relationship between an organization's pay-for-performance program and employee perceptions of performance-reward expectancy were stronger when the manager was high on contingent reward leadership behaviour and the organization had a profit-sharing plan. Furthermore, there was a positive relationship between employees' performance-reward expectancy and their job performance. In other words, pay-for-performance was more likely to lead to higher perceptions of performance-reward expectancy and job performance when an employee's manager exhibited high contingent reward leadership and the organization had a profit-sharing plan.

The results of this study indicate that pay-for-performance programs are more effective when they are accompanied by immediate managers' contingent reward leadership and organizational profit sharing. Thus, organizations that want to improve employees' motivation and job performance using pay-for-performance programs should make sure they are accompanied by contingent reward leadership and a profit-sharing plan.

Source: Based on Han, J. H., Bartol, K. M., & Kim, S. (2015). Tightening up the performance-pay linkage: Roles of contingent reward leadership and profit-sharing in the cross-level influence of individual pay-for-performance. *Journal of Applied Psychology*, 100, 417–430.

Potential Problems with Merit Pay Plans

◀ Listen to the Audio

As with wage incentive plans, merit pay plans have several potential problems if employers do not manage them carefully.

Low Discrimination

One reason that many merit pay plans fail to achieve their intended effect is that managers might be unable or unwilling to discriminate between good performers and poor performers. In [Chapter 3](#), we pointed out that subjective evaluations of performance can be difficult to make and are often distorted by a number of perceptual errors. In the absence of performance rating systems designed to control these problems, managers might feel that the only fair response is to rate most employees as equal performers. Effective rating systems are rarely employed. Surveys show consistent dissatisfaction with both giving and receiving performance evaluations.²⁰ Even when managers feel capable of clearly discriminating between good and poor performers, they might be reluctant to do so. If the performance evaluation system does not assist the manager in giving feedback about his or her decisions to employees, the equalization strategy might be employed to prevent conflicts with them or among them. If there are true performance differences among employees, equalization over-rewards poorer performers and under-rewards better performers.²¹

Small Increases

A second threat to the effectiveness of merit pay plans exists when merit increases are simply too small to be effective motivators. In this case, even if rewards are carefully tied to performance and managers do a good job of discriminating between more and less effective performers, the intended motivational effects of pay increases may not be realized. Ironically, some firms all but abandon merit pay when inflation soars or when they encounter economic difficulties. Just when high motivation is needed, the motivational impact of merit pay is removed. Sometimes a reasonable amount of merit pay is provided, but its motivational impact is reduced because it is spread out over a year or because the organization fails to communicate how much of a raise is for merit and how much is for cost of living.

To overcome this visibility problem, some firms have replaced conventional merit pay with a **lump sum bonus** that is paid out all at one time and not built into base pay. Such bonuses have become a common method to motivate and retain employees at all levels of an organization. A good example of this is the performance bonus and \$1500 bonus money that employees at Vega receive. They get people's attention! In fact, there is some evidence that bonus pay has a stronger effect on job performance than conventional merit pay.²²

Although bonuses can overcome the problem of small increases, if they are not carefully designed, they might encourage unethical behaviour. For example, large pay increases are believed to be one of the reasons why organizations have engaged in risky and unethical behaviour that helped trigger the financial crisis and a global recession several years ago. The lure of financial incentives contributed to an increase in accounting fraud and risky and unethical behaviours.²³

Pay Secrecy

A final threat to the effectiveness of merit pay plans is the extreme secrecy that surrounds salaries in most organizations. It has long been a principle of human resource management that salaries are confidential information, and management frequently implores employees who receive merit increases not to discuss these increases with their co-workers. A recent survey of marketing executives and advertising representatives in Canada found that 82 percent said their organization does not publicize employee compensation.²⁴ Notice the implication of such secrecy for merit pay plans: even if merit pay is administered fairly, is contingent on performance, and is generous, employees might remain ignorant of these facts because they have no way of comparing their own merit treatment with that of others. As a consequence, such secrecy might severely damage the motivational impact of a well-designed merit plan. Rather incredibly, many organizations fail to inform employees about the average raise received by those doing similar work.


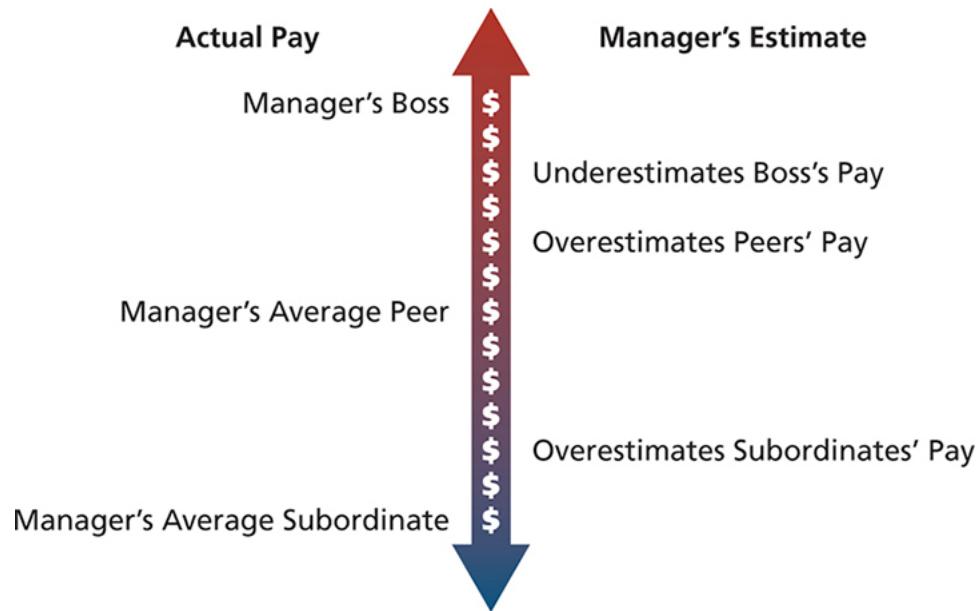
Given this extreme secrecy, you might expect that employees would profess profound ignorance about the salaries of other organizational members. In fact, this is not true—in the absence of better information, employees are inclined to “invent” salaries for other members. Unfortunately, this invention seems to reduce both satisfaction and motivation. Specifically, several studies have shown that managers have a tendency to overestimate the pay of their employees and their peers and to underestimate the pay of their superiors (see [Exhibit 6.2](#) ).²⁵ In general, these tendencies will reduce satisfaction with pay, damage perceptions of the linkage between performance and rewards, and reduce the valence of promotion to a higher level of management.

Exhibit 6.2 A manager's estimates of pay earned by boss, peers, and subordinates.




An interesting experiment examined the effects of pay disclosure on the performance and satisfaction of pharmaceutical salespeople who operated under a merit pay system. At the time of a regularly scheduled district sales meeting, each of the 14 managers in the experimental group presented to his or her employees the new open salary administration program. The sales staff were given the individual low, overall average, and individual high merit raise amounts for the previous year. The raises ranged from no raise to \$75 a month, with a company average of \$43. Raises were classified according to district, region, and company increases in pay. Likewise, salary levels (low, average, and high) were given for sales staff on the basis of their years with the company (1 to 5; 5 to 10; 10 to 20; and more than 20 years). Specific individual names and base salaries were not disclosed to the sales staff. However, this information could be obtained from the supervisor. Each person's performance evaluation was also made available by the district manager for review by his or her other sales staff.²⁶

After the pay disclosure was implemented, the sales staff in the experimental group revealed significant increases in performance and satisfaction with pay. However, since performance consisted of supervisory ratings, it is possible that supervisors felt pressured to give better ratings under the open pay system, in which their actions were open to scrutiny. This, of course, raises an important point. If performance evaluation systems are inadequate and poorly implemented, a more open pay policy will simply expose the inadequacy of the merit system and lead managers to evaluate performance in a manner that reduces conflict. Unfortunately, this might be why most organizations maintain relative secrecy concerning pay. An exception is Whole Foods, a grocery chain with 80 000 employees. Whole Foods has an open-book policy that allows employees to see the compensation of others. Employees can request the company's wage disclosure report from an in-store HR representative and are allowed to take notes but can't copy or take the report home. MASS, a public consultation firm in Toronto, also has an open compensation policy, although such policies in Canada are more the exception than the rule.²⁷



Whole Foods has an open-book pay policy that allows employees to see the compensation of others.

Kristoffer Tripplaar/Alamy Stock Photo

In the next section, we will consider how to use pay to motivate teamwork. But first, consider You Be the Manager: *Retention Bonuses at SNC-Lavalin* .

You Be the Manager: Retention Bonuses at SNC-Lavalin Group Inc.

Montreal-based SNC-Lavalin Group Inc. is one of the largest engineering and construction companies in the world, with offices in more than 50 countries and over 40 000 employees. In 2012, RCMP searched the company's offices after an internal company investigation had uncovered \$56 million in improperly authorized payments. Pierre Duhaime, the CEO at the time, was let go for breaching company policy and was subsequently charged with fraud. The company was so worried about losing employees and managers as a result of the scandal that they decided to pay out millions of dollars in special retention bonuses to a select group of managers and employees.

In March 2013, a proxy management circular indicated that "in light of all the changes that took place in 2012," it had handed out awards as retention measures to certain members of management and key employees. The special retention awards were for employees below the executive vice president level who were judged to be "high potential" or "key project" employees.*

SNC-Lavalin guaranteed that if budgeted financial targets were not met, employees participating in the management incentive program (MIP) would receive one-third of the target bonus (representing 50 percent of the financial component), and if they met expectations on their individual performance, they would also receive one-third of their target bonus. So they received a minimum of two-thirds of their target bonus for 2012.

They were also given a special cash bonus equivalent to one-half of their 2012 MIP target, representing \$15.3 million. In addition, 47 key employees received restricted stock-unit (RSU) grants at a value of 50 percent of their annual base salary, while eight key employees received a cash award equal to one-half of their base salary.

Reset

Next

Sources: Dobson, S. (2013, May 6). Retention bonuses help during time of crisis: Experts. *Canadian HR Reporter*, 26(9), 2, 3; Van Praet, N. (2013, April 8). SNC-Lavalin paid out millions in retention bonuses in midst of ethics scandal. *Financial Post*, <http://business.financialpost.com/news/snc-lavalin-paid-out-millions-in-retention-bonuses-in-midst-of-ethics-scandal>.















Using Pay to Motivate Teamwork

◀ Listen to the Audio

LO Explain the various approaches to use pay to motivate teamwork.

Some of the dysfunctional aspects of wage incentives and merit pay stem from their highly individual orientations. People sometimes end up pursuing their own agendas (and pay) at the expense of the goals of their work group, department, or organization. As a result, some firms have either replaced or supplemented individual incentive pay with plans designed to foster more cooperation and teamwork.²⁸ Notice that each of the plans we discuss next has a somewhat different motivational focus. Organizations have to choose pay plans that support their strategic needs. As indicated at the beginning of the chapter, this is exactly what Vega did with the “Best Life Week” and bonus money, which reinforces its core values such as teamwork.


Profit Sharing

Profit sharing is one of the most commonly used group-oriented incentive systems. In years in which the firm makes a profit, some of this is returned to employees in the form of a bonus, sometimes in cash and sometimes in a deferred retirement fund. Such money is surely welcome, and it may reinforce some identification with the organization. As indicated in the chapter-opening vignette, employees at Vega receive an annual profit-sharing bonus. At Apex Public Relations in Toronto, the

company allocates 15 percent of its profit to all of its employees every year. Larsen & Shaw Ltd., a hinge-making company in Walkerton, Ontario, has a profit-sharing plan for its 100 employees. The company shares 11 percent of its pre-tax profits every December and June. The amount an employee receives is based on his or her years of service, base pay, and performance, which is evaluated twice a year.²⁹

However, it is unlikely that profit sharing, as normally practised, is highly motivational. Its greatest problem is that too many factors beyond the control of the workforce (such as the general economy) can affect profits, no matter how well people perform their jobs. Also, in a large firm, it is difficult to see the impact of one's own actions on profits. Profit sharing seems to work best in smaller firms that regularly turn a handsome profit.

Employee Stock Ownership Plans (ESOPs)

In recent years, employee stock ownership plans (ESOPs)  have become a popular group-oriented incentive. These plans allow employees to own a set amount of the company's shares that they are allowed to purchase at a fixed price. For example, employees at EllisDon are allowed to buy an equity stake in the company on an annual basis.³⁰ Some organizations like WestJet match employee contributions.


ESOPs provide employees with a stake in a company's future earnings and success and help to create a sense of ownership. They also serve a number of other purposes, including attracting and retaining talent, motivating employee performance, focusing employee attention on organizational performance, creating a culture of ownership, educating employees about the business, and conserving cash by substituting options for cash.³¹

In Canada, many of the best companies to work for offer stock options to a majority of their employees. For example, at the Royal Bank of Canada, 85 percent of employees are enrolled in a share ownership plan that matches 50 cents for every dollar an employee invests, up to 6 percent of his or her salary. At PCL Constructors in Edmonton, only employees are permitted to own company stock. The company has realized a profit every year since 1977, when it became 100 percent employee owned.³² At Hudson's Bay Company, employees receive \$1 worth of company shares for every \$6 they invest, an immediate return of 17 percent.³³

Employee stock options are believed to increase employees' loyalty and motivation because they align employees' goals and interests with those of the organization and create a sense of legal and psychological ownership. There is some evidence that ESOPs can improve employee retention and profitability.³⁴ A study conducted by the Toronto Stock Exchange found that companies with employee stock ownership plans outperformed those that do not on a number of performance indicators, including profit growth, net profit margin, productivity, return on average total equity, and return on capital.³⁵

However, like profit sharing, ESOPs work best in small organizations that regularly turn a profit. In larger organizations, it is more difficult for employees to see the connection between their efforts and company profits because many factors can influence the value of a company's stock besides employee effort and performance. In addition, ESOPs lose their motivational potential in a weak economy when a company's share price goes down.

Gainsharing

Gainsharing  plans are group incentive plans that are based on improved productivity or performance over which the workforce has

some control.³⁶ Such plans often include reductions in the cost of labour, material, or supplies. When measured costs decrease, the company pays a monthly bonus according to a predetermined formula that shares this “gain” between employees and the firm. For example, a plan installed by Canadian pulp and paper producer Fraser Papers rewards employees for low scrap and low steam usage during production. The plan sidesteps the cost of steam generation and the international price for paper, things over which the workforce lacks control.³⁷

Gainsharing plans have usually been installed using committees that include extensive workforce participation. This builds trust and commitment to the formulas that are used to convert gains into bonuses. Also, most plans include all members of the work unit, including production people, managers, and support staff.

The most common gainsharing plan is the Scanlon Plan, developed by union leader Joe Scanlon in the 1930s.³⁸ The plan stresses participatory management and joint problem solving between employees and managers, but it also stresses using the pay system to reward employees for this cooperative behaviour. Thus, pay is used to align company and employee goals. The Scanlon Plan has been used successfully by many small, family-owned manufacturing firms. Also, in recent years, many large corporations (such as General Electric, Motorola, Carrier, and Dana) have installed Scanlon-like plans in some manufacturing plants.³⁹ The turnaround of the motorcycle producer Harley-Davidson is, in part, attributed to the institution of gainsharing.

In a study in a unionized auto parts manufacturing plant, a Scanlon gainsharing program was negotiated as part of a joint union–management effort to respond to economic downturns and competitive challenges in the auto industry. Management and the union were extensively involved in the development and implementation of the plan,

which consisted of a formal employee suggestion program and a formula for determining the amount of total cost savings that was to be divided equally among plant employees. The plan had a positive effect on the number of suggestions provided by employees, and the cumulative number of suggestions implemented was associated with lower production costs.⁴⁰ In general, productivity improvements following the introduction of Scanlon-type plans support the motivational impact of this group wage incentive.⁴¹ However, perception that the plan is fair is critical.⁴²



At Quebec's Bell Helicopter Textron plant, skill-based pay encourages flexibility in the aircraft assemblers' work assignments and provides them with an overall picture of the work process.

First Light

Skill-Based Pay

The idea behind skill-based pay [💰] (also called *pay-for-knowledge*) is to motivate employees to learn a wide variety of work tasks, irrespective of the job that they might be doing at any given time. The more skills that are acquired, the higher the person's pay.⁴³ Companies use skill-based pay to encourage employee flexibility in task assignments and to give

them a broader picture of the work process. It is especially useful on self-managed teams ([Chapter 7](#)), in which employees divide up the work as they see fit. It is also useful in flexible manufacturing in which rapid changes in job demands can occur. Quebec's Bell Helicopter Textron plant uses skill-based pay for its aircraft assemblers to enhance their flexibility.

Training costs can be high with a skill-based pay system. Also, when the system is in place, it has to be used. Sometimes managers want to keep employees on a task they are good at rather than letting them acquire new skills. However, skill-based programs can have positive consequences. A study on the effects of a skill-based pay system in a large organization that manufactures vehicle safety systems reported an increase in productivity, lower labour costs per part, and a reduction in scrap following implementation of a skill-based pay program.⁴⁴

[Exhibit 6.3](#) compares the various pay plans that organizations use to motivate teamwork. Research has found that group-based financial incentives can have a positive effect on the collective efforts of employees and business-unit outcomes. According to a recent review, team-based pay for performance programs have a positive effect on behavioural, operational, and financial outcomes. The effect of team-based financial incentives on performance has been found to be strongest for smaller teams.⁴⁵

Exhibit 6.3 Teamwork Pay Plans

Study the table, and then click "Check Your Understanding."

PAY PLAN	DESCRIPTION	ADVANTAGES	DISADVANTAGES
Profit sharing	Employees receive a cash bonus based on organization profits.	<ul style="list-style-type: none"> • Employees have a sense of ownership. • Aligns employee goals with organization goals. • Only pays when the organization makes a profit. 	<ul style="list-style-type: none"> • Many factors beyond the control of employees can affect profits. • It is difficult for employees to see the impact of their actions on organization profits.
Employee stock ownership	Employees can own a set amount of the organization's shares.	<ul style="list-style-type: none"> • Creates a sense of legal and psychological ownership for employees. • Aligns employees' goals and interests with those of the organization. 	<ul style="list-style-type: none"> • Many factors can influence the value of an organization's shares, regardless of employees' effort and performance. • It is difficult for employees to see the connection between their efforts and the value of their organization's stocks. • They lose their motivational potential in a weak economy when the value of an organization's stocks decline.
	When measured costs decrease,	<ul style="list-style-type: none"> • Aligns organization and 	<ul style="list-style-type: none"> • Bonuses might be paid even when the

Check Your Understanding















Job Design as a Motivator

◀ Listen to the Audio

6.4 Compare and contrast the different approaches to job design, including the traditional approach, the *Job Characteristics Model*, *job enrichment*, *work design*, and *relational job design*, and discuss the meaning and relevance of *job crafting* for job design.

If the use of money as a motivator is primarily an attempt to capitalize on extrinsic motivation, current approaches to using job design as a motivator represent an attempt to capitalize on intrinsic motivation. **Job design** refers to the structure, content, and configuration of a person's work tasks and roles.⁴⁶ In essence, the goal of job design is to identify the characteristics that make some tasks more motivating than others and to capture these characteristics in the design of jobs. Although it is often believed that money is the primary work motivator, many workers are actually motivated more by stimulating, challenging, and meaningful work.⁴⁷ But how do you design jobs to make them more motivating? Let's begin with a review of traditional views of job design.

Traditional Views of Job Design

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From the beginning of the Industrial Revolution until the 1960s, the prevailing philosophy regarding the design of most non-managerial jobs was job simplification. The historical roots of job simplification are found in social, economic, and technological forces that existed even before the Industrial Revolution. This pre-industrial period was characterized by increasing urbanization and the growth of a free market economy, which prompted a demand for manufactured goods. Thus, a division of labour within society occurred, and specialized industrial concerns using newly developed machinery emerged to meet this demand. With complex machinery and an uneducated, untrained workforce, these organizations recognized that *specialization* was the key to efficient productivity. If the production of an object could be broken down into very basic, simple steps, even an uneducated and minimally trained worker could contribute his or her share by mastering one of these steps.

The zenith of job simplification occurred in the early 1900s, when industrial engineer Frederick Winslow Taylor presented the industrial community with his principles of scientific management.⁴⁸ From [Chapter 1](#), you will recall that Taylor advocated extreme division of labour and specialization, even extending to the specialization of supervisors in roles such as trainer, disciplinarian, and so on. Also, he advocated careful standardization and regulation of work activities and rest pauses. Intuitively, jobs designed according to the principles of scientific management do not seem intrinsically motivating. The motivational

strategies that management used during this period consisted of close supervision and the use of piece-rate pay. But it would do a disservice to history to conclude that job simplification was unwelcomed by workers, who were mostly non-unionized, uneducated, and fighting to fulfill their basic needs. Such simplification helped them to achieve a reasonable standard of living. However, with a better-educated workforce whose basic needs are fairly well met, behavioural scientists have begun to question the impact of job simplification on performance, customer satisfaction, and the quality of working life.

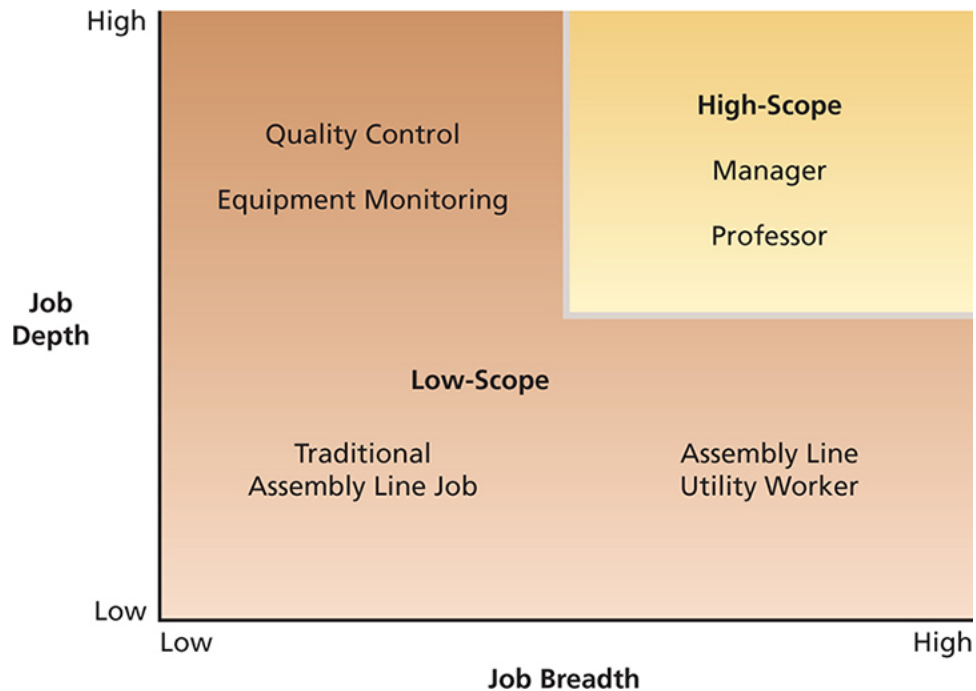
Job Scope and Motivation

◀ Listen to the Audio

Job scope [Ⓟ] can be defined as the breadth and depth of a job.⁴⁹ **Breadth** [Ⓟ] refers to the number of different activities performed on the job, while **depth** [Ⓟ] refers to the degree of discretion or control the worker has over how these tasks are performed. “Broad” jobs require workers to *do* a number of different tasks, while “deep” jobs emphasize freedom in *planning* how to do the work.

As shown in **Exhibit 6.4** [□], jobs that have great breadth and depth are called high-scope jobs. A professor’s job is a good example of a high-scope job. It is broad because it involves the performance of a number of different tasks, such as teaching, grading, doing research, writing, and participating in committees. It is also deep because there is considerable discretion in how academics perform these tasks. In general, professors have a fair amount of freedom to choose a particular teaching style, grading format, and research area. Similarly, management jobs are high-scope jobs. Managers perform a wide variety of activities (supervision, training, performance evaluation, report writing) and have some discretion over how they accomplish these activities.

Exhibit 6.4 Job scope as a function of job depth and job breadth.



The classic example of a low-scope job is the traditional assembly line job. This job is both “shallow” and “narrow” in the sense that a single task (such as bolting on car wheels) is performed repetitively and ritually, with no discretion as to method. Traditional views of job design were attempts to construct low-scope jobs in which workers specialized in a single task.

Occasionally, we encounter jobs that have high breadth but little depth, or vice versa. For motivational purposes, we can also consider these jobs to be relatively low in scope. For example, a utility worker on an assembly line fills in for absent workers on various parts of the line. While this job involves the performance of a number of tasks, it involves little discretion as to when or how the worker performs the tasks. On the other hand, some jobs involve a fair amount of discretion over a single, narrowly defined task. For example, quality control inspectors perform a single, repetitive task, but they might be required to exercise a fair degree of judgment in performing this task. Similarly, workers who monitor the performance of equipment (such as in a nuclear power plant) might

perform a single task but again be required to exercise considerable discretion when a problem arises.

The motivational theories we discussed in the previous chapter suggest that high-scope jobs (both broad *and* deep) should provide more intrinsic motivation than low-scope jobs. Maslow's need hierarchy and ERG theory both seem to indicate that people can fulfill higher-order needs by the opportunity to perform high-scope jobs. Expectancy theory suggests that high-scope jobs can provide intrinsic motivation if the outcomes derived from such jobs are attractive.

One way to increase the scope of a job is to assign employees stretch assignments, something that many organizations have begun to do. **Stretch assignments**⁵⁰ offer employees opportunities to broaden their skills by working on a variety of challenging assignments and projects. Employees have opportunities to work on a variety of new tasks that are larger in scope than their current job and involve more responsibility. Oakville, Ontario-based Javelin Technologies Inc., which develops design and engineering software for the manufacturing industry, uses stretch assignments as a way to keep employees interested and challenged in their positions.⁵⁰

Another approach for increasing the scope of an individual's job is **job rotation**⁵¹, which involves rotating employees to different tasks and jobs in an organization. This often involves working in different functional areas and departments. Job rotation is used by many companies, such as Bell Canada, Telus Corp., and Pitney Bowes, and it has been increasing in popularity. Sun Life Financial has a rotational leadership development program that allows graduates to rotate through three different roles over a three-year period in Toronto, Montreal, and Waterloo.⁵¹ In addition to providing employees with a variety of challenging assignments, job rotation is also effective for developing new skills and expertise that can

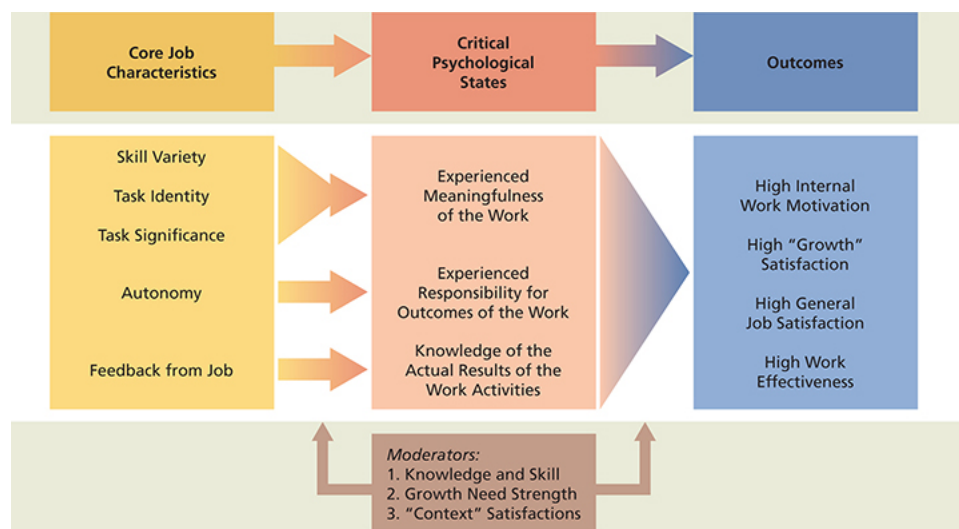
prepare employees for future roles.⁵² In the next section, we discuss a model of how to design high-scope jobs.

The Job Characteristics Model

◀ Listen to the Audio

The concept of job scope provides an easy-to-understand introduction to why some jobs seem more intrinsically motivating than others. However, we can find a more rigorous delineation of the motivational properties of jobs in the Job Characteristics Model that J. Richard Hackman and Greg Oldham developed (Exhibit 6.5).⁵³ As you can observe, the Job Characteristics Model proposes that there are several “core” job characteristics that have a certain psychological impact on workers. In turn, the psychological states induced by the nature of the job lead to certain outcomes that are relevant to the worker and the organization. Finally, several other factors (moderators) influence the extent to which these relationships hold true.

Exhibit 6.5 The Job Characteristics Model.



Core Job Characteristics

The Job Characteristics Model shows that there are five core job characteristics that have particularly strong potential to affect worker motivation: skill variety, task identity, task significance, autonomy, and job feedback. In general, higher levels of these characteristics should lead to the favourable outcomes shown in [Exhibit 6.5](#). Notice that **skill variety**, the opportunity to do a variety of job activities using various skills and talents, corresponds fairly closely to the notion of job breadth we discussed earlier. **Autonomy**, the freedom to schedule one's own work activities and decide work procedures, corresponds to job depth. However, Hackman and Oldham recognized that one could have a high degree of control over a variety of skills that were perceived as meaningless or fragmented. Thus, the concepts of task significance and task identity were introduced. **Task significance** is the impact that a job has on others. **Task identity** is the extent to which a job involves doing a complete piece of work, from beginning to end. In addition, they recognized that **feedback**, information about one's performance effectiveness, is also essential for high intrinsic motivation. People are not motivated for long if they do not know how well they are doing. High and low levels of each of the core job characteristics are described in [Exhibit 6.6](#).

Exhibit 6.6 Core job characteristics examples.

1. Skill variety

High variety: The owner-operator of a garage who does electrical repair, rebuilds engines, does body work, and interacts with customers.

Low variety: A body shop worker who sprays paint eight hours a day.

2. Task identity

High identity: A cabinet maker who designs a piece of furniture, selects the wood, builds the object, and finishes it to perfection.

Low identity: A worker in a furniture factory who operates a lathe solely to make table legs.

3. Task significance

High significance: Nursing the sick in a hospital intensive care unit.

Low significance: Sweeping hospital floors.

4. Autonomy

High autonomy: A telephone installer who schedules his or her own work for the day, makes visits without supervision, and decides on the most effective techniques for a particular installation.

Low autonomy: A telephone operator who must handle calls as they come according to a routine, highly specified procedure.

5. Job feedback

High feedback: An electronics factory worker who assembles a radio and then tests it to determine if it operates properly.

Low feedback: An electronics factory worker who assembles a radio and then routes it to a quality control inspector who tests it for proper operation and makes needed adjustments.



In his classic film *Modern Times*, Charlie Chaplin performed a typical low-scope job working on an assembly line.

Hackman and Oldham developed a questionnaire called the Job Diagnostic Survey (JDS) to measure the core characteristics of jobs. The JDS requires job holders to report the amount of the various core characteristics contained in their jobs. From these reports, we can construct profiles to compare the motivational properties of various jobs. For example, consider the JDS profiles for lower-level managers in a utility company (collected by one of the authors of this text) and those for keypunchers in another firm (reported by Hackman and Oldham). While the managers perform a full range of managerial duties, the keypunchers perform a highly regulated job—anonymous work from various departments is assigned to them by a supervisor, and their output is verified for accuracy by others. Not surprisingly, the JDS profiles reveal that the managerial jobs are consistently higher on the core characteristics than are the keypunching jobs.

According to Hackman and Oldham, an overall measure of the motivating potential of a job can be calculated by the following formula:

$$\text{Motivating potential score} = \frac{\text{Skill variety} + \text{Task identity} + \text{Task significance}}{3} \times \text{Autonomy} \times \text{Job feedback}$$

Since the JDS measures the job characteristics on seven-point scales, a motivating potential score could theoretically range from 1 to 343. For example, the motivating potential score for the keypunchers' jobs is 20, while that for the managers' jobs is 159. Thus, the managers are more likely than the keypunchers to be motivated by the job itself. The average motivating potential score for 6930 employees on 876 jobs has been calculated at 128.⁵⁴

Critical Psychological States

Why are jobs that are higher on the core characteristics more intrinsically motivating? What is their psychological impact? Hackman and Oldham argue that work will be intrinsically motivating when it is perceived as meaningful, when the worker feels responsible for the outcomes of the work, and when the worker has knowledge about his or her work progress. As shown in [Exhibit 6.5](#), the Job Characteristics Model proposes that the core job characteristics affect meaningfulness, responsibility, and knowledge of results in a systematic manner. When an individual uses a variety of skills to do a “whole” job that is perceived as significant to others, he or she perceives the work as meaningful. When a person has autonomy to organize and perform the job as he or she sees fit, the person feels personally responsible for the outcome of the work. Finally, when the job provides feedback about performance, the worker will have knowledge of the results of this opportunity to exercise responsibility.

Outcomes

The presence of the critical psychological states leads to a number of outcomes that are relevant to both the individual and the organization. Chief among these is high intrinsic motivation. When the worker is truly in control of a challenging job that provides good feedback about performance, the key prerequisites for intrinsic motivation are present. The relationship between the work and the worker is emphasized, and the worker is able to draw motivation from the job itself. This will result in high-quality productivity. By the same token, workers will report satisfaction with higher-order needs (growth needs) and general satisfaction with the job itself. This should lead to reduced absenteeism and turnover.

Moderators

Hackman and Oldham recognize that jobs that are high in motivating potential do not always lead to favourable outcomes. Thus, as shown in [Exhibit 6.5](#), they propose certain moderator or contingency variables (see [Chapter 1](#)) that intervene between job characteristics and outcomes. One of these is the job-relevant knowledge and skill of the worker. Put simply, workers with weak knowledge and skills should not respond favourably to jobs that are high in motivating potential, since such jobs will prove too demanding. Another proposed moderator is **growth need strength**, which refers to the extent to which people desire to achieve higher-order need satisfaction by performing their jobs. Hackman and Oldham argue that those with high growth needs should be most responsive to challenging work. Finally, they argue that workers who are dissatisfied with the context factors surrounding the job (such as pay, supervision, and company policy) will be less responsive to challenging work than those who are reasonably satisfied with context factors.

Research Evidence

In tests of the Job Characteristics Model, researchers usually require workers to describe their jobs by means of the JDS and then measure their reactions to these jobs. Although there is some discrepancy regarding the relative importance of the various core characteristics, these tests have generally been very supportive of the basic prediction of the model—workers tend to respond more favourably to jobs that are higher in motivating potential.⁵⁵

A review of research on the Job Characteristics Model found that all five core job characteristics were positively related to the outcomes in the model (i.e., job satisfaction, growth satisfaction, and internal work motivation) as well as other outcomes, including supervisor satisfaction, co-worker satisfaction, compensation satisfaction, promotion satisfaction,

organizational commitment, and job involvement. In addition, some of the core job characteristics (e.g., autonomy and feedback from the job) were also related to behavioural (e.g., absenteeism and performance) and well-being (e.g., anxiety and stress) outcomes. With respect to the critical psychological states, there was strong support for the role of experienced meaningfulness of the work but less support for experienced responsibility and no support for the role of knowledge of results. These results suggest that experienced meaningfulness is the most critical psychological state.⁵⁶ Where the model seems to falter is in its predictions about growth needs and context satisfaction. Evidence that these factors influence reactions to job design is weak or contradictory.⁵⁷

Core Job Characteristics

Click each core job characteristic to learn more about it, then click “Check Your Understanding” to review.

Skill Variety

Autonomy

Task Significance

Task Identity

Feedback

Check Your Understanding

Job Enrichment

◀ Listen to the Audio

Job enrichment⁵⁸ is the design of jobs to enhance intrinsic motivation, the quality of working life, and job involvement. **Job involvement**⁵⁸ refers to a cognitive state of psychological identification with one's job and the importance of work to one's total self-image. Employees who have challenging and enriched jobs tend to have higher levels of job involvement. In fact, all of the core job characteristics have been found to be positively related to job involvement. Employees who are more involved in their job have higher job satisfaction and organizational commitment and are less likely to consider leaving their organization.⁵⁸

In general, job enrichment involves increasing the motivating potential of jobs via the arrangement of their core characteristics. There are no hard and fast rules for the enrichment of jobs. Specific enrichment procedures depend on a careful diagnosis of the work to be accomplished, the available technology, and the organizational context in which enrichment is to take place. However, many job enrichment schemes combine tasks, establish client relationships, reduce supervision, form teams, or make feedback more direct.⁵⁹

- *Combining tasks.* This involves assigning tasks that might be performed by different workers to a single individual. For example, in a furniture factory a lathe operator, an assembler, a sander, and a stainer might become four "chair makers"; each worker would then do all four tasks. Such a strategy should increase the variety of skills

employed and might contribute to task identity as each worker approaches doing a unified job from start to finish.

- *Establishing external client relationships.* This involves putting employees in touch with people outside the organization who depend on their products or services. An example of this might be to give line workers letters from customers who have problems with service or a product.⁶⁰ Such a strategy might involve the use of new (interpersonal) skills, increase the identity and significance of the job, and increase feedback about one's performance.
- *Establishing internal client relationships.* This involves putting employees in touch with people who depend on their products or services within the organization. For example, billers and expeditors in a manufacturing firm might be assigned permanently to certain salespeople rather than working on any salesperson's order as it comes in. The advantages are similar to those mentioned for establishing external client relationships.
- *Reducing supervision or reliance on others.* The goal here is to increase autonomy and control over one's own work. For example, management might permit clerical employees to check their own work for errors instead of having someone else do it. Similarly, firms might allow workers to order needed supplies or contract for outside services up to some dollar amount without obtaining permission.
- *Forming work teams.* Management can use this format as an alternative to a sequence of "small" jobs that individual workers perform when a product or service is too large or complex for one person to complete alone. For example, social workers who have particular skills might operate as a true team to assist a particular client rather than passing the client from person to person. Similarly, stable teams can form to construct an entire product, such as a car or boat, in lieu of an assembly-line approach. Such approaches should lead to the formal and informal development of a variety of skills and increase the identity of the job.

- *Making feedback more direct.* This technique is usually used in conjunction with other job design aspects that permit workers to be identified with their “own” product or service. For example, an electronics firm might have assemblers “sign” their output on a tag that includes an address and toll-free phone number. If a customer encounters problems, he or she contacts the assembler directly. In Sweden, workers who build trucks by team assembly are responsible for service and warranty work on “their” trucks that are sold locally.

Potential Problems with Job Enrichment

◀ Listen to the Audio

Despite the theoretical attractiveness of job enrichment as a motivational strategy, and despite the fact that many organizations have experimented with such programs, enrichment can encounter a number of challenging problems.

Poor Diagnosis

Problems with job enrichment can occur when it is instituted without a careful diagnosis of the needs of the organization and the particular jobs in question. Some enrichment attempts might be half-hearted tactical exercises that really do not increase the motivating potential of the job adequately. An especially likely error here is increasing job breadth by giving employees more tasks to perform at the same level while leaving the other crucial core characteristics unchanged—a practice known as **job enlargement**.⁶¹ Thus, workers are simply given *more* boring, fragmented, routine tasks to do, such as bolting intake manifolds and water pumps onto engines. On the other side of the coin, in their zeal to use enrichment as a cure-all, organizations might attempt to enrich jobs that are already perceived as too rich by their incumbents (some refer to this as *job engorgement!*).⁶¹ This has happened in some “downsized” firms in which the remaining employees have been assigned too many extra responsibilities. Rather than increasing motivation, this can lead to role overload and work stress.

Lack of Desire or Skill

Put simply, some workers do not *desire* enriched jobs. Almost by definition, enrichment places greater demands on workers, and some might not relish this extra responsibility. Even when people have no basic objections to enrichment in theory, they might lack the skills and competence necessary to perform enriched jobs effectively. Thus, for some poorly educated or trained workforces, enrichment might entail substantial training costs. In addition, it might be difficult to train some workers in certain skills required by enriched jobs, such as social skills.

Demand for Rewards

Occasionally, workers who experience job enrichment ask that greater extrinsic rewards, such as pay, accompany their redesigned jobs. Most frequently, this desire is probably prompted by the fact that such jobs require the development of new skills and entail greater responsibility. Sometimes such requests are motivated by the wish to share in the financial benefits of a successful enrichment exercise. In one documented case, workers with radically enriched jobs in a General Foods dog food plant in Topeka, Kansas, sought a financial bonus based on the system's success.⁶² Equity in action!

Union Resistance

Traditionally, North American unions have not been enthusiastic about job enrichment. In part, this is due to a historical focus on negotiating with management about easily quantified extrinsic motivators, such as money, rather than the soft stuff of job design. Also, unions have tended to equate the narrow division of labour with preserving jobs for their members. Faced with global competition, the need for flexibility, and the need for employee initiative to foster quality, companies and unions have begun to dismantle restrictive contract provisions regarding job design.

Fewer job classifications mean more opportunities for flexibility by combining tasks and using team approaches.

Supervisory Resistance

Even when enrichment schemes are carefully implemented to truly enhance the motivating potential of deserving jobs, they might fail because of their unanticipated impact on other jobs or other parts of the organizational system. A key problem here concerns the supervisors of the workers whose jobs have been enriched. By definition, enrichment increases the autonomy of employees. Unfortunately, such a change might “dis-enrich” the boss’s job, a consequence that will hardly facilitate the smooth implementation of the job redesign. Some organizations have responded to this problem by effectively doing away with direct supervision of workers performing enriched jobs. Others use the supervisor as a trainer and developer of individuals in enriched jobs. Enrichment can increase the need for this supervisory function.

Work Design

◀ Listen to the Audio

Frederick Morgeson and Stephen Humphrey developed a work design model (they use the term *work design* as opposed to *job design* because it acknowledges both the job and the broader work environment) that consists of a wider variety of work design characteristics than the Job Characteristics Model.

Work design characteristics refer to the attributes of the task, job, and social and organizational environment and consist of three categories: motivational characteristics, social characteristics, and work context characteristics. The motivational characteristics category includes *task characteristics*, which are similar to the core job characteristics of the Job Characteristics Model (autonomy, task variety, task significance, task identity, and feedback from the job), as well as *knowledge characteristics* that refer to the kinds of knowledge, skill, and ability demands required to perform a job. They also make a distinction between task variety and skill variety in that task variety involves the degree to which a job requires employees to perform a wide range of tasks on the job, while skill variety reflects the extent to which a job requires an individual to use a variety of different skills to perform a job.

Social characteristics have to do with the interpersonal and social aspects of work and include social support, interdependence, interaction outside of the organization, and feedback from others. *Work context characteristics* refer to the context within which work is performed and consist of

ergonomics, physical demands, work conditions, and equipment use. See [Exhibit 6.7](#) for more detail on the work design characteristics.

Exhibit 6.7 Work design characteristics.

Task Characteristics. How the work itself is accomplished and the range and nature of tasks associated with a particular job.

- a. *Autonomy.* The extent to which a job allows freedom, independence, and discretion to schedule work, make decisions, and choose the methods used to perform tasks.
- b. *Task variety.* The degree to which a job requires employees to perform a wide range of tasks on the job.
- c. *Task significance.* The degree to which a job influences the lives of others, whether inside or outside the organization.
- d. *Task identity.* The degree to which a job involves a whole piece of work, the results of which can be easily identified.
- e. *Feedback from job.* The degree to which the job provides direct and clear information about the effectiveness of task performance.

Knowledge Characteristics. The kinds of knowledge, skill, and ability demands that are placed on an individual as a function of what is done on the job.

- a. *Job complexity.* The extent to which the tasks on a job are complex and difficult to perform.
- b. *Information processing.* The degree to which a job requires attending to and processing data or other information.
- c. *Problem solving.* The degree to which a job requires unique ideas or solutions and reflects the more active cognitive processing requirements of a job.
- d. *Skill variety.* The extent to which a job requires an individual to use a variety of different skills to complete the work.
- e. *Specialization.* The extent to which a job involves performing specialized tasks or possessing specialized knowledge and skill.

Social Characteristics. The interpersonal and social aspects of work.

- a. *Social support.* The degree to which a job provides opportunities for advice and assistance from others.
- b. *Interdependence.* The degree to which the job depends on others and others depend on it to complete the work.
- c. *Interaction outside the organization.* The extent to which the job requires employees to interact and communicate with individuals external to the organization.
- d. *Feedback from others.* The extent to which others (e.g., co-workers and supervisors) in the organization provide information about performance.

Contextual Characteristics. The context within which work is performed, including the physical and environmental contexts.

- a. *Ergonomics.* The degree to which a job allows correct or appropriate posture and movement.
- b. *Physical demands.* The amount of physical activity or effort required on the job.
- c. *Work conditions.* The environment within which a job is performed (e.g., the presence of health hazards, noise, temperature, and cleanliness of the working environment).
- d. *Equipment use.* The variety and complexity of the technology and equipment used in a job.

Source: Morgeson, F. P., & Humphrey, S. E. (2006). The work design questionnaire (WDQ): Developing and validating a comprehensive measure for assessing job design and the nature of work. *Journal of Applied Psychology, 91*, 1321–1339; Humphrey, S. E., Nahrgang, J. D., & Morgeson, F. P. (2007). Integrating motivational, social, and contextual work design features: A meta-analytic summary and theoretical extension of the work design literature. *Journal of Applied Psychology, 92*, 1332–1356.

Morgeson and Humphrey developed a scale called the Work Design Questionnaire (WDQ) to measure the work design characteristics, and it is currently the most comprehensive measure of work design available. The scale can be used for research purposes and as a diagnostic tool to assess the motivational properties of jobs prior to work redesign.

Although much less research has been conducted on the knowledge, social, and work context characteristics than the task characteristics, research has found that they are also related to job attitudes and behaviours. In fact, the social characteristics are even more strongly related to some work outcomes (i.e., turnover intentions and organizational commitment) than the motivational characteristics (i.e., task characteristics and knowledge characteristics). Overall, the work design characteristics have a large and significant effect on employee attitudes and behaviours.⁶³

Relational Job Design

◀ Listen to the Audio

Adam Grant has developed a relational approach to job design that is known as the relational architecture of jobs, which focuses on the structural properties of work that shape employees' opportunities to connect and interact with other people. The idea behind this approach to job design is to motivate employees to make a difference in other people's lives, or what is known as prosocial motivation. Prosocial motivation refers to the desire to expend effort to benefit other people.⁶⁴

Jobs vary in terms of their potential to have an impact on the lives of others. For example, fire fighters and surgeons have frequent opportunities to make a lasting difference in the lives of others, while janitorial jobs and cashiers have few such opportunities. However, jobs can be relationally designed to provide employees with opportunities to interact and communicate with the people affected by their work, thereby allowing them to see the benefits and significance of their work for others.⁶⁵

Research on call centre employees raising funds for a university showed a significant increase in persistence (i.e., time spent on the phone) and performance (i.e., money raised) when they were provided with a brief exposure to a scholarship recipient who had benefited from their work. In another study, callers more than doubled the number of weekly pledges they earned and the amount of weekly donations they raised when they read stories about how former callers had helped to finance student

scholarships. These studies demonstrate that it is possible to improve employee motivation and performance by redesigning jobs to emphasize their social impact. Thus, jobs should be designed so that employees have contact with or are aware of those who benefit from their work.⁶⁵

Job Crafting

◀ Listen to the Audio

We have been discussing different approaches to job design that involve various ways that organizations can structure employees' work roles and tasks. Notice that these approaches do not generally involve employees in the job design process. However, is it possible for employees to be more involved in job design and to change the characteristics of their jobs themselves? The answer is yes. Employees can actively change or redesign their jobs.

Job crafting⁶⁶ involves self-initiated changes that employees make in their job demands (e.g., workload) and job resources (e.g., variety) to improve the fit or match between characteristics of their job and their personal abilities and needs. It involves proactive behaviours by employees to change the characteristics of their jobs. Job crafting consists of four dimensions or types of job crafting behaviours: increasing social job resources, increasing structural job resources, increasing challenging job demands, and decreasing hindering job demands.⁶⁶

Increasing social job resources involves asking for feedback, advice, and support from supervisors and colleagues. Increasing structural job resources involves behaviours to increase job characteristics such as autonomy and skill variety. Increasing challenging job demands involves behaviours such as asking for more responsibilities and volunteering for special projects. Decreasing hindering job demands involves behaviours

to minimize physical, cognitive, and emotional demands such as reducing one's workload or work-family conflict.⁶⁷

Research on job crafting has focused on its predictors and outcomes. With respect to the predictors, both individual differences and job characteristics predict job crafting behaviours. Personality factors such as agreeableness, conscientiousness, extraversion, openness to experience, proactive personality, and general self-efficacy are positively related to job crafting. Job characteristics such as job autonomy and workload are also positively related to job crafting. In addition, there is some evidence that women engage in more job crafting behaviours than men. For work outcomes, job crafting is positively related to job satisfaction, work engagement, and job performance, and negatively related to job strain and burnout. Among the four types of job crafting behaviours, increasing structural job resources has been found to be the most important dimension for predicting work outcomes. It appears that job crafting is effective because it increases employee's job resources, which then leads to positive work outcomes.⁶⁸


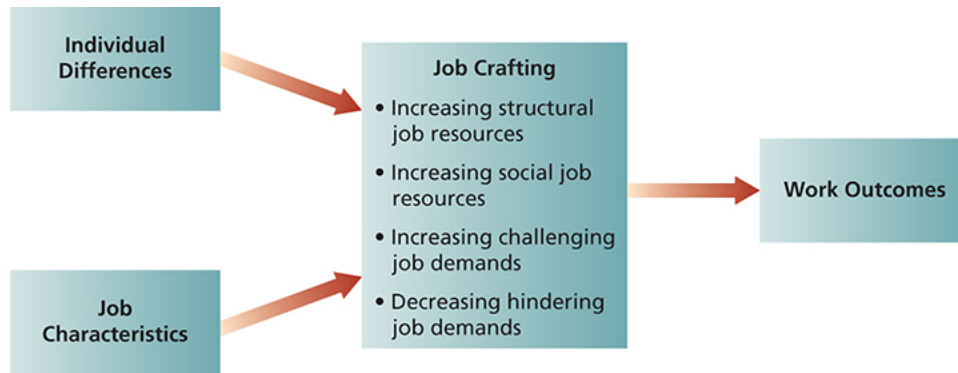
Thus, an alternative approach to job design is to encourage employees to engage in job crafting behaviours and to provide them with opportunities to do so. **Exhibit 6.8**  shows the relationships between the predictors and outcomes of job crafting.

Exhibit 6.8 Job Crafting.



Source: Based on Rudolph, C. W., Katz, I. M., Lavigne, K. N., & Zacher, H. (2017). Job crafting: A meta-analysis of relationships with individual differences, job characteristics, and work outcomes. *Journal of Vocational Behavior*, 102, 112–138.

Now that you are familiar with different approaches of job design, consider something that many organizations like Vega are doing today to motivate their employees—play and games. To learn more, see the Applied Focus: *Fun and Games at Work* [□](#).

Applied Focus

Fun and Games at Work

At many prominent organizations today—such as Google, Facebook, LinkedIn, and Zappos—employees spend part of their work day playing games. In addition to being an important driver of motivation, play can also have positive attitudinal, social, and behavioural consequences. But what exactly is play at work?

Play at work has been conceptualized as games, jokes, humour, puzzles, role-playing, friendly competitions, and sporting events. However, to be truly considered as play, an activity or behaviour must have three core features: (1) it is carried out with the goal of amusement and fun, (2) it involves

an enthusiastic and in-the-moment attitude or approach, and (3) it is highly interactive among play partners or with the activity itself. Thus, the activity must share all three core features to be considered play.

A number of factors contribute to play at work including individual factors such as personality, task-related factors such as job characteristics, and organizational factors. For example, play at work tends to occur more often when it is supported by the organization and its leaders. In addition, creative industries have been found to be more likely to encourage the incorporation of play into work. Play at work has been found to have positive consequences for individuals (e.g., job satisfaction, creativity), teams (e.g., bonding and social interaction), and organizations (e.g., friendlier organizational atmosphere). Play facilitates organizational creativity through openness, intrinsic motivation, and collaboration among team members.

One way that many organizations encourage play at work is by making work more like a game or what is known as work gamification. Work gamification involves applying features of digital and computer games in the work context to increase worker motivation and improve performance. It aims to make work more intrinsically motivating by making the process of work itself more rewarding. In effect, this involves incorporating game elements and features such as points, levels, badges, leaderboards (lists of top scorers), and character sheets (player's status, skill, past accomplishments) into the performance of work tasks. Game achievements such as points, badges, and levels are then tied to specific and immediate prizes and rewards.

Gamification can improve employee motivation through two mechanisms: information and affect. First, work gamification provides real-time immediate and visible performance information. This makes it easier for workers to get timely feedback on how they are performing, how their performance compares to others, and if they need to make changes to improve their performance. Second, gamification improves work motivation by fostering greater task enjoyment through a sense of accomplishment. Scores, badges, and achieving new levels help to create a sense of accomplishment, which makes tasks and work more enjoyable and fun.

In summary, organizations can improve employee motivation by encouraging play at work and by incorporating game features into work tasks. In fact, an increasing number of organizations are adopting work gamification and providing opportunities for employees to engage in play at work. Thus, work gamification can be viewed as a novel and modern approach to job design in which game features are incorporated into existing task structures and experiences to improve employee motivation and performance.

Sources: Based on Petelczyc, C. A., Capezio, A., Wang, L., Restubog, S. L. D., & Aquino, K. (2018). Play at work: An integrative review and agenda for future research. *Journal of Management, 44*, 161–190; Cardador, M. T., Northcraft, G. B., & Whicker, J. (2017). A theory of work gamification: Something old, something new, something borrowed, and something cool? *Human Resource Management Review, 27*, 353–365.















Management by Objectives

LO 6.5 Understand the connection between goal setting and *Management by Objectives*.

◀ Listen to the Audio

In [Chapter 5](#), we discussed goal setting theory, which states that goals are most motivational when they are specific and challenging, when organizational members are committed to them, and when feedback about progress toward goal attainment is provided. **Management by Objectives (MBO)** is an elaborate, systematic, ongoing management program designed to facilitate goal establishment, goal accomplishment, and employee development.⁶⁹

The concept was developed by management theorist Peter Drucker. The objectives in MBO are simply another label for goals. In a well-designed MBO program, objectives for the organization as a whole are developed by top management and diffused down through the organization through the MBO process. In this manner, organizational objectives are translated into specific behavioural objectives for individual members. Our primary focus here is with the nature of the interaction between managers and individual workers in an MBO program.

Although there are many variations on the MBO theme, most manager–employee interactions share the following similarities:

1. The manager meets with individual workers to develop and agree on employee objectives for the coming months. These objectives usually involve both current job performance and personal development that may prepare the worker to perform other tasks or seek promotion. The objectives are made as specific as possible and are quantified, if feasible, to assist in subsequent evaluation of accomplishment. Time frames for accomplishment are specified, and the objectives may be given priority according to their agreed-upon importance. The methods to achieve the objectives may or may not be topics of discussion. Objectives, time frames, and priorities are put in writing.
2. There are periodic meetings to monitor employee progress in achieving objectives. During these meetings, people can modify objectives if new needs or problems are encountered.
3. An appraisal meeting is held to evaluate the extent to which the agreed-upon objectives have been achieved. Special emphasis is placed on diagnosing the reasons for success or failure so that the meeting serves as a learning experience for both parties.
4. The MBO cycle is repeated.

Over the years, a wide variety of organizations have implemented MBO programs. At Hewlett-Packard, MBO and metrics to measure progress were the cornerstone of the company's management philosophy for nearly six decades.⁷⁰ At Toronto-based pharmaceutical firm Janssen-Ortho Inc., each employee's goals are tied to a list of corporate objectives. Employees can earn a yearly bonus of up to 20 percent if they and the company meet their goals.⁷¹

Research Evidence

The research evidence shows that MBO programs result in clear productivity gains.⁷² However, a number of factors are associated with the failure of MBO programs. For one thing, MBO is an elaborate, difficult, time-consuming process, and its implementation must have the full commitment of top management. One review showed a 56 percent average gain in productivity for programs with high top-management commitment, and a 6 percent gain for those with low commitment.⁷³ If such commitment is absent, managers at lower levels simply go through the motions of practising MBO. At the very least, this reaction will lead to the haphazard specification of objectives and thus subvert the very core of MBO: goal setting. A frequent symptom of this degeneration is the complaint that MBO is “just a bunch of paperwork.”⁷⁴ Indeed, at this stage, it is!

Even with the best of intentions, setting specific, quantifiable objectives can be a difficult process. This might lead to an overemphasis on measurable objectives at the expense of more qualitative objectives. For example, it might be much easier to agree on production goals than on goals that involve employee development, although both might be equally important. Also, excessive short-term orientation can be a problem with MBO. Finally, even if reasonable objectives are established, MBO can still be subverted if the performance review becomes an exercise in browbeating or punishing employees for failure to achieve objectives.⁷⁵
















Flexible Work Arrangements as Motivators for a Diverse Workforce

LO 6.6 Explain how flexible work arrangements respect employee diversity.

◀ Listen to the Audio

Most Canadians work a five-day week of approximately 40 hours—the “nine-to-five grind.” However, many organizations have modified these traditional working schedules. In fact, nearly half of Canadian workers say their workplaces offer some form of flexible work arrangement. For example, the City of Calgary offers their employees several flexible work arrangements including a compressed workweek, telecommuting, and job sharing.⁷⁶

Flexible work arrangements  are work options that permit flexibility in terms of “where” and/or “when” work is completed.⁷⁷ The purpose of these arrangements is not to motivate people to work harder and thus produce direct performance benefits. Rather, the purpose is to meet diverse workforce needs, promote job satisfaction, and help employees manage work and non-work responsibilities and achieve a better work–life balance. In turn, this should facilitate recruiting and retaining the best talent and reduce costly absenteeism and turnover. In fact, according to one survey, 70 percent of workers would leave their job for one that offers more flexibility, and 46 percent of Canadians would take less pay to work somewhere that offers greater flexibility. It appears that flexible work arrangements are appealing to Canadian workers regardless of

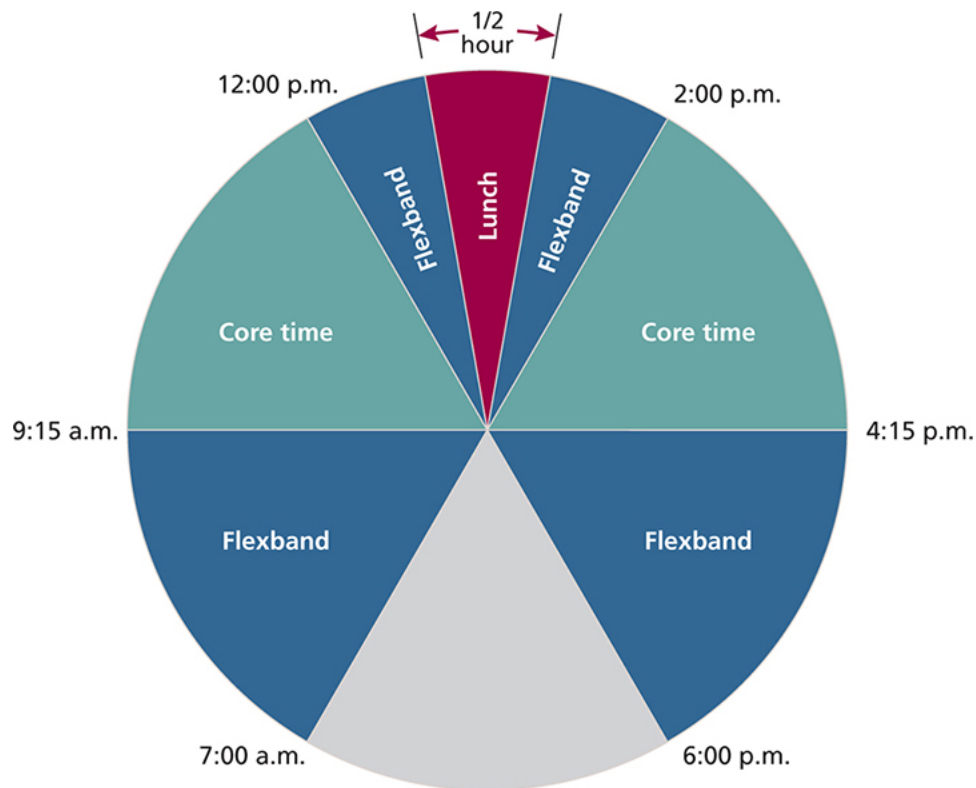
generation.⁷⁸ Let's now take a closer look at some of the most common flexible work arrangements.

Flex-Time

◀ Listen to the Audio

One alternative to traditional working schedules is to provide flexibility in terms of when employees work, or flex-time⁷⁹. In its most simple and common form, management requires employees to report for work on each working day and work a given number of hours. However, the times at which they arrive and leave are flexible, as long as they are present during certain core times. For example, companies might permit employees to begin their day anytime after 7 a.m. and work until 6 p.m., as long as they put in eight hours and are present during the core times of 9:15 a.m. until noon and 2:00 p.m. until 4:15 p.m. ([Exhibit 6.9](#)⁷⁹). Other systems permit employees to tally hours on a weekly or monthly basis, although they are still usually required to be present during the core time of each working day.⁷⁹

Exhibit 6.9 An example of a flex-time schedule.



Source: Ronen, S. (1981). *Flexible working hours: An innovation in the quality of work life*. New York, NY: McGraw-Hill, p. 42. Reprinted by permission of the author.

Flex-time is obviously well suited to meeting the needs of a diverse workforce, since it allows employees to tailor arrival and departure times to their own transportation and child-care situations. It should reduce absenteeism, since employees can handle personal matters during conventional business hours.⁸⁰ Also, flexible working hours signal a degree of prestige and trust that is usually reserved for executives and professionals.

When jobs are highly interdependent, such as on an assembly line, flex-time becomes an unlikely strategy. To cite an even more extreme example, we simply cannot have members of a hospital operating room team showing up for work whenever it suits them! In addition, flex-time might lead to problems in achieving adequate supervisory coverage. For these reasons, not surprisingly, flex-time is most frequently implemented

in office environments. For instance, in a bank, the core hours might be when the bank is open to the public.

Although flex-time has generally been limited to white-collar workers, it has been applied in a variety of organizations, including insurance companies (ING Insurance), financial institutions (RBC), and government offices (many Canadian and American public service positions).⁸¹

Research Evidence

We can draw a number of conclusions from the research on flex-time.⁸²

First, employees who work under flex-time almost always prefer the system to fixed hours. In addition, work attitudes generally become more positive, and employers report minimal abuse of the arrangement.

Absenteeism and tardiness have often shown decreases following the introduction of flex-time, and first-line supervisors and managers are usually positively inclined toward the system. Interestingly, slight productivity gains are often reported under flex-time, probably due to better use of scarce resources or equipment rather than to increased motivation. A review of research on flex-time concluded that it has a positive effect on productivity, job satisfaction, and satisfaction with work schedule, and that it lowers employee absenteeism.⁸³

Compressed Workweek

◀ Listen to the Audio

A second alternative to traditional working schedules that provides flexibility in terms of when work is performed is the compressed workweek.⁸⁴ This system compresses the hours worked each week into fewer days. The most common compressed workweek is the 4–40 system, in which employees work four 10-hour days each week rather than the traditional five 8-hour days. Thus, the organization or department might operate Monday through Thursday or Tuesday through Friday, although rotation schemes that keep the organization open five days a week are also employed.⁸⁴

Like flex-time, the shorter workweek might be expected to reduce absenteeism because employees can pursue personal business or family matters in what had been working time. In addition, the 4–40 schedule reduces commuting costs and time by 20 percent and provides an extra day a week for leisure or family pursuits. Although the longer workday could pose a problem for single parents, a working couple with staggered off-days could actually provide their own childcare on two of five “working” days.

Technical roadblocks to the implementation of the 4–40 workweek include the possibility of reduced customer service and the negative effects of fatigue that can accompany longer working days. The latter problem is likely to be especially acute when the work is strenuous.

Research Evidence

Although research on the effects of the four-day week is less extensive than that for flex-time, a couple of conclusions do stand out.⁸⁵ First, people who have experienced the four-day system seem to *like* it. Sometimes this liking is accompanied by increased job satisfaction, but the effect might be short-lived.⁸⁶ In many cases, the impact of the compressed workweek might be better for family life than for work life. Second, workers have often reported an increase in fatigue following the introduction of the compressed week. This might be responsible for the uneven impact of the system on absenteeism, sometimes decreasing it and sometimes not. Potential gains in attendance might be nullified as workers take an occasional day off to recuperate from fatigue.⁸⁷ Finally, the more sophisticated research studies do not report lasting changes in productivity due to the shortened workweek.⁸⁸ According to a review of research on the compressed workweek, there is a positive effect on job satisfaction and satisfaction with work schedule but no effect on absenteeism or productivity.⁸⁹

Job and Work Sharing

◀ Listen to the Audio

Some flexible work arrangements involve sharing a job or work hours so that the amount of time at work is lower than the traditional 40 hours.

Job sharing⁹⁰ occurs when two part-time employees divide the work (and perhaps the benefits) of a full-time job.⁹⁰ The two can share all aspects of the job equally, or some kind of complementary arrangement can occur in which one party does some tasks and the co-holder does other tasks.

Job sharing is obviously attractive to people who want to spend more time with small children or sick elders than a conventional five-day-week routine permits. By the same token, it can enable organizations to attract or retain highly capable employees who might otherwise decide against full-time employment.

Work sharing⁹¹ involves reducing the number of hours employees work in order to avoid layoffs when there is a reduction in normal business activity. The Government of Canada has a work-sharing program that is designed to help employers and workers avoid temporary layoffs, and the government recently extended the work-sharing program to help oil and gas employees. Organizations that use the work-sharing program can supplement employee wages with employment insurance benefits for the days they are not working.⁹¹

Many organizations have implemented work-sharing programs to save jobs and avoid layoffs during difficult economic times. For example,

Rogers Communications gave full-time staff the opportunity to reduce their workweek and accept a 20 percent pay cut to avoid layoffs to 20 percent of its staff. Buhler Industries Inc. of Winnipeg implemented a three-day workweek for its 200 employees instead of letting 90 workers go and shutting down its tractor-manufacturing plant for four months. In British Columbia, Photon Control Inc. saved 10 jobs by implementing a four-day workweek when its revenues declined, saving the company about \$17 000 a month without having to downsize. Work sharing not only cuts costs, saves jobs, and avoids layoffs, but it also allows organizations to retain highly skilled workers so they can quickly rebound when the economy and business improves.⁹²

Research Evidence

There is virtually no hard research on job and work sharing. However, anecdotal reports suggest that the job sharers must make a concerted effort to communicate well with each other and with superiors, co-workers, and clients. Such communication is greatly facilitated by computer technology and voice mail. However, job sharing can result in coordination problems if communication is not adequate. Also, problems with performance appraisal can occur when two individuals share one job.

Telecommuting

◀ Listen to the Audio

In recent years, an increasing number of organizations have begun to offer employees flexibility in terms of where they perform their job, an arrangement known as telecommuting, telework, or teleworking. In Canada, almost half (47 percent) of workers work outside their organization's main office for half the week or more.⁹³ By **telecommuting**⁹⁴, employees are able to work at remote locations (e.g., home or satellite offices) but stay in touch with their offices through the use of information and communication technology—such as a computer network, voice mail, and electronic messages—to interact with others within and outside the workplace.⁹⁴ Like the other types of flexible work arrangements, telecommuting provides workers with greater flexibility in their work schedules and can also result in considerable financial savings for organizations. For example, Cisco systems is reported to have gained US\$195 million in productivity within the first year of adopting a telecommuting program.⁹⁵

Many companies first began implementing telecommuting in response to employee requests for more flexible work schedules.⁹⁶ With the growth in communication technologies, however, other factors have also influenced the spread of telecommuting. For example, telecommuting is changing the way that organizations recruit and hire people. When telecommuting is an option, companies can hire the best person for a job, regardless of where they live in the world, through *distant staffing*.⁹⁷ Distant staffing

enables employees to work for a company without ever having to come into the office or even be in the same country!

Telecommuting has grown considerably over the past few years, and demand is expected to continue to grow in the coming years. It is estimated that approximately 11 million North Americans are telecommuting and that 51 percent of North American companies offer some form of telecommuting, including one in four Fortune 1000 companies. In Canada, it has been estimated that more than 1.5 million Canadians are telecommuting, and 65 percent of Canadian professionals are more likely to accept a job offer if they can telecommute.⁹⁸

An interesting trend in telecommuting is telework centres that provide workers all of the amenities of a home office in a location close to their home. Related to this is the emergence of *distributed work programs*, which involve a combination of remote work arrangements that allow employees to work at their business office, a satellite office, and a home office. At Bell Canada, all employees are eligible to participate in the company's distributed work program. Employees can choose to work from home all of the time, or they can work a few days a week at one of Bell's satellite offices. More than 2000 of its 42 000 workers in Canada telecommute, either from home or from one of 13 satellite offices.⁹⁹

Research Evidence

Telecommuting has often been touted as having benefits to organizations and individuals. For example, organizations stand to benefit from lower costs as a result of a reduction in turnover and need for office space and equipment, and they can attract employees who see it as a desirable benefit. For individuals, it has been suggested that telecommuting can improve work–life balance and increase productivity.¹⁰⁰ But does telecommuting deliver on these benefits?



David Anderson

A review of research on telecommuting found that telecommuting has small but positive effects on perceived autonomy and lower work–family conflict. It also has a positive effect on job satisfaction and job performance and results in lower stress and turnover intentions. Telecommuting was found to have no detrimental effect on the quality of workplace relationships or one’s career prospects. In addition, a greater frequency of telecommuting (more than 2.5 days a week) was associated with a greater reduction in work–family conflict and stress. The authors found that the positive effects of telecommuting were mostly due to an increase in perceived autonomy. These findings were supported in a study in which telecommuting was positively related to job performance and citizenship behaviours in part because it increases employees’ perceptions of autonomy.¹⁰¹

Negative aspects of telecommuting can result from damage to informal communication. These include decreased visibility when promotions are considered, problems in handling rush projects, and workload spillover

for non-telecommuters. More frequent telecommuting also has a negative effect on relationships with co-workers.¹⁰² Other potential problems include distractions in the home environment, feelings of isolation, and overwork. In addition, telecommuting may not be appropriate in organizations where customers are frequently at the office or where co-workers need to constantly collaborate on rush projects. As well, many companies are hesitant to implement telecommuting programs because of concerns about trust and worries that employees will not be as productive. In fact, in recent years several organizations, such as Yahoo and IBM, have stopped allowing employees to work from home.¹⁰³















Motivational Practices in Perspective

LO 6.7 Describe the factors that organizations should consider when choosing motivational practices.

◀ Listen to the Audio

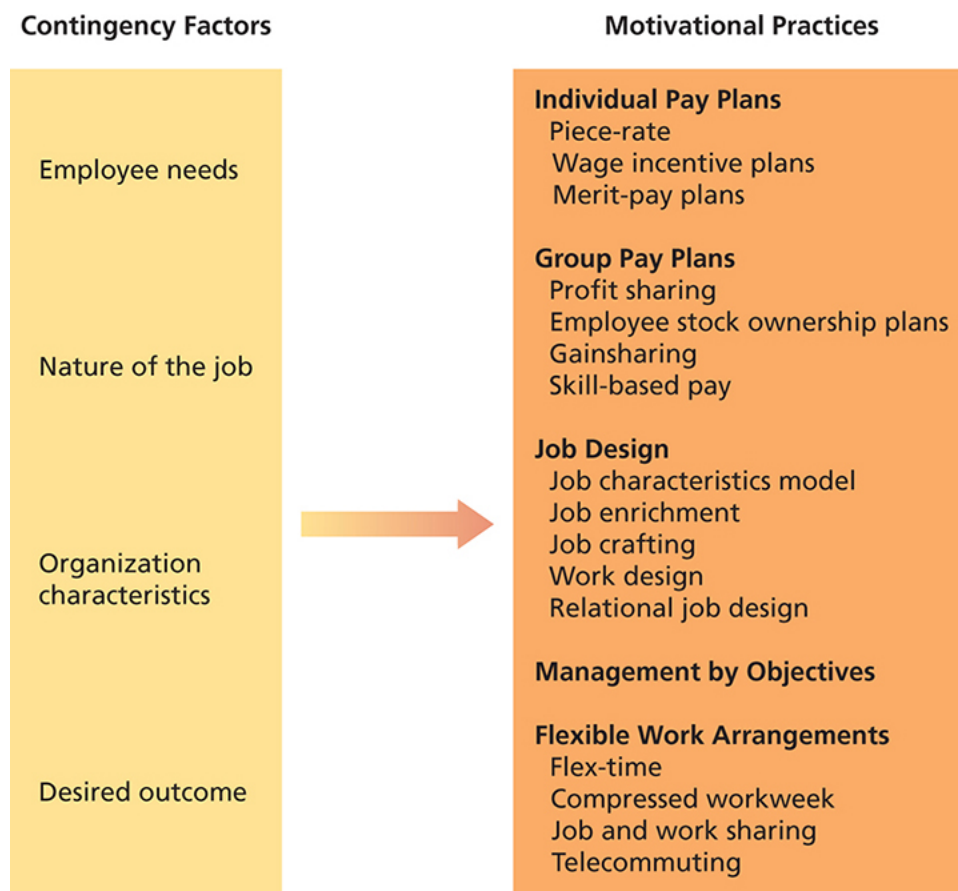
As we have illustrated in this chapter, organizations have a lot of options when it comes to motivating their employees. Are you confused about what they should do?

As we indicated in [Chapter 1](#), there are no simple formulas to improve employee attitudes and performance; nor is there a set of laws of organizational behaviour that can be used to solve organizational problems. Like all of organizational behaviour, when it comes to employee motivation, there is no “cookbook” to follow. Thus, while many of the best companies to work for in Canada use the motivational practices described in this chapter, this does not mean that these practices will always be effective or that other organizations should follow suit. Clearly, the motivational practices used by the best companies are effective because they *fit* in with and are part of a larger organizational culture and system of management practices. For example, the motivational practices of Vega described at the beginning of the chapter fit with Vega’s organizational strategy and reinforce its core values.

The choice of motivational practices requires a thorough diagnosis of the organization and the needs and desires of employees. The most effective approach will depend on a combination of contingency factors, including

employee needs (e.g., money and challenging work), the nature of the job (e.g., individual or group work), characteristics of the organization (e.g., strategy and culture), and the outcome that an organization wants to achieve (e.g., job performance, retention). Ultimately, motivational systems that make use of a variety of motivators—such as performance-based pay and job enrichment—used in conjunction with one another are likely to be most effective.¹⁰⁴ Exhibit 6.10 summarizes the motivational practices described in this chapter and the contingency factors that should be considered when implementing them.

Exhibit 6.10 Contingency factors and motivational practices.













Summary: Motivation in Practice

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 6.

6.1 Discuss how to tie pay to performance on production jobs and the difficulties of *wage incentive plans*.

Money should be most effective as a motivator when it is made contingent on performance. Schemes to link pay to performance on production jobs are called *wage incentive plans*. *Piece-rate*, in which workers are paid a certain amount of money for each item produced, is the prototype of all wage incentive plans. In general, wage incentives increase productivity, but their introduction can be accompanied by a number of problems, one of which is the restriction of production.

6.2 Explain how to tie pay to performance on white-collar jobs and the difficulties of *merit pay plans*.

6.3 Explain the various approaches to use pay to motivate teamwork.

6.4 Compare and contrast the different approaches to job design, including the traditional approach, the *Job Characteristics Model*, *job enrichment*, *work design*, and *relational job design*, and discuss the meaning and relevance of *job crafting* for job design.

6.5 Understand the connection between goal setting and *Management by Objectives*.

6.6 Explain how flexible work arrangements respect employee diversity.

6.7 Describe the factors that organizations should consider when choosing motivational practices.

Key Terms

Start Over

Swap

0/36 REVIEWED · 0 MASTERED

Wage incentive plans



Previous

Next

Got It!



* On-the-Job Challenge Question

The Most Meaningful Work

For most of his career, Howard Berger was a radio reporter covering the Toronto Maple Leafs for the radio station now known as Sportsnet 590 The FAN and writing for three of Toronto's four daily newspapers. However, several years ago, he was let go and struggled to find work as a reporter. These days, he is in a very different line of work outside of the sports business.

Not long ago, while at a drugstore, he ran into an acquaintance who asked him how he has been occupying his time. He explained that he recently made a career transition and is working as a funeral director's assistant at a funeral home. The acquaintance looked at him and said, "That's got to be awfully depressing."

"And you can understand that reaction," Berger says, "because when you think of funerals, you think of death. The concept of death, for most people, is depressing, even though it's as much a part of life as being born." But Berger doesn't see his job in the same grim light.

"So I looked at her and I said, 'I understand where you may be coming from, but it's the most delightful, most meaningful work I've ever done in my life,'" he said. "She said, 'Delightful work, carrying around dead bodies...'"

Berger finds his new job compelling because there are "no do-overs." On any given day his on-the-job to-do list can include a number of solemn

tasks. He might drive a hearse— a “coach” in the industry parlance—to pick up a body from a hospital or a retirement home or a residence. He might guide a group of pallbearers to a windblown gravesite. If it’s another day on the job for him, he has come to understand it’s often a seismic moment of grief for those he’s helping to serve.

“You’re going to see people in some of their most difficult hours,” Berger said. “And we only get one chance. It has to be done right. Whereas, I would put a Leaf report together in the studio, and if I didn’t like something I could erase it and start again. Human beings make mistakes in any given situation, but here, we can’t do it.”

“There’s this sort of paradox to it,” he says. “That’s the powerful part of it...You’re guiding the deceased to his or her final resting place. It’s a terrific honour. It can be extremely moving. But ultimately you’re there for the living. Funerals are for the living.”

What do you think of Howard Berger’s new job? Why do you think he considers it the most meaningful work he has ever done in his life? Refer to the different theories of job design to explain your answer. What does this story say about job design and employee motivation?

Source: Based on Feschuk, D. (2018, June 8). The afterlife. *Toronto Star*, S1, S2.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Job Crafting

The questions below provide you with the opportunity to assess your job-crafting behaviour on the job you currently hold or one you have held in the past. For each question, indicate the extent to which you have engaged in each behaviour on your current job. If you are not currently employed, answer the questions while thinking about the last job you held.

Use the following response scale to indicate the extent to which you have engaged in each behaviour in your current or most recent job:

1—Never

2—Rarely

3—Sometimes

4—Often

5—Very often

_____ **1** I try to develop my capabilities.

_____ **2** I make sure that my work is mentally less intense.

_____ **3** I ask my supervisor to coach me.

_____ **4** When an interesting project comes along, I offer myself proactively as project co-worker.

_____ **5** I try to develop myself professionally.

_____ **6** I try to ensure that my work is emotionally less intense.

_____ **7** I ask whether my supervisor is satisfied with my work.

- _____ **8.**there are new developments, I am one of the first to learn about them and try them out.
- _____ **9**try to learn new things at work.
- _____ **10.**manage my work so that I try to minimize contact with people whose problems affect me emotionally.
- _____ **11**ook to my supervisor for inspiration.
- _____ **12**hen there is not much to do at work, I see it as a chance to start new projects.
- _____ **13.**ake sure that I use my capacities to the fullest.
- _____ **14**rganize my work so as to minimize contact with people whose expectations are unrealistic.
- _____ **15**sk others for feedback on my job performance.
- _____ **16**regularly take on extra tasks even though I do not receive extra salary for them.
- _____ **17**ecide on my own how I do things.
- _____ **18**y to ensure that I do not have to make many difficult decisions at work.
- _____ **19**sk colleagues for advice.
- _____ **20**y to make my work more challenging by examining the underlying relationships between aspects of my job.
- _____ **21**rganize my work in such a way to make sure that I do not have to concentrate for too long a period at once.

Scoring and Interpretation

You have just completed the Job Crafting Scale. Research on the development of this scale determined that there are four job crafting dimensions: (1) Increasing structural job resources, (2) Decreasing hindering job demands, (3) Increasing social job resources, and (4) Increasing challenging job demands. The authors found that proactive personality correlated positively with all four of the job crafting dimensions. In addition, increasing structural job resources, social job

resources, and challenging job demands was positively related to work engagement and job performance.

To obtain your score on each job crafting dimension, calculate your scores as shown below. Note that your scores can range from 1 to 5, with higher scores indicating more frequent job crafting behaviour.

Increasing structural job resources: Add items 1, 5, 9, 13, and 17, and divide by five.

Decreasing hindering job demands: Add items 2, 6, 10, 14, 18, and 21 and divide by six.

Increasing social job resources: Add items 3, 7, 11, 15, and 19 and divide by five.

Increasing challenging job demands: Add items 4, 8, 12, 16, and 20 and divide by five.

Source: Tims, M., Bakker, A. B., & Derks, D. (2012). Development and validation of the job crafting scale. *Journal of Vocational Behavior*, 80(1), 173–186.

Questions

To facilitate class discussion and your understanding of job crafting, form a small group with several other members of the class and consider the following questions:

1. Each group member should present his or her score on the four job crafting dimensions. What job crafting dimensions do group members score high and low on? Is there any consistency among group members in terms of the highest and lowest job crafting dimensions? Why have some group members engaged in job crafting behaviours more than others, and what were the consequences of this in terms of their job attitudes and behaviours?
2. Why are there differences in the extent to which people engage in each of the job crafting behaviours? What are the potential benefits of job crafting, and should employees engage in job crafting behaviours? What are the implications for job design?

3. Do some people engage in job crafting behaviours more than others? To find out, refer to your score on the proactive personality scale from [Chapter 2](#). If you have not yet completed the scale, do so now and calculate your score. Once everybody in your group has their proactive personality score, divide the group members into high and low proactive personality groups, and calculate the average job crafting score on each dimension for each group. Is there a difference in the average job crafting scores between the high and low proactive personality groups? If so, what group has higher job crafting behaviour scores, and what does this tell you about proactive personality and job crafting?
4. Consider how engaged you are when performing your job. To what extent does job crafting contribute to your work engagement? To be sure, refer to your work engagement score from the exercise in [Chapter 1](#) (How Engaged Are You?). If you have not yet completed this scale, do so now and then calculate your overall work engagement score. Once all group members have obtained their work engagement score, divide the group into a high and low work engagement group. Then for each group, list the scores on each of the job crafting dimensions. Do students in the high work engagement group score higher on any of the job crafting dimensions than students in the low work engagement group? Is there a relationship between job crafting and work engagement? Why might job crafting be associated with work engagement?
- *5. What have you learned about personality, job crafting, and work engagement from this exercise? How can you use this information in future jobs and in your career? What are the potential benefits of job crafting for employees and organizations?

* Question 5 is also assignable in Writing Space.

Case Incident

The Junior Accountant

After graduating from business school, Sabrita received a job offer from a large accounting firm to work as a junior accountant. She was ranked in the top 10 of her class and could not have been happier.

During the first six months, however, Sabrita began to reconsider her decision to join a large firm. This is how she described her job: Every day her supervisor brought several files for her to audit. He told her what order to do them in and how to plan her workday. At the end of the day, the supervisor would return to pick up the completed files. The supervisor collected the files from several other junior accountants and put them all together and completed the audit himself. The supervisor would then meet the client to review and discuss the audit. Sabrita did not ever meet the client, and her supervisor never talked about his meeting or the final report.

Sabrita felt very discouraged and wanted to quit. She was even beginning to reconsider her choice of accounting as a career.

1. Describe the job characteristics and critical psychological states of Sabrita's job. According to the Job Characteristics Model, how motivated is Sabrita? What does the Job Characteristics Model predict about the way her job is designed and its effect on her job attitudes and behaviours?
2. Evaluate Sabrita's job on each of the work design characteristics described in [Exhibit 6.7](#). What work design characteristics are

particularly low? Based on your evaluation, what factors do you think are contributing to Sabrita's job attitudes and intention to quit?

- *3. How would you redesign Sabrita's job to increase her motivation? Be sure to describe changes you would make to the work design characteristics as well as job enrichment schemes that you would use to redesign her job.
4. Should Sabrita engage in job crafting? Describe how she might do this and the potential consequences of doing so.

* Question 3 is also assignable in Writing Space.

Case Study

Chang Koh Metal Ptd. Ltd. in China



Chang Koh Metal Ptd. Ltd. was founded in Singapore in 1982 by Teo Kai San, a first-generation Straits-born Chinese. The company's operations were in the production of metal-stamping precision parts. In 1993, the company expanded its operations by establishing a plant in Putian, China, the area of China from which Teo Kai San's parents had emigrated. The founder's son, Andrew Teo, was appointed as general manager.

Andrew was 29 years old and had an engineering degree from the National University of Singapore. Prior to joining his father's company, Andrew had worked for an American multinational company in Singapore and had progressed to the rank of line manager, a position with substantial authority and responsibility. Andrew joined his father's company because he felt that his success in the multinational company was a sign of his skills, indicating that he deserved a senior position in his father's company on the basis of merit rather than family connections. He also felt that the systems and practices he had learned at the multinational company would enable him to bring more updated management practices to Chang Koh Metal.

Since Andrew's father believed it was important to have in a position of authority a person who was knowledgeable about the local area, he appointed a relative from Putian, Jian Wei, as the plant manager to assist Andrew in the plant's operations. A primary reason for choosing China as

the site for a plant was the belief that Singaporean Chinese should find it easy to work with the Chinese in China. After all, the two groups shared a common cultural heritage. The other advantages were the readily available supply of labour—Singapore was experiencing full employment, and the company found it difficult to recruit qualified production workers—and the lower operating costs.

After a year in China, however, Andrew was not sure the plan to venture there had been wise. Although the labour costs were much lower than in Singapore, productivity was disappointing, and a number of management and labour problems had arisen, which he felt were frustrating his efforts to control the plant efficiently.

Staffing Procedure

Andrew had learned from his previous work experience that it was important to hire the right people with the appropriate qualifications and place them in the positions to which they were best suited in order to ensure smooth operations. But his efforts were hindered by Jian Wei's peculiar hiring practices.

To fill open positions, Jian Wei would contact city officials, friends, and relatives and ask them for recommendations on whom to hire. Most of the time the people hired did not have the skills needed to perform the tasks for which they were hired. Andrew vigorously protested against Jian Wei's practices and instituted formalized procedures to follow in recruitment and selection that called for systematic advertising of positions, evaluation of candidates, and hiring based on qualifications. Jian Wei became upset because he argued that his practices were necessary as a way to keep the channels of communication and mutual exchange open with important officials because the company might need

their help in future business dealings. This disagreement created tension between the two men.

Productivity and Quality Issues

The plant in China employed about 150 workers. Andrew adopted the same salary system as he had seen used by his former employer and paid these workers a fixed salary based on the number of hours worked. However, their productivity rates were very low, and the workers demonstrated very little commitment to meeting the company's goals.

After three months, Andrew scrapped the salary system and instead instituted a piece-rate system in which the workers were paid a minimum base salary supplemented by an incremental rate for each unit produced above a certain number. In other words, if the workers produced at or below the minimum production standard for the day, they received the minimum wage. If they produced above that rate, they received additional money for each extra piece produced.

For the following two months, Andrew was proud of his innovative management because the results were impressive. Company productivity targets were met, the workers were exerting themselves energetically, and they were even willing to work overtime at the same rate as the usual work day in order to make extra money. However, within a short period of time, he began to receive several complaints from customers about the low quality of the goods they were receiving from the company. Parts that should have been rejected were instead shipped to customers.

In response, Andrew had the quality control and manufacturing specifications printed on large posters and posted around the plant for all to see. He set up a quality control department and implemented 100

percent quality checks. However, all these efforts failed to stop poor-quality products from reaching the customers.

As he investigated, he discovered that those in the quality control department were inspecting the parts but were passing almost everything that they inspected. He held a training session for the quality control inspectors, pointed out defective parts to them, and had them demonstrate to him that they could distinguish poor quality from good quality. Since it was clear that they could do so, he sent them back to the production floor, convinced that they would now begin to perform as a true quality control unit. Yet within a short period of time, it became apparent that the unit was not doing the job any better than it had before the training session.

Andrew expressed his frustration to Jian Wei and demanded that he take action to improve the situation. Jian Wei protested that the quality control members' actions were completely understandable—they knew that rejected parts would not be added to the total that would count toward the incentive rate compensation and would therefore reduce the wages production workers would receive. They would not take money out of the pockets of the production workers.

Andrew felt that the quality control workers should be shown that failure to act would take money out of their own pockets, so he suggested that a system of demerit points be set up for the quality control employees that would lead to deductions from their wages. However, Jian Wei strongly disagreed with the idea, arguing that it was unfair to penalize these employees for doing what they believed was right.

Finally, a compromise was reached in which more supervisors were hired for the quality control department to provide closer supervision of the

workers. In addition, Andrew arranged to have all final products shipped to Singapore for final inspection before they were sent out to customers.

Rules and Regulations

About 15 technicians were responsible for the maintenance of machinery. At any one time, one machine would be set aside for maintenance work. Ninety percent of the time, a machine that was designated as “in maintenance” actually sat unused.

To Andrew’s dismay, he found that the technicians regularly used the “in maintenance” machine to do moonlighting work to make extra income. To Andrew, this practice was a clear violation of company rules and regulations, a fact that warranted dismissal of the supervisor of the technicians, who had not only condoned the activity but had actually participated in it.

Jian Wei supported the employees. He argued that the machine would have been left idle anyway, so what was the harm? All activities were conducted outside normal working hours, and the technicians’ jobs were not being neglected. No additional costs were incurred by the factory, except in the operation of the machine. Jian Wei thought that, as boss, Andrew needed to show much more understanding and sensitivity to the issue than he had. It was unfair to single out one person for punishment, especially when the company had not suffered any losses. In addition, Jian Wei was dismayed to hear Andrew talk about dismissing an employee. He said that such practice just was not done in China—no true Chinese person would think about removing a person’s “iron rice bowl.” Reluctantly, Andrew agreed to Jian Wei’s recommendation to resolve the issue by transferring the technicians’ supervisor to another department.

Problems like these made Andrew very doubtful that the operation in China could ever be turned into a profitable venture. His father had been willing to grant Andrew some time to get the plant up and running before he expected results, but now he was starting to ask questions about why the plant was still losing money and why no trend in the direction of profitability was evident in the financial performance figures. He had recently asked Andrew to come up with a concrete plan to turn the situation around. Andrew was wondering what he could do.

Source: Begley, T. (1998). Chang Koh Metal Ptd. Ltd. In China. In G. Oddou & M. Mendenhall (Eds.), *Cases in international organizational behaviour*. Reprinted by permission of John Wiley & Sons, Inc.

Questions

1. Comment on the fixed salary system that Andrew adopted from his former employer. Why was this system not effective for motivating the plant workers?
2. Do you think that scrapping the fixed salary system and replacing it with the piece-rate system was a good idea? What are some of the strengths and weaknesses of the piece-rate system?
3. Why was Andrew unsuccessful in his efforts to improve product quality? Do you think that a system of demerit points and wage deductions for the quality control workers would have been effective? Would having more supervisors in the quality control department and shipping products to Singapore for final inspection solve the problem? What do you think would be an effective way to improve product quality?
4. Were cross-cultural differences a factor in the effectiveness of the salary systems? How effective do you think each system would have been if the plant was located in North America?
5. Discuss the potential effects of implementing an MBO program in the plant. Do you think it would improve productivity and solve some of the problems?

6. Are there any conditions under which the piece-rate system might have been more effective?
- *7. What are some alternative ways to use pay to motivate the workers at the plant? Are there alternatives to the piece-rate system? How effective are they likely to be? What does this case say about using money as a motivator?
8. What should Andrew do now? What would you do?

* Question 7 is also assignable in Writing Space.

Integrative Case

Ken Private Limited: Digitization Project



At the end of [Chapter 1](#), you were introduced to the Ken Private Limited: Digitization Project Integrative Case. The case questions focused on issues pertaining to the relevance and goals of organizational behaviour, managerial roles and activities, and contemporary management concerns. Now that you have completed [Part 2](#) of the text and the chapters on Individual Behaviour, you can return to the Integrative Case and focus on issues related to learning, perceptions, cross-cultural differences, and motivation by answering the following questions.

Questions

1. How important is learning for the success of the Genesis Digitization Project? Who needs to learn, and what do they need to learn?
2. What behaviours do you think need to be increased, decreased, and/or eliminated? Explain the implications of operant learning theory and social cognitive theory for employees working on the Genesis Digitization Project. Based on each theory, what would you do to facilitate learning and increase the probability of desirable behaviours?
3. What organizational learning practices would you recommend for employees working on the Genesis Digitization Project? Consider each of the organizational learning practices described in [Chapter](#)

2☐ and explain why you would or would not use them to change the behaviour of employees working on the Genesis Digitization Project.

4. Consider the perceptions held by employees on the Indian team and the Filipino team. How does each team perceive the other team and why?
5. Use social identity theory to explain the perceptions that employees on the Indian and Filipino team have of themselves and each other. How does social identity theory help us to understand their perceptions?
6. To what extent are person perception biases affecting the perceptions that each team has of the other? What are the implications of these perceptions for the success of the Genesis Digitization Project?
7. Consider the role of trust and perceived organizational support (POS) in the case. How important are they for the success of the Genesis Digitization Project? To what extent do employees on each team have positive perceptions of trust, and what effect do these perceptions have on their attitudes and behaviours? What should Shekhar Sharma and Saiyumn Savarker do to create positive perceptions of trust and organizational support?
8. To what extent do you think national cultural differences contributed to the events in the case, as opposed to other factors? Before you answer, locate India and the Philippines in [Exhibit 4.4☐](#), which cross-references power distance and individualism values.
9. Discuss the relevance of motivation for the successful completion of the Genesis Digitization Project, and describe the motivation of employees working on the project. How important is motivation? Describe what employees should be motivated to do and how to motivate them to do it.

10. Use each of the theories of work motivation to (a) describe the motivation of employees on the Indian and Filipino team, and (b) describe what to do to increase employee motivation. Based on your analysis, what do you think is most important for motivating employees on each team to successfully complete the project?
- *11. What motivational practices would you use to motivate employees working on the Genesis Digitization Project? Be sure to consider pay schemes, job design, Management by Objectives, and flexible work arrangements. What practice(s) would you recommend and why?

* Question 11 is also assignable in Writing Space.














































Part 3: Social Behaviour and Organizational Processes

 [Listen to the Audio](#)

Chapter 7

Groups and Teamwork

Learning Objectives

After reading Chapter 7, you should be able to:

- 7.1 Discuss group development.
- 7.2 Explain how group size and member diversity influence what occurs in groups.
- 7.3 Review how *norms*, *roles*, and *status* affect social interaction.
- 7.4 Discuss the causes and consequences of *group cohesiveness*.
- 7.5 Explain the dynamics of *social loafing*.
- 7.6 Discuss how to design and support *self-managed teams*.
- 7.7 Explain the logic behind *cross-functional teams*, and describe how they can operate effectively.
- 7.8 Understand *virtual teams* and what makes them effective.

Whole Foods

Many organizations like to tout their use of teams and teamwork because it is fashionable to do so, not because they actually take teams seriously. However, at Whole Foods, which specializes in high-end natural and organic foods, teams and teamwork are truly an integral foundation of the company's structure and culture. Started in Austin, Texas, in 1980 as a health food store, the Whole Foods chain has become a highly profitable exception in a supermarket industry most generally

known for small profit margins and lack of innovation. The Whole Foods culture stresses autonomy, empowerment, and entrepreneurship, and its team-based structure is at the heart of that culture. Most stores feature about 10 teams, organized around functions such as checkout and products such as prepared foods, meat, produce, and seafood. Within stores, team leaders also comprise a team, and within geographical regions store leaders comprise teams, as do regional presidents. These teams—not a hierarchy—are at the core of the company, and peer pressure replaces bureaucracy as a means of ensuring good performance.

The teams at Whole Foods have exceptional autonomy to make decisions concerning ordering, spending, pricing, and promotions. Ambitious sales targets are encouraged, and teams compete within and between stores, as well as with themselves over time. To a large degree, stores operate like stand-alone businesses, free to cater to local tastes and search out local food products. The decentralized teamwork philosophy assumes that associates will take responsibility if they are given autonomy as well as fulsome information about company operations. Thus, detailed information on team and store sales, profits, salaries, and bonuses across the entire company is openly available to help guide team decisions. In conventional supermarkets, such information (e.g., profit per hour of labour) is a closely guarded secret. And in such markets, "I'll have to ask a manager" is a common response to customer problems. At Whole Foods, autonomy, coupled with information, means that team members are both encouraged to, and capable of, resolving such problems, making adjustments as deemed necessary without managerial approval.

Like everything else at Whole Foods, hiring is team based. All new hires, whether they are store cashiers or home-office financial professionals, are subject to a rigorous 60-day screening that includes multiple interviews, provisional placement on a team, and a vote by the team on

the acceptability of the candidate after a lengthy trial period. A two-thirds majority positive vote is required for the hire to become permanent. Teams are rigorous about accepting members, in part because of a gainsharing bonus system that ties their pay to the overall performance of the team, and nobody wants their team to be disadvantaged by a slacker. Teams sometimes reject the provisional placements made by leaders, and this reinforces a sense of ownership and dedication to the team, fostering cohesion among the members.¹



At Whole Foods, teams are a way of life.

Jim West/Alamy Stock Photo

In 2017, Amazon paid \$14 billion to acquire Whole Foods, perhaps hoping to capitalize in part on its team structure to support its foray into brick-and-mortar retailing. In this chapter, we will define the term *group* and discuss the nature of formal and informal groups. After this, we will

present the details of group development. Then, we will consider how groups differ from one another structurally and explore the consequences of these differences. We will also cover the problem of social loafing. Finally, we will examine how to design effective work teams.

What Is a Group?

◀ Listen to the Audio

7.1 Discuss group development.

We use the word “group” rather casually in everyday discourse—for example, special-interest group or ethnic group. However, for behavioural scientists, a group [Ⓟ] consists of two or more people interacting interdependently to achieve a common goal.

Interaction is the most basic aspect of a group—it suggests who is in the group and who is not. The interaction of group members need not be face to face, and it need not be verbal. For example, employees who telecommute can be part of their work group at the office even though they live kilometres away and communicate via email or text.

Interdependence simply means that group members rely to some degree on each other to accomplish goals. All groups have one or more goals that their members seek to achieve. These goals can range from having fun to marketing a new product to achieving world peace.

Group memberships are very important for two reasons. First, groups exert a tremendous influence on us. They are the social mechanisms by which we acquire many beliefs, values, attitudes, and behaviours. Group membership is also important because groups provide a context in which *we* are able to exert influence on *others*.

Formal work groups are groups that organizations establish to facilitate the achievement of organizational goals. They are intentionally designed to channel individual effort in an appropriate direction. The most common formal group consists of a manager and the employees who report to that manager. In a manufacturing company, one such group might consist of a production manager and the six shift supervisors who report to him or her. In turn, the shift supervisors head work groups composed of themselves and their respective subordinates. Thus, the hierarchy of most organizations is a series of formal, interlocked work groups.

Other types of formal work groups include task forces, project teams, and committees. *Task forces* and *project teams* are temporary groups that meet to achieve particular goals or to solve particular problems, such as suggesting productivity improvements. At most firms, high tech or low, the design of products and services is accomplished via formal but temporary interdisciplinary project teams. *Committees* are usually permanent groups that handle recurrent assignments outside the usual work group structures. For example, a firm might have a standing committee on work–family balance.

In addition to formal groups sanctioned by management to achieve organizational goals, informal grouping occurs in all organizations.

Informal groups are groups that emerge naturally in response to the common interests of organizational members. They are seldom sanctioned by the organization, and their membership often cuts across formal groups. Informal groups can either help or hurt an organization, depending on their norms for behaviour. We will consider this in detail later.

Group Development

◀ Listen to the Audio

Even relatively simple groups are actually complex social devices that require a fair amount of negotiation and trial and error before individual members begin to function as a true group. While employees often know each other before new teams are formed, familiarity does not replace the necessity for team development.

Typical Stages of Group Development

Leaders and trainers have observed that many groups develop through a series of stages over time.² Each stage presents the members with a series of challenges they must master to achieve the next stage. These stages (forming, storming, norming, performing, and adjourning) are presented in [Exhibit 7.1](#).

Forming

At this early stage, group members try to orient themselves by “testing the waters.” What are we doing here? What are the others like? What is our purpose? The situation is often ambiguous, and members are aware of their dependency on each other.

Storming

At this second stage, conflict often emerges. Confrontation and criticism occur as members determine whether they will go along with the way the group is developing. Sorting out roles and responsibilities is often at issue

here. Problems are more likely to happen earlier, rather than later, in group development.

Norming

At this stage, members resolve the issues that provoked the storming, and they develop social consensus. Compromise is often necessary.

Interdependence is recognized, norms are agreed to, and the group becomes more cohesive. (We will study these processes later.)

Information and opinions flow freely.

Performing

With its social structure sorted out, the group devotes its energies toward task accomplishment. Achievement, creativity, and mutual assistance are prominent themes of this stage.

Adjourning

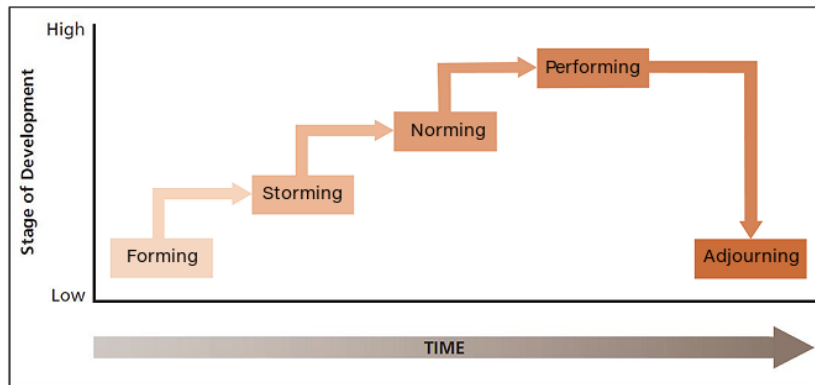
Some groups, such as task forces and design project teams, have a definite lifespan and disperse after achieving their goals. Also, some groups disperse when corporate layoffs and downsizing occur. At this adjourning stage, rites and rituals that affirm the group's previous successful development are common (such as ceremonies and parties). Members often exhibit emotional support for each other.³

The stages model is a good tool for monitoring and troubleshooting how groups are developing. However, not all groups go through these stages of development. The process applies mainly to new groups that have never met before. Well-acquainted task forces and committees can short-circuit these stages when they have a new problem to work out.⁴ Also, some organizational settings are so structured that storming and norming are unnecessary for even strangers to coalesce into a team. For example,

commercial airline cockpit crews perform effectively even though they can be made up of virtual strangers who meet just before takeoff.⁵

Exhibit 7.1 Stages of Group Development

Study the stages of group development and try a challenge when you're ready.



Start Challenge

Punctuated Equilibrium

◀ Listen to the Audio

When groups have a specific deadline by which to complete some problem-solving task, we can often observe a very different development sequence from that described in the previous section. Connie Gersick, whose research uncovered this sequence, describes it as a **punctuated equilibrium model** of group development.⁶ *Equilibrium* means stability, and the research revealed apparent stretches of group stability punctuated by a critical first meeting, a midpoint change in group activity, and a rush to task completion. In addition to many business work groups, Gersick studied student groups doing class projects, so see if this sequence of events sounds familiar to you.

Phase 1

Phase 1 begins with the first meeting and continues until the midpoint in the group's existence. The very first meeting is critical in setting the agenda for what will happen in the remainder of this phase. Assumptions, approaches, and precedents that members develop in the first meeting end up dominating the first half of the group's life. Although it gathers information and holds meetings, the group makes little visible progress toward the goal.

Midpoint Transition

The midpoint transition occurs at almost exactly the halfway point in time toward the group's deadline. For instance, if the group has a two-month

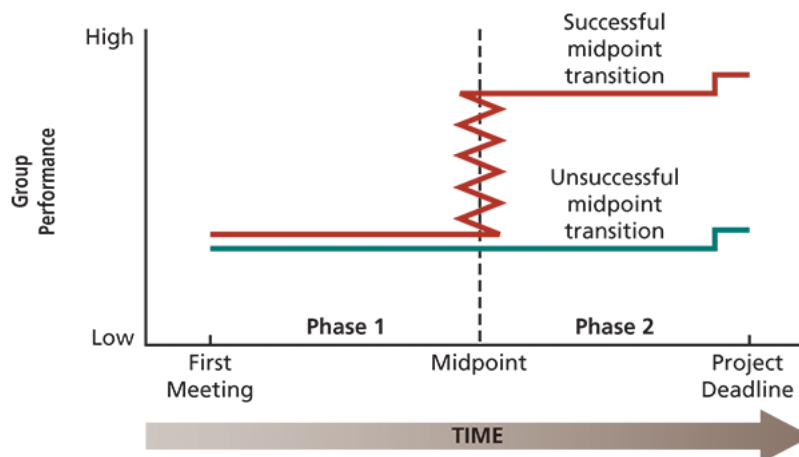
deadline, the transition will occur at about one month. The transition marks a change in the group's approach, and how the group manages the change is critical for the group to show progress. The need to move forward is apparent, and the group may seek outside advice. This transition may consolidate previously acquired information or even mark a completely new approach, but it crystallizes the group's activities for Phase 2 just as the first meeting did for Phase 1.

Phase 2

For better or for worse, decisions and approaches adopted at the midpoint get played out in Phase 2. It concludes with a final meeting that reveals a burst of activity and a concern for how outsiders will evaluate the product.

Exhibit 7.2 shows how the punctuated equilibrium model works for groups that successfully or unsuccessfully manage the midpoint transition.

Exhibit 7.2 The punctuated equilibrium model of group development for two groups.



What advice does the punctuated equilibrium model offer for managing product development teams, advertising groups, or class project groups?⁷

- Prepare carefully for the first meeting. What is decided here will strongly determine what happens in the rest of Phase 1. If you are the coach or adviser of the group, stress *motivation and excitement* about the project.
- As long as people are working, do not look for radical progress during Phase 1.
- Manage the midpoint transition carefully. Evaluate the strengths and weaknesses of the ideas that people generated in Phase 1. Clarify any questions with whoever is commissioning your work. Recognize that a fundamental change in approach must occur here for progress to occur. Essential issues are not likely to “work themselves out” during Phase 2. At this point, a group coach should focus on the *strategy* to be used in Phase 2.
- Be sure that adequate resources are available to actually execute the Phase 2 plan.
- Resist deadline changes. These could damage the midpoint transition.

As noted, the concept of punctuated equilibrium applies to groups with deadlines. Such groups might also exhibit some of the stages of development noted earlier, with a new cycle of storming and norming following the midpoint transition.















Group Structure and Its Consequences

◀ Listen to the Audio

7.2 Explain how group size and member diversity influence what occurs in groups.

7.3 Review how *norms*, *roles*, and *status* affect social interaction.

Group structure refers to the characteristics of the stable social organization of a group—the way a group is “put together.” The most basic structural characteristics along which groups vary are size and member diversity. Other structural characteristics are the expectations that members have about each other’s behaviour (norms), agreements about “who does what” in the group (roles), the rewards and prestige allocated to various group members (status), and how attractive the group is to its members (cohesiveness).⁸

Group Size

◀ Listen to the Audio

Of one thing we can be certain—the smallest possible group consists of two people, such as a manager and a particular employee. It is possible to engage in much theoretical nitpicking about just what constitutes an upper limit on group size. However, given the definition of group that we presented earlier, it would seem that congressional or parliamentary size (300 to 400 members) is somewhere close to this limit. In practice, most work groups, including task forces and committees, usually have between 3 and 20 members.

Size and Satisfaction

The more the merrier? In theory, yes. In fact, however, members of larger groups rather consistently report less satisfaction with group membership than those who find themselves in smaller groups.⁹ What accounts for this apparent contradiction?

For one thing, as opportunities for friendship increase, the chance to work on and develop these opportunities might decrease owing to the sheer time and energy required. In addition, in incorporating more members with different viewpoints, larger groups might prompt conflict and dissension, which work against member satisfaction. As group size increases, the time available for verbal participation by each member decreases. Also, many people are inhibited about participating in larger groups.¹⁰ Finally, in larger groups, individual members identify less easily with the success and accomplishments of the group. For example, a

particular member of a 4-person cancer research team should be able to identify his or her personal contributions to a research breakthrough more easily than a member of a 20-person team can.

Size and Performance

Satisfaction aside, do large groups perform tasks better than small groups? This question has great relevance to practical organizational decisions: How many people should a bank assign to evaluate loan applications? How many carpenters should a construction company assign to build a garage? If a school system decides to implement team teaching, how big should the teams be? The answers to these and similar questions depend on the exact task that the group needs to accomplish and on how we define good performance.¹¹

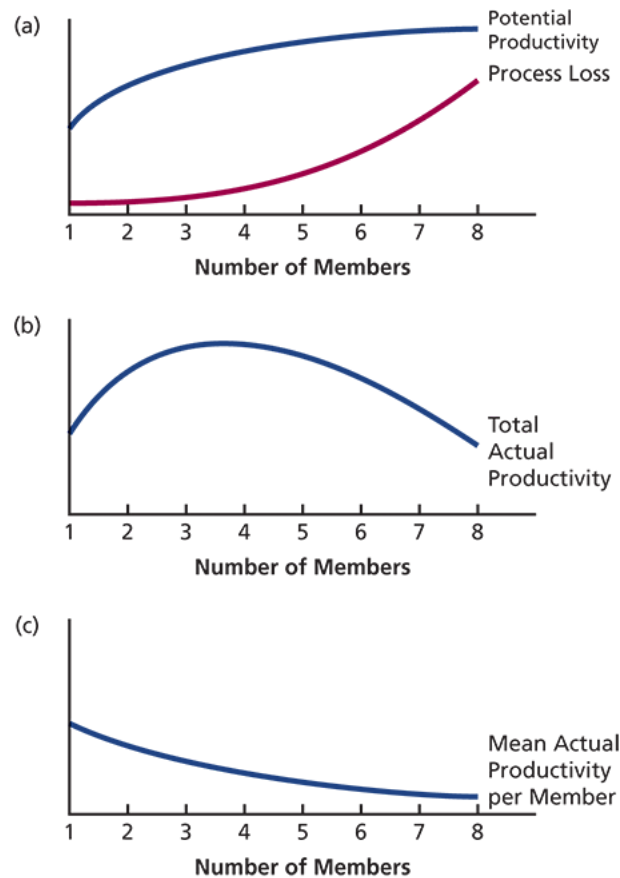
Some tasks are **additive tasks** [Ⓢ]. This means that we can predict potential performance by adding the performances of individual group members together. Building a house is an additive task, and we can estimate the potential speed of construction by adding the efforts of individual carpenters. Thus, for additive tasks, the potential performance of the group increases with group size.

Some tasks are **disjunctive tasks** [Ⓢ]. This means that the potential performance of the group depends on the performance of its *best member*. For example, suppose that a research team is looking for a single error in a complicated computer program. In this case, the performance of the team might hinge on its containing at least one bright, attentive, logical-minded individual. Obviously, the potential performance of groups doing disjunctive tasks also increases with group size because the probability that the group includes a superior performer is greater.

We use the term “potential performance” consistently in the preceding two paragraphs for the following reason: As groups performing tasks get bigger, they tend to suffer from process losses.¹² **Process losses** are performance difficulties that stem from the problems of motivating and coordinating larger groups. Even with good intentions, problems of communication and decision making increase with size—imagine 50 carpenters trying to build a house. Thus, actual performance = potential performance – process losses.

These points are summarized in **Exhibit 7.3**. As you can see in part (a), both potential performance and process losses increase with group size for additive and disjunctive tasks. The net effect is shown in part (b), which demonstrates that actual performance increases with size up to a point and then falls off. Part (c) shows that the *average* performance of group members decreases as size gets bigger. Thus, up to a point, larger groups might perform better as groups, but their individual members tend to be less efficient.

Exhibit 7.3 Relationships among group size, productivity, and process losses.



Source: Data from Steiner, I. D. (1972). *Group process and productivity*. New York: Academic Press, p. 96.

We should note one other kind of task. Conjunctive tasks are those in which the performance of the group is limited by its *poorest performer*. For example, an assembly-line operation is limited by its weakest link. Also, if team teaching is the technique used to train employees how to perform a complicated, sequential job, one poor teacher in the sequence will severely damage the effectiveness of the team. Both the potential and actual performance of conjunctive tasks would decrease as group size increases because the probability of including a weak link in the group goes up.

In summary, for additive and disjunctive tasks, larger groups might perform better up to a point but at increasing costs to the efficiency of

individual members. By any standard, performance on purely conjunctive tasks should decrease as group size increases.

Diversity of Group Membership

◀ Listen to the Audio

Imagine an eight-member product development task force composed exclusively of 30-something white males of Western European heritage. Then imagine another task force with 50 percent men and 50 percent women from eight different ethnic or racial backgrounds and an age range from 25 to 55. The first group is obviously homogeneous in its membership, while the latter is heterogeneous or diverse. Which task force do you think would develop more quickly as a group? Which would be most creative?

Group diversity has a strong impact on interaction patterns—more diverse groups have a more difficult time communicating effectively and becoming cohesive (we will study cohesiveness in more detail shortly).¹³ This means that diverse groups might tend to take longer to do their forming, storming, and norming.¹⁴ Once they develop, more and less diverse groups can be equally cohesive and productive.¹⁵ However, diverse groups sometimes perform better on certain tasks. For example, diversity in educational background and functional specialty (e.g., marketing versus product design) enhances team creativity and innovation because a wider variety of ideas are considered.¹⁶ In general, any negative effects of “surface diversity” in age, gender, or race are small or wear off over time. For instance, age diversity is unrelated to group performance, while racial and gender diversity have small negative effects.¹⁷ However, “deep diversity” in attitudes toward work or how to accomplish a goal can badly damage cohesiveness.¹⁸ Finding such

moderators of the effects of diversity has been the focus of much recent research.¹⁹

All this speaks well for valuing and managing diversity, discussed in [Chapter 3](#). When organizations value and manage diversity, it offsets some of the initial process loss costs of diversity and capitalizes on its benefits for group performance. One way to do this is to provide employees with training on working in diverse settings. Research has shown the benefits of such training, especially when it is integrated with other efforts to foster diversity.²⁰

Group Norms

◀ Listen to the Audio

Social **norms** are collective expectations that members of social units have regarding the behaviour of each other. As such, they are codes of conduct that specify what individuals ought and ought not to do and standards against which we evaluate the appropriateness of behaviour. Also, changing norms is one way to change people's behaviour.²¹ At Google, a major research effort called Project Aristotle concluded that developing effective group norms was the key to improving teamwork in the company.²²

Much normative influence is unconscious, and we are often aware of such influence only in special circumstances, such as when we see children struggling to master adult norms or international visitors sparring with the norms of our culture. We also become conscious of norms when we encounter ones that seem to conflict with each other ("Get ahead" but "Don't step on others") or when we enter new social situations. For instance, the first day on a new job, workers frequently search for cues about what is considered proper office etiquette: Can I tell the boss he's wrong? Can I personalize my workspace?

Norm Development

Why do norms develop? The most important function that norms serve is to provide regularity and predictability to behaviour. This consistency provides important psychological security and permits us to carry out our daily business with minimal disruption.

What do norms develop *about*? Norms develop to regulate behaviours that are considered at least marginally important to their supporters. For example, managers are more likely to adopt norms regarding the performance and attendance of employees than norms concerning how employees personalize and decorate their offices. In general, less deviation is accepted from norms that concern more important behaviours.

How do norms develop? As we discussed in [Chapter 4](#), individuals develop attitudes as a function of a related belief and value. In many cases, their attitudes affect their behaviour. When the members of a group *share* related beliefs and values, we can expect them to share consequent attitudes. These shared attitudes then form the basis for norms.²³ Notice that it really does not make sense to talk about “my personal norm.” Norms are *collectively* held expectations, depending on two or more people for their existence.

Why do individuals tend to comply with norms? Much compliance occurs simply because the norm corresponds to privately held attitudes. In addition, even when norms support trivial social niceties (such as when to shake hands or when to look serious), they often save time and prevent social confusion. Most interesting, however, is the case in which individuals comply with norms that *go against* their privately held attitudes and opinions. For example, couples without religious convictions frequently get married in religious services, and people who hate neckties often wear them to work. In short, groups have an extraordinary range of rewards and punishments available to induce conformity to norms.

Some Typical Norms

There are some classes of norms that seem to crop up in most organizations and affect the behaviour of members. They include the following:

- *Dress norms.* Social norms frequently dictate the kind of clothing people wear to work. Military and quasi-military organizations tend to invoke formal norms that support polished buttons and razor-sharp creases. Even in organizations that have adopted casual dress policies, employees often express considerable concern about what they wear at work. Such is the power of social norms.
- *Reward allocation norms.* There are at least four norms that might dictate how rewards, such as pay, promotions, and informal favours, could be allocated in organizations:
 - Equity—reward according to inputs, such as effort, performance, or seniority.
 - Equality—reward everyone equally.
 - Reciprocity—reward people the way they reward you.
 - Social responsibility—reward those who truly need the reward.²⁴Most Western organizations tend to stress allocation according to some combination of equity and equality—give employees what they deserve and no favouritism.
- *Performance norms.* The performance of organizational members might be as much a function of social expectations as it is of inherent ability, personal motivation, or technology.²⁵ Work groups provide their members with potent cues about what an appropriate level of performance is. New group members are alert for these cues: Is it all right to take a break now? Under what circumstances can I be absent from work without being punished? The official organizational norms that managers send to employees usually favour high performance. However, work groups often establish their own informal performance norms, such as those that restrict productivity under a piece-rate pay system. In accordance with the discussion in [Chapter](#)

5¹⁴, groups that set specific, challenging goals will perform at a high level.²⁶

Roles

◀ Listen to the Audio

Roles are positions in a group that have a set of expected behaviours attached to them. Thus, roles represent “packages” of norms that apply to particular group members. As we implied in the previous section, many norms apply to all group members to be sure that they engage in *similar* behaviours (such as restricting productivity or dressing a certain way). However, the development of roles is indicative of the fact that group members might also be required to act *differently* from one another.

In organizations, we find two basic kinds of roles. Designated or *assigned roles* are formally prescribed by an organization as a means of dividing labour and responsibility to facilitate task achievement. These roles indicate “who does what” and “who can tell others what to do.” In a software firm, labels that we might apply to formal roles include president, software engineer, analyst, programmer, and sales manager. In addition to assigned roles, we invariably see the development of *emergent roles*. These are roles that develop naturally to meet the social-emotional needs of group members or to assist in formal job accomplishment. The class clown and the office gossip fulfill emergent social-emotional roles, while an “old pro” might emerge to assist new group members learn their jobs. Other emergent roles might be assumed by informal leaders or by scapegoats who are the targets of group hostility.²⁷

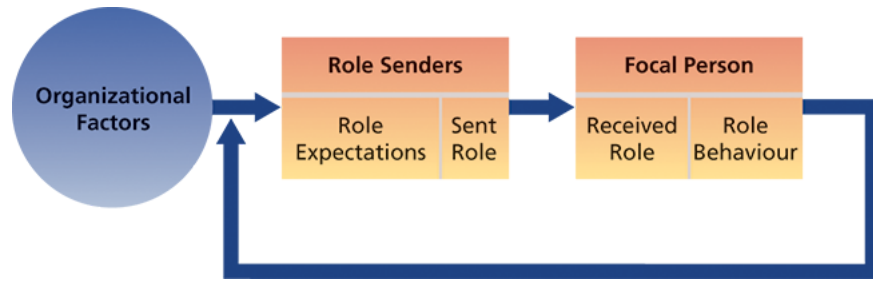
Role Ambiguity

Role ambiguity ²⁸ exists when the goals of one's job or the methods of performing it are unclear. Ambiguity might be characterized by confusion about how performance is evaluated, how good performance can be achieved, or what the limits of one's authority and responsibility are.

Exhibit 7.4 ²⁸ shows a model of the process that is involved in assuming an organizational role. As you can see, certain organizational factors lead role senders (such as managers) to develop role expectations and "send" roles to focal people (such as employees). The focal person "receives" the role and then tries to engage in behaviour to fulfill the role. This model reveals a variety of elements that can lead to ambiguity.

- *Organizational factors.* Some roles seem inherently ambiguous because of their function in the organization. For example, middle management roles might fail to provide the "big picture" that upper management roles do. Also, middle management roles do not require the attention to supervision necessary in lower management roles.
- *The role sender.* Role senders might have unclear expectations of a focal person. Even when the sender has specific role expectations, they might be ineffectively sent to the focal person. A weak orientation session, vague performance reviews, or inconsistent feedback and discipline may send ambiguous role messages to employees.
- *The focal person.* Even role expectations that are clearly developed and sent might not be fully digested by the focal person. This is especially true when he or she is new to the role. Ambiguity tends to decrease as length of time in the job role increases.²⁸

Exhibit 7.4 A model of the role assumption process.



Source: Adapted from Katz, D. et al. (1966, 1978). *The Social Psychology of Organizations*, 2nd edition, p. 196. © 1966, 1978 John Wiley & Sons Inc. New York. Reprinted by permission of John Wiley & Sons, Inc.

What are the practical consequences of role ambiguity? The most frequent outcomes appear to be job stress, dissatisfaction, reduced organizational commitment, lowered performance, and intentions to quit.²⁹ Managers can do much to reduce unnecessary role ambiguity by providing clear performance expectations and performance feedback, especially for new employees and for those in more intrinsically ambiguous jobs.

Role Conflict

Role conflict [Ⓢ] exists when an individual is faced with incompatible role expectations. Conflict can be distinguished from ambiguity in that role expectations might be crystal clear but incompatible in the sense that they are mutually exclusive, cannot be fulfilled simultaneously, or do not suit the role occupant.

- **Intrasender role conflict** [Ⓢ] occurs when a single role sender provides incompatible role expectations to the role occupant. For example, a manager might tell an employee to take it easy and not work so hard, while delivering yet another batch of reports that require immediate attention. This form of role conflict seems especially likely to also provoke ambiguity.
- If two or more role senders differ in their expectations for a role occupant, **intersender role conflict** [Ⓢ] can develop. Employees who

straddle the boundary between the organization and its clients or customers are especially likely to encounter this form of conflict. Intersender conflict can also stem exclusively from within the organization. The classic example here is the first-level manager, who serves as the interface between “management” and “the workers.” From above, the manager might be pressured to get the work out and keep the troops in line. From below, he or she might be encouraged to behave in a considerate and friendly manner.

- Organizational members necessarily play several roles at one time, especially if we include roles external to the organization. Often, the expectations inherent in these several roles are incompatible, and **interrole conflict** results.³⁰ One person, for example, might fulfill the roles of a functional expert in marketing, head of the market research group, subordinate to the vice president of marketing, and member of a product development task force. This is obviously a busy person, and competing demands for her time are a frequent symptom of interrole conflict. As another example, conflicts between one’s work role and family role are common.
- Even when role demands are clear and otherwise congruent, they might be incompatible with the personality or skills of the role occupant—thus, **person–role conflict** results.³¹ Many examples of “whistle-blowing” are signals of person–role conflict. The organization has demanded some role behaviour that the occupant considers unethical.

As with role ambiguity, the most consistent consequences of role conflict are job dissatisfaction, stress reactions, lowered organizational commitment, and turnover intentions.³² Managers can help prevent employee role conflict by avoiding self-contradictory messages, conferring with other role senders, being sensitive to multiple role demands, and fitting the right person to the right role.

Although role ambiguity and conflict often have negative consequences, they can sometimes be used to one's advantage. A study in the film industry found that assistant first directors, who report to *both* the film producer and director, experienced plenty of ambiguity and conflict. However, they were often able to exploit the situation to craft their jobs, redefining their roles to better accomplish their artistic goals.³³

Forms of Role Conflict

Click each form of role conflict to learn more about it, then click "Check Your Understanding" to review.

Intrasender Role Conflict

Intersender Role Conflict

Interrole Conflict

Person–Role Conflict

Check Your Understanding

Status

◀ Listen to the Audio

Status ³⁴ is the rank or social position accorded to group members in terms of prominence, prestige, and respect.³⁴ It thus represents the group's *evaluation* of a member. Just what is evaluated depends on the status system in question. However, when a status system works smoothly, the group will exhibit clear norms about who should be accorded higher or lower status.

Formal Status Systems

All organizations have both formal and informal status systems. The formal status system represents management's attempt to publicly identify those people who have higher status than others. This identification is implemented by the application of *status symbols* that are tangible indicators of status. Status symbols might include titles, particular working relationships, pay packages, work schedules, and the physical working environment. Just what are the criteria for achieving formal organizational status? One criterion is often seniority in one's work group. Employees who have been with the group longer might acquire the privilege of choosing day shift work or a more favourable office location. Even more important than seniority, however, is one's assigned role in the organization—one's job. Because they perform different jobs, labourers, managers, and executives acquire different statuses. Some organizations go to great pains to tie status symbols to assigned roles.

Why do organizations go to all this trouble to differentiate status? For one thing, status and the symbols connected to it serve as powerful magnets to induce members to aspire to higher organizational positions. Second, status differentiation reinforces the authority hierarchy in work groups and in the organization as a whole, since people *pay attention* to high-status individuals.

Informal Status Systems

In addition to formal status systems, one can detect informal status systems in organizations. Such systems are not well advertised, and they might lack the conspicuous symbols and systematic support that people usually accord the formal system. Nevertheless, they can operate just as effectively. Often, job performance is a basis for the acquisition of informal status.³⁵ The “power hitters” on a baseball team or the “cool heads” in a hospital emergency unit might be highly evaluated by co-workers for their ability to assist in task accomplishment. Some managers who perform well early in their careers are identified as “fast trackers” and given special job assignments that correspond to their elevated status. Just as frequently, though, informal status is linked to factors other than job performance, such as gender or race. For example, the man who takes a day off work to care for a sick child may be praised as a model father. The woman who does the same may be questioned about her work commitment.

Consequences of Status Differences

Status differences have a paradoxical effect on communication patterns. Most people like to communicate with others at their own status or higher rather than with people who are below them.³⁶ The result should be a tendency for communication to move up the status hierarchy. However, if status differences are large, people can be inhibited from

communicating upward. These opposing effects mean that much communication gets stalled.

People pay attention to and respect status.³⁷ Thus, status also affects the amount of various group members' communication and their influence in group affairs. As you might guess, higher-status members do more talking and have more influence.³⁸ Some of the most convincing evidence comes from studies of jury deliberations, in which jurors with higher social status (such as managers and professionals) participate more and have more effect on the verdict.³⁹ Unfortunately, there is no guarantee that the highest-status person is the most knowledgeable about the problem at hand!

Reducing Status Barriers

Although status differences can be powerful motivators, their tendency to inhibit the free flow of communication has led many organizations to downplay status differentiation by doing away with questionable status symbols. The goal is to foster a culture of teamwork and cooperation across the ranks. The high-tech culture of Silicon Valley is egalitarian and lacking in conspicuous status symbols, but even old-line industries are doing away with reserved parking and fancy offices for executives. At Vancouver City Savings Credit Union (Vancity), all organizational newcomers participate together in a week-long orientation program, whether they are tellers, middle managers, or board members.⁴⁰

Some organizations employ phoney or misguided methods to bridge the status barrier. Some examples of "casual Friday" policies (which permit the wearing of casual clothes on Fridays) only underline status differences the rest of the week if no other cultural changes are made.

Many observers note that email and texting have levelled status barriers. High-speed transmission, direct access, and the opportunity to avoid live confrontation often encourage lower-status parties to communicate directly with organizational VIPs. This has even been seen in the rank-conscious military.















Group Cohesiveness

7.4 Discuss the causes and consequences of *group cohesiveness*.

◀ Listen to the Audio

Group cohesiveness [Ⓟ] is a critical emergent property of groups. Cohesive groups are those that are especially attractive to their members. Because of this attractiveness, members are especially desirous of staying in the group and tend to describe the group in favourable terms.⁴¹

The arch-stereotype of a cohesive group is the major league baseball team that begins September looking like a good bet to win its division and make it to the World Series. On the field, we see well-oiled, precision teamwork. In the clubhouse, all is sweetness and joviality, and interviewed players tell the world how fine it is to be playing with “a great bunch of guys.”

Cohesiveness is a relative, rather than absolute, property of groups. While some groups are more cohesive than others, there is no objective line between cohesive and non-cohesive groups. Thus, we will use the adjective *cohesive* to refer to groups that are more attractive than average for their members.

Factors Influencing Cohesiveness

◀ Listen to the Audio

What makes some groups more cohesive than others? Important factors include threat and competition, success, member diversity, group size, and toughness of initiation.

Threat and Competition

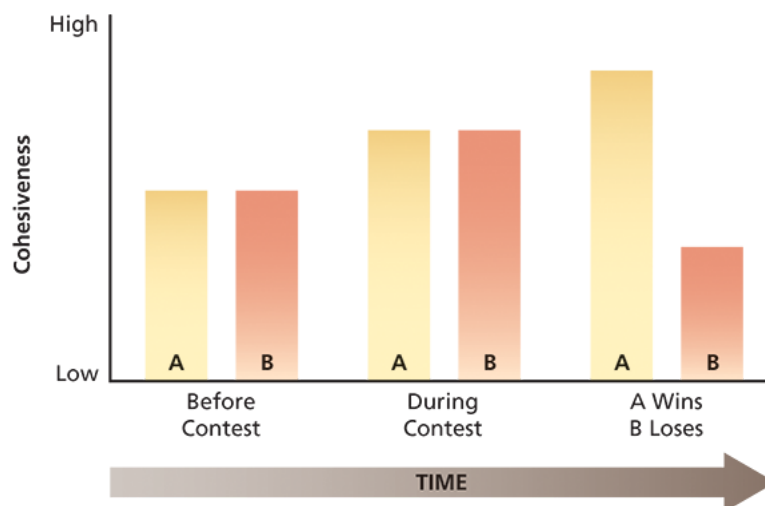
External threat to the survival of the group increases cohesiveness in a wide variety of situations.⁴² As an example, consider the wrangling, uncoordinated corporate board of directors that quickly forms a united front in the face of a takeover bid. Honest competition with another group can also promote cohesiveness.⁴³ This is the case with the World Series contenders.

Why do groups often become more cohesive in response to threat or competition? They probably feel a need to improve communication and coordination so that they can better cope with the situation at hand. Members now perceive the group as more attractive because it is seen as capable of doing what has to be done to ward off threat or to win. However, under *extreme* threat or very *unbalanced* competition, increased cohesiveness will serve little purpose. For example, the partners in a firm faced with certain financial disaster would be unlikely to exhibit cohesiveness because it would do nothing to combat the severe threat.

Success

A group becomes more attractive to its members when it has successfully accomplished some important goal, such as defending itself against threat or winning a prize.⁴⁴ By the same token, cohesiveness will decrease after failure, although there may be “misery loves company” exceptions. The situation for competition is shown in [Exhibit 7.5](#). Fit-Rite Jeans owns two small clothing stores (A and B) in a large city. To boost sales, it holds a contest between the two stores, offering \$150 worth of merchandise to each employee of the store that achieves the highest sales during the next business quarter. Before the competition begins, the staff of each store is equally cohesive. When competition begins, both groups become more cohesive. The members become more cooperative with each other, and in each store there is much talk about “us” versus “them.” At the end of the quarter, store A wins the prize and becomes yet more cohesive. The group is especially attractive to its members because it has succeeded in the attainment of a desired goal. On the other hand, cohesiveness plummets in the losing store B—the group has become less attractive to its members.

Exhibit 7.5 Competition, success, and cohesiveness.



Member Diversity

Earlier, we pointed out that groups that are diverse in terms of gender, age, and race can have a harder time becoming cohesive than more homogeneous groups. However, if the group agrees about how to accomplish some particular task, its success in performing the task will often outweigh surface dissimilarity in determining cohesiveness.⁴⁵

Group Size

Other things being equal, bigger groups should have a more difficult time becoming and staying cohesive. In general, such groups should have a more difficult time agreeing on goals and more problems communicating and coordinating efforts to achieve those goals. Large groups frequently divide into subgroups, and such subgrouping is contrary to the cohesiveness of the larger group.⁴⁶

Toughness of Initiation

Despite its rigorous admissions policies, the Harvard Business School does not lack applicants. Similarly, exclusive yacht and golf clubs might have waiting lists for membership extending several years into the future. All this suggests that groups that are tough to get into should be more attractive than those that are easy to join.⁴⁷ This is well known in the armed forces, where rigorous physical training and stressful “survival schools” precede entry into elite units such as the Canadian Special Operations Forces Command or the U.S. Army Rangers. The rigorous team hiring process at Whole Foods is meant to foster team cohesion.



Cohesive groups lead to effective goal accomplishment.

CatonPhoto/Shutterstock

Consequences of Cohesiveness

◀ Listen to the Audio

From the previous section, it should be clear that managers or group members might be able to influence the level of cohesiveness of work groups by using competition or threat, varying group size or composition, or manipulating membership requirements. The question remains, however, as to whether *more* or *less* cohesiveness is a desirable group property. This, of course, depends on the consequences of group cohesiveness and who is doing the judging.

More Participation in Group Activities

Because members wish to remain in the group, voluntary turnover from cohesive groups should be low. Also, members like being with each other; therefore, absence should be lower than in less cohesive groups. In addition, participation should be reflected in a high degree of communication within the group as members strive to cooperate with and assist each other. This communication might well be of a more friendly and supportive nature, depending on the key goals of the group.⁴⁸

More Conformity

Because they are so attractive and coordinated, cohesive groups are well equipped to supply information, rewards, and punishment to individual members. These factors take on special significance when they are administered by those who hold a special interest for us. Thus, highly

cohesive groups are in a superb position to induce conformity to group norms.

Members of cohesive groups are especially motivated to engage in activities that will *keep* the group cohesive. Chief among these is applying pressure to deviants to get them to comply with group norms. Cohesive groups react to deviants by increasing the amount of communication directed at these individuals.⁴⁹ Such communication contains information to help the deviant “see the light,” as well as veiled threats about what might happen if he or she does not. Over time, if such communication is ineffective in inducing conformity, it tends to decrease. This is a signal that the group has isolated the deviant member to maintain cohesiveness among the majority.

More Success

Earlier, we pointed out that successful goal accomplishment contributes to group cohesiveness. However, it is also true that cohesiveness contributes to group success—in general, cohesive groups are good at achieving their goals. Research has found that group cohesiveness is related to performance.⁵⁰ Thus, there is a reciprocal relationship between success and cohesiveness.

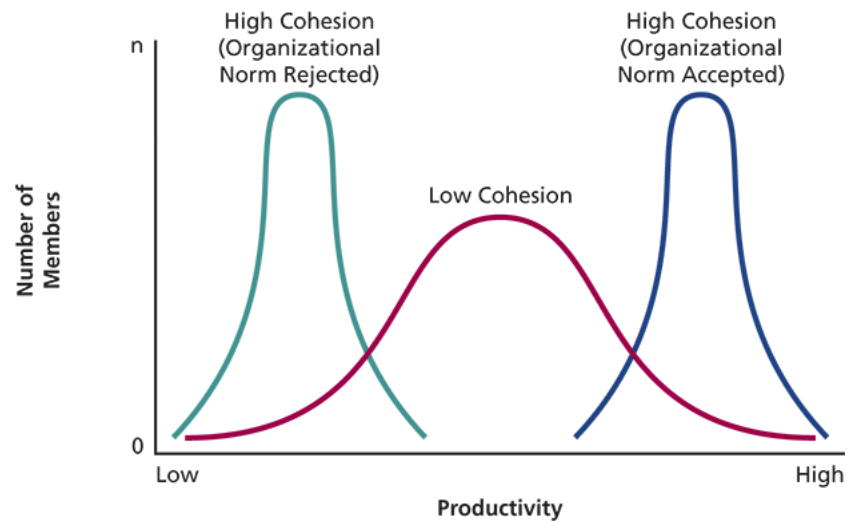
Why are cohesive groups effective at goal accomplishment? Probably because of the other consequences of cohesiveness we discussed earlier. A high degree of participation and communication, coupled with active conformity to group norms and commitment, should ensure a high degree of agreement about the goals the group is pursuing and the methods it is using to achieve those goals. Thus, coordinated effort pays dividends to the group.

Since cohesiveness contributes to goal accomplishment, should managers attempt to increase the cohesiveness of work groups by juggling the factors that influence cohesiveness? To answer this question, we must emphasize that cohesive groups are especially effective at accomplishing *their own* goals. If these goals happen to correspond with those of the organization, increased cohesiveness should have substantial benefits for group performance. If not, organizational effectiveness might be threatened.⁵¹ One large-scale study of work groups reached the following conclusions:

- In highly cohesive groups, the productivity of individual group members tends to be fairly similar to that of other members. In less cohesive groups, there is more variation in productivity.
- Highly cohesive groups tend to be *more* or *less* productive than less cohesive groups, depending on a number of variables.⁵²

These two facts are shown in [Exhibit 7.6](#).[□] The lower variability of productivity in more cohesive groups stems from their power to induce conformity. To the extent that work groups have productivity norms, more cohesive groups should be better able to enforce them. Furthermore, if cohesive groups accept organizational norms regarding productivity, they should be highly productive. If cohesive groups reject such norms, they are especially effective in limiting productivity.

Exhibit 7.6 Hypothetical productivity curves for groups varying in cohesiveness.



One other factor that influences the impact of cohesiveness on productivity is the extent to which the task really requires interdependence and cooperation among group members (e.g., a football team versus a golf team). Cohesiveness is more likely to pay off when the task requires more interdependence.⁵³

In summary, cohesive groups tend to be successful in accomplishing what they wish to accomplish. In a good labour relations climate, group cohesiveness on interdependent tasks should contribute to high productivity. If the climate is marked by tension and disagreement, cohesive groups may pursue goals that result in low productivity.













Social Loafing

7.5 Explain the dynamics of *social loafing*.

◀ Listen to the Audio

Have you ever participated in a group project at work or school in which you did not contribute as much as you could have because other people were there to take up the slack? Or have you ever reduced your effort in a group project because you felt that others were not pulling their weight? If so, you have been guilty of social loafing. **Social loafing** is the tendency that people have to withhold physical or intellectual effort when they are performing a group task.⁵⁴ The implication is that they would work harder if they were alone rather than part of the group. Earlier we said that process losses in groups could be due to coordination problems or to motivation problems. Social loafing is a motivation problem.

People working in groups often feel trapped in a social dilemma, in that something that might benefit them individually—slacking off in the group—will result in poor group performance if everybody behaves the same way. Social loafers resolve the dilemma in a way that hurts organizational goal accomplishment. Notice that the tendency for social loafing is probably more pronounced in individualistic North America than in more collective and group-oriented cultures.

As the questions earlier suggest, social loafing has two different forms. In the *free rider effect*, people lower their effort to get a free ride at the expense of their fellow group members. In the *sucker effect*, people lower

their effort because of the feeling that others are free riding, that is, they are trying to restore equity in the group. You can probably imagine a scenario in which the free riders start slacking off and then the suckers follow suit. Group performance suffers badly.

What are some ways to counteract social loafing?⁵⁵

- *Make individual performance more visible.* Where appropriate, the simplest way to do this is to keep the group small in size. Then, individual contributions are less likely to be hidden. Posting performance levels and making presentations of one's accomplishments can also facilitate visibility.
- *Make sure that the work is interesting.* If the work is involving, intrinsic motivation should counteract social loafing.
- *Increase feelings of indispensability.* Group members might slack off because they feel that their inputs are unnecessary for group success. This can be counteracted by using training and the status system to provide group members with unique inputs (e.g., having one person master computer graphics programs).
- *Increase performance feedback.* Some social loafing happens because groups or individual members simply are not aware of their performance. Increased feedback, as appropriate, from the boss, peers, and customers (internal or external) should encourage self-correction.
- *Reward group performance.* Members are more likely to monitor and maximize their own performance (and attend to that of their colleagues) when the *group* receives rewards for effectiveness.⁵⁶













What Is a Team?

7.6 Discuss how to design and support *self-managed teams*.

7.7 Explain the logic behind *cross-functional teams*, and describe how they can operate effectively.

◀ Listen to the Audio

Some have suggested that a group becomes a team when there exists a strong sense of shared commitment and when a synergy develops such that the group's efforts are greater than the sum of its parts.⁵⁷ While such differences might be evident in some instances, our definition of a group is sufficient to describe most teams in organizations. Therefore, we use the terms interchangeably. Teams have become a major building block of many organizations, and research shows improvements in organizational performance in terms of both efficiency and quality as a result of team-based work arrangements.⁵⁸ Accordingly, business schools place a strong emphasis on team-focused learning at both the undergraduate and MBA levels.

In [Chapter 2](#), we defined self-efficacy as beliefs individuals have about their ability to successfully perform a task. When it comes to teams, collective efficacy is also important to ensure high performance.⁵⁹

Collective efficacy consists of *shared* beliefs that a team can successfully perform a given task. Notice that self-efficacy does not necessarily translate into collective efficacy—five skilled musicians do not necessarily result in a good band. In the following sections, we cover the factors that contribute to collective efficacy in a team. One important contributor to

collective efficacy is team reflexivity⁶⁰, the extent to which teams deliberately discuss team processes and goals and adapt their behaviour accordingly.⁶⁰ Such conscious, deliberate reflection enhances team coordination and avoids the problems that derive from a lack of clear communication. Simply assuming that teammates are all on the same page is not a recipe for team effectiveness.

Designing Effective Work Teams

◀ Listen to the Audio

A good model for thinking about the design of effective work groups is to consider a successful sports team. In most cases, such teams are small groups made up of highly skilled individuals who are able to meld these skills into a cohesive effort. The task they are performing is intrinsically motivating and provides very direct feedback. If there are status differences on the team, the basis for these differences is contribution to the team, not some extraneous factor. The team shows a steadfast concern with obtaining the right personnel, relying on tryouts or player drafts, and the team is coached, not supervised. With this informal model in mind, let's examine the concept of group effectiveness more closely.

J. Richard Hackman (co-developer of the Job Characteristics Model, [Chapter 6](#)) has written extensively about work group effectiveness.⁶¹ According to Hackman, a work group is effective when (1) its physical or intellectual output is acceptable to management and to the other parts of the organization that use this output, (2) group members' needs are satisfied rather than frustrated by the group, and (3) the group experience enables members to *continue* to work together.

What leads to group effectiveness? In colloquial language, "sweat, smarts, and style." Put more formally, as Hackman notes, group effectiveness occurs when high effort is directed toward the group's task, when great knowledge and skill are directed toward the task, and when the group adopts sensible strategies for accomplishing its goals. And just how does

an organization achieve this? There is growing awareness in many organizations that the answer is self-managed work teams.

Self-Managed Work Teams

◀ Listen to the Audio

Self-managed work teams [Ⓟ] provide their members with the opportunity to do challenging work under reduced supervision. Other labels that we often apply to such groups are autonomous, semi-autonomous, and self-directed. The general idea is that the groups regulate much of their own members' behaviour. Critical to the success of self-managed teams are the nature of the task, the composition of the group, and the various support mechanisms in place.⁶²

Tasks for Self-Managed Teams

Experts agree that tasks assigned to self-managed work teams should be complex and challenging, requiring high interdependence among team members for accomplishment. In general, these tasks should have the qualities of enriched jobs ([Chapter 6](#) [□]). Thus, teams should see the task as significant, they should perform the task from beginning to end, and they should use a variety of skills. Self-managed teams have to have something useful to self-manage, and it is fairly complex tasks that capitalize on the diverse knowledge and skills of a group. Taking a number of olive stuffers on a food-processing assembly line, putting them in distinctive jumpsuits, calling them the Olive Squad, and telling them to self-manage will be unlikely to yield dividends in terms of effort expended or brainpower employed. The basic task will still be boring, a prime recipe for social loafing!

Outside the complexity requirement, the actual range of tasks for which organizations have used self-managed teams is wide, spanning both blue- and white-collar jobs. In the white-collar domain, complex service and design jobs seem especially conducive to self-management. In the blue-collar domain, General Mills and Chaparral Steel of Midlothian, Texas, make extensive use of self-managed work groups. In general, these groups are responsible for dividing labour among various subtasks as they see fit and making a variety of decisions about matters that impinge on the group. When a work site is formed from scratch and lacks an existing culture, the range of these activities can be very broad. Consider the self-managed teams formed in a new U.K. confectionery plant.

Production employees worked in groups of 8 to 12 people, all of whom were expected to carry out each of eight types of jobs involved in the production process. Group members were collectively responsible for allocating jobs among themselves, reaching production targets and meeting quality and hygiene standards, solving local production problems, recording production data for information systems, organizing breaks, ordering and collecting raw materials and delivering finished goods to stores, calling for engineering support, and training new recruits. They also participated in selecting new employees. Within each group, individuals had considerable control over the amount of variety they experienced by rotating their tasks, and each production group was responsible for one product line. Group members interacted informally throughout the working day but made the most important decisions—for example, regarding job allocation—at formal weekly group meetings where performance was also discussed.⁶³


If a theme runs through this discussion of tasks for self-managed teams, it is the breakdown of traditional, conventional, specialized *roles* in the group. Group members adopt roles that will make the group effective, not ones that are simply related to a narrow specialty.

Composition of Self-Managed Teams

How should organizations assemble self-managed teams to ensure effectiveness? “Stable, small, and smart” might be a fast answer.⁶⁴

- *Stability.* Self-managed teams require considerable interaction and high cohesiveness among their members. This, in turn, requires understanding and trust. To achieve this, group membership must be fairly stable. Rotating members into and out of the group will cause it to fail to develop a true group identity.⁶⁵
- *Size.* In keeping with the demands of the task, self-managed teams should be as small as is feasible.⁶⁶ The goal here is to keep coordination problems and social loafing to a minimum. These negative factors can be a problem for all groups, but they can be especially difficult for self-managed groups. This is because reduced supervision means that there is no boss to coordinate the group's activities and search out social loafers who do not do their share of the work.
- *Expertise.* Group members should have a high level of expertise about the task at hand. Everybody does not have to know everything, but the group as a *whole* should be very knowledgeable about the task. Again, reduced supervision discourages "running to the boss" when problems arise, but the group must have the resources to successfully solve these problems. One set of skills that all members should probably possess to some degree is social skills. Understanding how to talk things out, communicate effectively, and resolve conflict is especially important.
- *Diversity.* Put simply, a team should have members who are similar enough to work well together and diverse enough to bring a variety of perspectives and skills to the task at hand. A product-planning group consisting exclusively of new male MBAs might work well together but lack the different perspectives that are necessary for creativity.

One way of maintaining appropriate group composition might be to let the group choose its own members, as at Whole Foods. A potential problem with this is that the group might use some irrelevant criterion

(such as race or gender) to unfairly exclude others. Thus, human resources department oversight is necessary, as are very clear selection criteria (in terms of behaviours, skills, and credentials). The selection stage is critical, since some studies (including the one conducted in the confectionary plant) have shown elevated turnover in self-managed teams.⁶⁷ Such turnover can damage team effectiveness because it reduces the capacity for the team to learn and adapt.⁶⁸ Thus, “fit” is important, and it is well worth expending the extra effort to find the right people. At Britain’s Pret a Manger sandwich and coffee shops, job seekers work in a shop for a day, and then the staff votes on whether they can join the team.⁶⁹ For another fit issue, see [Research Focus: Leader Over-Emergence and Gender Dynamics in Self-Managed Teams](#) .

Research Focus

Leader Over-Emergence and Gender Dynamics in Self-Managed Teams

In self-managed teams, it is common that informal leaders emerge to provide some influence and direction for how the team operates. This can have a positive influence on team performance. However, the strong desire to be a team leader is no guarantee that one will be an *effective* leader, and it is possible that someone will emerge who has a negative impact on team decisions. Thus, Klodiana Lanaj and John Hollenbeck sought to study *leadership over-emergence*, the tendency for people’s leadership aspirations to exceed their leadership effectiveness. In cases of over-emergence, people are viewed by the team as leaders, but they are also judged to be ineffective. Based on gender role stereotypes that associate men with leadership, the authors predicted and confirmed that

men tend to over-emerge as leaders in self-managed project teams. That is, men were more inclined to aspire to leadership but not effectively fulfill the role. However, women also over-emerged when they engaged in counter-stereotypic task behaviours (e.g., organizing and coordinating work). An unexpected finding was that both men and women who engaged in social behaviours (e.g., listening carefully, resolving conflict, giving support) tended to under-emerge as leaders. That is, they tended not to be viewed as leaders despite the fact that such social behaviours are associated with leader effectiveness!

Source: Lanaj, K., & Hollenbeck, J. R. (2015). Leadership over-emergence in self-managing teams: The role of gender and countervailing biases. *Academy of Management Journal*, 58, 1476–1494.

The theme running through this discussion of team composition favours high cohesiveness and the development of group norms that stress group effectiveness. The development of *trust* among team members is critical for high team performance and positive team functioning.⁷⁰

Supporting Self-Managed Teams

A number of support factors can assist self-managed teams in becoming and staying effective. Reports of problems with teams can usually be traced back to inadequate support.

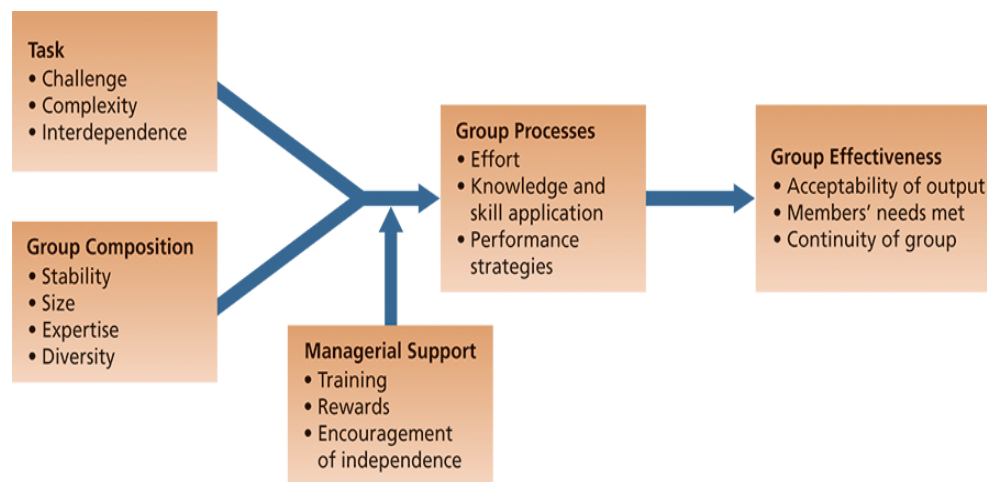
- *Training.* In almost every conceivable instance, members of self-managed teams require extensive training. The kind of training depends on the exact job design and on the needs of the workforce. However, some common areas include the following:
 - *Technical training.* This might include math, computer use, or any tasks that a supervisor formerly handled. Cross-training in the

specialties of other teammates is common.

- *Social skills.* Assertiveness, problem solving, and routine dispute resolution are skills that help the team operate smoothly.
 - *Language skills.* This can be important for ethnically diverse teams. Good communication is critical on self-managed teams.
 - *Business training.* Some firms provide training in the basic elements of finance, accounting, and production so that employees can better grasp how their team's work fits into the larger picture.
- *Rewards.* The general rule here is to mostly tie rewards to team accomplishment rather than to individual accomplishment, while still providing team members with some individual performance feedback to counteract social loafing. Microsoft's European product support group went from individual rewards to team-based rewards when it found that the former discouraged engineers from taking on difficult cases.⁷¹ Gain sharing, profit sharing, and skill-based pay (Chapter 6) are compatible reward systems for a team environment. Skill-based pay is especially attractive because it rewards the acquisition of multiple skills that can support the team.
 - *Management.* Self-management will not receive the best support when managers feel threatened and see it as reducing their own power or promotion opportunities. Some schooled in the traditional role of manager may simply not adapt. Those who do can serve important functions by mediating relations *between* teams and by dealing with union concerns, since unions are often worried about the cross-functional job sharing in self-management. One study found that the most effective managers in a self-management environment encouraged groups to observe, evaluate, and reinforce their own task behaviour.⁷² This suggests that coaching teams to be independent enhances their effectiveness.⁷³

Exhibit 7.7 summarizes the factors that determine work group effectiveness. Michael Campion and colleagues studied these factors in teams of professional and non-professional workers.⁷⁴ Their results provide strong support for many of the relationships shown in the exhibit. Overall, research has shown improvements in team productivity, quality, customer satisfaction, and safety following the implementation of self-managed work teams.⁷⁵

Exhibit 7.7 Factors influencing work group effectiveness.



Source: Based in part on Hackman, J. R. (1987). The design of work teams. In J. W. Lorsch (Ed.), *Handbook of organizational behaviour*. Englewood Cliffs, NJ: Pearson Education.

Cross-Functional Teams

◀ Listen to the Audio

Let's look at another kind of team that contemporary organizations commonly employ. Cross-functional teams⁷⁶ bring people with different functional specialties together to better invent, design, or deliver a product or service.

A cross-functional team might be self-managed and permanent if it is doing a recurrent task that is not too complex. If the task is complex and unique (such as designing a car or a mobile app), cross-functional teams require formal leadership, and their lives will generally be limited to the life of the specific project. In both cases, the "cross-functional" label means that such diverse specialties are necessary and that cross-training is not feasible. People have to be experts in their own area but able to cooperate with others.

Cross-functional teams, which have been used in service industries such as banking and hospitals, are probably best known for their successes in product development.⁷⁶ Thus, Rubbermaid uses teams to invent and design a remarkable variety of innovative household products. Pharmaceutical development teams at Novartis and Wyeth include toxicologists, biologists, clinicians, chemists, and marketers.

The general goals of using cross-functional teams include some combination of innovation, speed, and quality that comes from early coordination among the various specialties. We can see their value by

looking at the traditional way auto manufacturers used to design cars.⁷⁷ First, stylists determined what the car would look like and then passed their design on to engineering, which developed mechanical specifications and blueprints. In turn, manufacturing considered how to construct what the stylists and engineers designed. Somewhere down the line, marketing and accounting got their say. This process invariably leads to problems. One link in the chain might have a difficult time understanding what the previous link meant. Worse, one department might resist the ideas of another simply because they “were not invented here.” The result of all this is slow, expensive development and early quality problems. In contrast, the cross-functional approach gets all the specialties working together from day one. A complex project, such as a car design, might have more than 30 cross-functional teams working at the same time.

The speed factor can be dramatic. Manufacturers have reduced the development of a new car model by several years. Boeing used a cross-functional team to reduce certain design analyses from two weeks to only a few minutes.

Principles for Effectiveness

A number of factors contribute to the effectiveness of cross-functional teams. We will illustrate several with examples from a past redesign of the Ford Mustang.⁷⁸

- *Composition.* All relevant specialties are necessary, and effective teams are sure not to overlook anyone. Auto companies put labour representatives on car design teams to warn of assembly problems. On the Mustang project, outside suppliers were represented. At some companies, clients are represented on design teams.

- *Superordinate goals.* **Superordinate goals** are attractive outcomes that can be achieved only by collaboration. They override detailed functional objectives that might be in conflict (e.g., finance versus design). On the Mustang project, the superordinate goal was to keep the legendary name alive in the face of corporate cost cutting.
- *Physical proximity.* Team members have to be located (sometimes relocated) close to each other to facilitate informal contact. Mustang used a former furniture warehouse in Allen Park, Michigan, to house its teams.
- *Autonomy.* Cross-functional teams need some autonomy from the larger organization, and functional specialists need some authority to commit their function to project decisions. This prevents meddling or “micromanaging” by upper-level or functional managers.
- *Rules and procedures.* Although petty rules and procedures are to be avoided, some basic decision procedures must be laid down to prevent anarchy. On the Mustang project, it was agreed that a single manufacturing person would have a veto over radical body changes.
- *Leadership.* Because of the potential for conflict, cross-functional team leaders need especially strong people skills in addition to task expertise. The “tough engineer” who headed the Mustang project succeeded in developing his people skills for that task.

Several of these principles ensure that team members share mental models. **Shared mental models** mean that team members share identical information about how they should interact and what their task is. Shared mental models enhance coordination and contribute greatly to effective team performance, at least when the shared knowledge reflects reality.⁷⁹ Although shared mental models are important for all teams, they are a particular challenge to instill in cross-functional teams due to the divergent backgrounds of the team members. Consider this product development team:

The team is given the mandate to make a “tough truck.” The designer, thinking in terms of styling, conceptualizes “tough” as “powerful looking.” The designer then sketches a vehicle with a large grille and large tires, creating a very powerful stance. When seeing this mock-up, an engineer, thinking in terms of functionality and conceptualizing tough as implying durability, is unhappy with the design because it compromises the vehicle’s power. Maintaining hauling capacity with large tires implies the need for greater torque output from the engine, adding expense and difficulty to the engineer’s part of the problem. When the engineer suggests 16- rather than 20-inch wheels, the designer balks, claiming it makes the vehicle look cartoonish rather than tough.⁸⁰

Clearly, the designer and the engineer don’t share mental models of what “tough” means, and this problem can be greatly magnified with the participation of other functions and disciplines. It can also be magnified in virtual teams, a subject we will now turn to.















Virtual Teams

7.8 Understand *virtual teams* and what makes them effective.

◀ Listen to the Audio

With globalization and the advent of high-tech communication, virtual teams have emerged as critical for organizational success. Virtual teams are work groups that use technology to communicate and collaborate across space, time, and organizational boundaries.⁸¹ Along with their reliance on computer and electronic technology, the primary feature of these teams is the lack of face-to-face contact between team members due to geographic dispersion. This separation often entails linkages across countries and cultures. Furthermore, virtual teams are often cross-functional. Communication technologies used by virtual teams can be either asynchronous (email, fax, voice mail), allowing team members to reflect before responding, or synchronous (phone, instant messaging, chat, electronic conference), allowing team members to communicate dynamically in real time. For more on this, see [Global Focus: Communication Media Choice in Multilingual Virtual Teams](#).

Global Focus

Communication Media Choice in Multilingual Virtual Teams

One of the advantages of virtual teams is that organizations can capitalize on global talent. However, this raises the issue of language compatibility. Thus, Helene Tenzer and Markus

Pudelko studied how multilingual virtual teams manage to communicate more or less effectively. Although the members of such teams will frequently share a common project working language, such as English, many may not really be perfectly proficient in this language, which might be their second or third tongue. Consequently, virtual team colleagues might vary substantially in their capacity for the common language, and this can lead to stressful language-induced mental load.

Comparing mono- and multilingual virtual teams of diverse specialists in the information technology and auto industries, the researchers studied how linguistic mix affected preferences for communication media and resulting communication effectiveness. What they found turned some of the usual rules for media choice on their heads. When trying to find convergence and reach mutual understanding on complex issues, the monolingual teams showed a clear preference for more real-time (synchronous) media such as telephone, instant messaging, and video- or teleconferencing. This is the textbook solution for facilitating communication and reaching agreement concerning complex problems. However, the multilingual teams showed a clear preference for email, which was less immediate but allowed members to study received messages and rehearse replies, perhaps doing some translation. Multilingual team members were also inclined to rely on redundancy, first sending emails and then using the phone to verify that they had been understood. Both types of teams were enthusiastic about using virtual chatrooms for written discussions, as they combine speedy feedback with a written record that could be instantly searched using Google Translate if necessary. All in all, the research shows how virtual team practices have to be fine-tuned to the nuances of the team context.

Source: Tenzer, H., & Pudelko, M. (2016). Media choice in multilingual virtual teams. *Journal of International Business Studies*, 47, 427–452.

Advantages of Virtual Teams

◀ Listen to the Audio



Why are these teams so popular? Because linking minds through technology has some definite advantages:

- *Around-the-clock work.* Globally, a virtual team is a 24-hour team that never sleeps. In these “follow the sun” teams, a team member can begin a process in London and pass it on to another team member in New York for more input. From New York, the work can be forwarded to a colleague in San Francisco who, after more work, can send it along to Hong Kong for completion.⁸² In today’s non-stop economy, the benefits of such continuous workflows are huge.
- *Reduced travel time and cost.* Virtual teaming reduces travel costs associated with face-to-face meetings. In the past, important meetings, key negotiation sessions, and critical junctures in projects required team members to board planes and travel long distances. In the virtual environment, expensive and time-consuming travel can be mostly eliminated. Virtual teams can therefore lead to significant savings of time and money, and concerns over air travel also make virtual teams an attractive alternative.
- *Larger talent pool.* Virtual teams allow companies to expand their potential labour markets and to go after the best people, even if these people have no interest in relocating. The nature of virtual teams can also give employees added flexibility, allowing for a better work–life balance, which is an effective recruiting feature.⁸³

Challenges of Virtual Teams

◀ Listen to the Audio

While the advantages are appealing, virtual teams are not without disadvantages.⁸⁴ Managers must recognize that these teams present unique challenges and should not be treated as regular teams that just happen to use technology.

- *Trust.* Commentators stress that trust is difficult to develop among virtual team members. People typically establish trust through direct contact and socialization, which are simply not available to virtual team members. Nonetheless, research shows that trust is even more important in virtual teams than in conventional teams to achieve high team effectiveness.⁸⁵ For more on this challenge, see [You Be the Manager: Creating Trust in Virtual Teams at Orange](#) .
- *Miscommunication.* The loss of face-to-face communication presents certain risks for virtual teams. Humans use many non-verbal cues to communicate meaning and feeling in a message. When they use technology, the richness of face-to-face communication is lost, and miscommunication can result (see [Chapter 10](#) ). These risks can be particularly high on global virtual teams, as attempts at humour or the use of unfamiliar terms can lead to messages being misconstrued.
- *Isolation.* People have needs for companionship. In on-site offices, co-workers can meet for lunch, share stories, talk about their kids, and socialize outside of work. Unfortunately, these more casual interactions are not usually possible for virtual teams, a lack that can lead to team members having feelings of isolation and detachment.

- *Management issues.* For managers, virtual teams can create new challenges in terms of dealing with subordinates who are no longer in view. How can you assess individual performance, monitor diligence, and ensure fairness when your team is dispersed around the globe?

Jessica Mesmer-Magnus and colleagues conducted an informative review of the research on information sharing in virtual teams versus face-to-face teams.⁸⁶ They found that virtual teams engaged in a lower volume of information sharing but were in fact more likely to share unique information that was not known by other team members. They suggested that the uniqueness advantage arises because virtuality encourages more reflection compared to direct interaction. Paradoxically, however, the performance of virtual teams was especially dependent on them also having a high volume of open communication to complement the unique ideas. This is because openness facilitates the development of cooperation, cohesion, and trust, all of which are challenges for virtuality. The authors also found support for the idea that hybrid teams that combine face-to-face interaction with virtual interaction are especially likely to share information, a point reinforced in the following section.

You Be the Manager: Creating Trust in Virtual Teams at Orange

Multinational companies have a dual challenge of globalizing operations for purposes of efficiencies and localizing delivery of products and services to support national differences. Orange is the mobile operator of France Telecom, providing services to 57 million customers across 17 countries. With presence in Europe, the Middle East, and Africa, Orange realized that to protect and strengthen the Orange brand, product development previously performed within host countries needed to become a global initiative. Although it is tempting to centralize a team that has a global mandate, Orange pursued virtual-team collaboration, which allows firms to increase diversity in their teams and potentially achieve greater productivity and creativity. At Orange, as in many high-tech, global corporations, virtual teams were becoming a way of life, but there were clearly challenges, rooted in the fact that there were fewer interpersonal similarities (e.g., common backgrounds and experience) among team members.

Within the product development organization at Orange, virtual teams were usually led by a product manager. Members of the team not only had primary responsibilities to the virtual team but also did work for local teams and various functions. Like other virtual teams, those at Orange were required to work across time zones, cultures, and reporting lines. Virtuality meant that team members were unable to interact informally, in face-to-face meetings. Communicating through electronic media (e.g., email, phone, and video conferencing) greatly reduced the ability to interact through non-verbal cues. The lack of informal communication was considered to be a large barrier in team productivity. As one team leader expressed, "Work really only starts after that first face-to-face meeting."

Cultural distance also affected the virtual teams at Orange. In one virtual team, conference calls between the U.K. and Paris offices became particularly strained. The British employees, in an effort to enhance meeting productivity, used humour to encourage participation, but this approach backfired. Without the benefit of seeing facial expressions, paired with the difficulty of relating to the jokes

Reset

Next

Source: Adapted from Lawley, D. (2006). Creating trust in virtual teams at Orange. *Knowledge Management Review*, 9(2), 12–17.

Lessons Concerning Virtual Teams

◀ Listen to the Audio

Overall, a number of lessons have emerged about what managers must do or watch out for when developing virtual teams.⁸⁷

- *Recruitment.* Choose team members carefully in terms of attitude and personality so that they are excited about these types of teams and can handle the independence and isolation that often define them. Find people with good interpersonal and intercultural skills, not just technical expertise.
- *Training.* Invest in training for both technical and interpersonal skills. In many cases, virtual teams falter not due to weak technical skills but due to poor communication and cooperation.
- *Personalization.* Encourage team members to get to know one another, either by encouraging informal communication using technology or by arranging face-to-face meetings whenever possible. Reduce feelings of isolation by setting aside time for chit-chat, acknowledging birthdays, and so on.
- *Leadership.* Virtual team leaders should define goals clearly, set rules for communication standards and responses, provide feedback to keep team members informed of progress and the big picture, resolve conflict, and evoke shared mental models.⁸⁸

The key appears to be recognizing the ways in which these teams are different from those based in a single-office environment but not falling into the trap of focusing solely on technology. Many of the general

recommendations that apply to any work team also apply to virtual teams. These teams are made up of individuals who have the same feelings and needs as workers in more traditional environments. Virtual teams must be real teams, if not by location, then in mind and spirit.













Summary: Groups and Teamwork

◀ Listen to the Audio

Teams can be a powerful resource for organizations, and this chapter has identified some of the important lessons leading to team success. However, switching from a traditional structure to a team-based configuration is not a cure-all for an organization's problems, even though some managers fall prey to the "romance of teams."⁸⁹ It is likely that the research to date on teams has focused almost exclusively on viable, ongoing teams, with little attention being paid to unsuccessful teams. Some observers suggest that the team approach puts unwanted pressure and responsibilities on workers. Others have noted that many organizations have rushed to deploy teams with little planning, often resulting in confusion and contradictory signals to employees. Good planning and continuing support are necessary for the effective use of teams.⁹⁰

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 7.

7.1 Discuss group development.

A *group* consists of two or more people interacting interdependently to achieve a common goal. Some groups go through a series of developmental stages: forming, storming, norming, performing, and adjourning. However, the *punctuated equilibrium* model stresses a first meeting, a period of little apparent progress, a critical midpoint transition, and a phase of goal-directed activity.

7.2 Explain how group size and member diversity influence what occurs in groups.

7.3 Review how *norms*, *roles*, and *status* affect social interaction.

7.4 Discuss the causes and consequences of *group cohesiveness*.

7.5 Explain the dynamics of *social loafing*.

7.6 Discuss how to design and support *self-managed teams*.

7.7 Explain the logic behind *cross-functional teams*, and describe how they can operate effectively.

7.8 Understand *virtual teams* and what makes them effective.

Key Terms

Start Over

Swap

0/26 REVIEWED · 0 MASTERED

Punctuated equilibrium model



Previous

Next

Got It!



* On-the-Job Challenge Question

Hire Teams, Not Individuals?

Management professor and consultant Sydney Finkelstein asserts that organizations almost always hire individual employees, hoping that they will gel into teams or fit into existing teams. However, he argues that they should more often consider hiring intact teams rather than using this conventional individual approach. After all, he says, new CEOs often bring along familiar colleagues with whom they work well, and companies often acquire startup firms based on the fact that they have well-developed team talent in place. The idea is to hire a proven product rather than hoping to assemble teams from scratch. Finkelstein cites one Silicon Valley firm that experimented with accepting applications from small groups, either hiring the entire group or none of its individual members.

What are both the pros and cons of hiring intact groups?

Consider issues such as efficiency, group development, norms, cohesiveness, and conflict in framing your answers.

Source: Based on Finkelstein, S. (2017, October 29). Why companies should hire teams, not individuals. *Wall Street Journal*.

<https://www.wsj.com/articles/why-companies-should-hire-teams-not-individuals-1509329580>

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

NASA

The purpose of this exercise is to compare individual and group problem solving and to explore the group dynamics that occur in a problem-solving session. It can also be used in conjunction with [Chapter 11](#). The instructor will begin by forming groups of four to seven members.

The situation described in this problem is based on actual cases in which men and women lived or died, depending on the survival decisions they made. Your “life” or “death” will depend on how well your group can share its present knowledge of a relatively unfamiliar problem so that the group can make decisions that will lead to your survival.

The Problem

You are a member of a space crew originally scheduled to rendezvous with a mother ship on the lighted surface of the moon. Due to mechanical difficulties, however, your ship was forced to land at a spot some 200 miles from the rendezvous point. During landing, much of the equipment aboard was damaged, and, because survival depends on reaching the mother ship, the most critical items available must be chosen for the 200-mile trip. The following lists the 15 items left intact and undamaged after the landing. Your task is to rank them in terms of their importance to your crew in reaching the rendezvous point. In the first column (step 1) place the number 1 by the most important, and so on, through number 15, the least important. You have 15 minutes to complete this phase of the exercise.

After the individual rankings are complete, participants should be formed into groups having from four to seven members. Each group should then rank the 15 items as a team. This group ranking should be a general consensus after a discussion of the issues, not just the average of each individual ranking. While it is unlikely that everyone will agree exactly on the group ranking, an effort should be made to reach at least a decision that everyone can live with. It is important to treat differences of opinion as a means of gathering more information and clarifying issues and as an incentive to force the group to seek better alternatives. The group ranking should be listed in the second column (step 2).

The third phase of the exercise consists of the instructor providing the expert's rankings, which should be entered in the third column (step 3). Each participant should compute the difference between the individual ranking (step 1) and the expert's ranking (step 3), and between the group ranking (step 2) and the expert's ranking (step 3). Then add the two "difference" columns—the smaller the score, the closer the ranking is to the view of the experts.

Source: Ritchie, *Organization and people*, 3rd ed. © 1984 South-Western, a part of Cengage Learning, Inc. Reproduced by permission. www.cengage.com/permissions

Discussion

The instructor will summarize the results on the board for each group, including (a) the average individual accuracy score, (b) the group accuracy score, (c) the gain or loss between the average individual score and the group score, and (d) the lowest individual score (i.e., the best score) in each group.

The following questions will help guide the discussion:

1. As a group task, is the NASA exercise an additive, disjunctive, or conjunctive task?
2. What would be the impact of group size on performance in this task?
3. Did any norms develop in your group that guided how information was exchanged or how the decision was reached?
4. Did any special roles emerge in your group? These could include a leader, a secretary, an "expert," a critic, or a humourist. How did these roles contribute to or hinder group performance?
- *5. Consider the factors that contribute to effective self-managed teams. How do they pertain to a group's performance on this exercise?
How would group diversity help or hinder performance on the exercise?

NASA Tally Sheet

Items	Step 1 Your Individual Ranking	Step 2 The Team's Ranking	Step 3 Survival Expert's Ranking	Step 4 Difference Between Steps 1 & 3	Step 5 Difference Between Steps 2 & 3
Box of matches					
Food concentrate					
50 feet of nylon rope					
Parachute silk					
Portable heating unit					
Two 0.45-calibre pistols					
One case dehydrated milk					
Two 100-pound tanks of oxygen					
Stellar map (of the moon's constellation)					
Life raft					
Magnetic compass					
5 gallons of water					
Signal flares					
First aid kit containing injection needles					
Solar-powered FM receiver-transmitter					
			Total		
			(The lower the score the better)	Your score	Team score

* Question 5 is also assignable in Writing Space.

Case Incident

The Team Attendance Bonus

Engineer Sharon Chen is the founder, owner, and president of Storm Bay Injection Moulding, a large and successful company that produces injection-moulded plastic parts, predominantly for automotive and marine applications. A couple of years ago, Sharon had decided to reorganize Storm Bay into a number of stable self-managed teams. For the most part, the introduction of teams had proven very successful, reducing supervision costs, increasing productivity, and lowering labour turnover. However, there was one problem that the conversion to teams had not solved—elevated absenteeism among the workforce. In fact, the data suggested that a slight increase in absence had accompanied the introduction of teams, and Sharon suspected some collusion among team members to “share out” sick days while not damaging productivity too much. In consultation with her manager of HR, Sharon decided to implement an attendance bonus. Although attendance bonuses are not uncommon, they are usually based strictly on individual behaviour: Those employees who don’t use sick days receive some extra compensation. However, given that Storm Bay was organized into self-managed teams, Sharon chose a team-based attendance bonus in which employees could only achieve the maximum 6 percent bonus if their teammates also exhibited excellent attendance.

- *1. Discuss how group norms, group cohesiveness, and social loafing are relevant to how teams will react to the new attendance bonus.
2. Can you suggest any possible negative outcomes that a team-based attendance bonus could cause?

3. Is attendance management something that teams should be involved in, or is this one of those things that should be handled between HR and individual employees?

* Question 1 is also assignable in Writing Space.

Case Study

Anita Jairam at Metropole Services

Introduction

“I cannot wait to see how pleased our client will be when we deliver this IT project to them one week ahead of schedule,” beamed Anita Jairam, senior project manager at Metropole Services. Based in Newark, New Jersey, Metropole Services was a software development firm focusing on the U.S. health-care industry.

Metropole Services

Metropole provided information systems integration support for the many software applications that were being adopted in healthcare. For example, after a health-care centre decided to implement patient monitoring software and hardware, Metropole would work with the centre’s current IT staff to integrate the software into the centre’s IT network. This involved a high degree of collaboration between client and service provider. Jairam met her counterpart at the centre at least once a week and communicated by e-mail or telephone at least once a day.

Internally, Jairam had to interpret her client’s instructions and provide guidance for her team of eight software developers stationed in Newark. In addition, Jairam had scheduled weekly meetings with her supervisor, company founder Chandra Mishra, over video conference. As this was a rapidly growing startup with 30 people in total, Mishra handled a variety of roles including business development, human resources and strategy. During the past three months, Mishra had been stationed in Hyderabad, India, where he was working to set up an offshore location for software

development. While Mishra had promised meetings with Jairam every week, more often than not, they were postponed or cancelled. Jairam estimated that she may have spoken to Mishra a total of four times in the past quarter.

Anita Jairam

Jairam had graduated from a prestigious East Coast business school and had finished her undergraduate studies at the Chennai campus India's Indian Institute of Technology. She had always been in the top 25 per cent in her class and was very ambitious. In her first job after her undergraduate degree, she had worked for a large consumer packaged goods manufacturer in India. There, she was part of a team of account executives whose goal was to sell new products to Indian retailers. She recalled her experience at this first job to be quite enjoyable — though she added that she had nothing to compare it to. The hours were long, nine to 10 hours per day, and everyone was preoccupied with executing sales plans. Jairam could not remember any instances of employee training other than the twoday orientation and introduction she was given at the start of her contract. Her team was a mix of male and female employees, and everyone seemed to be eager to prove to management that they were candidates for promotion. Because of her above average performance, Jairam was part of the 20 per cent of account executives promoted to the account manager during the first round of promotions. (There were promotion rounds every six to 12 months.)

Promotions had been based solely on sales results. Jairam had the good fortune to be selling into a fastgrowing group of retail outlets whose purchases of packaged goods grew rapidly every year. But by no means was Jairam merely fortunate that her accounts were growing: because she was able to sell additional non-food product lines to her accounts, she beat out another male account executive on her team and was promoted

six months ahead of him. Understandably, she was very proud of her work ethic and achievements.

In her new role, Jairam was in charge of six account executives selling health and beauty care products. At the start of the fiscal year, she met with all six and set sales targets for the first quarter. During the first quarter, delivery disruptions threatened the business, but Jairam was able to find an unorthodox solution by using a third-party logistics provider to deliver the goods. Working around the clock, Jairam multi-tasked between answering sales-related questions from her team and tracking shipping progress on her laptop computer. For the rest of that first year as an account manager, there always seemed to be one external crisis or another that demanded her attention. Fortunately for Jairam, she had a motivated team of account executives working on her team who were able to conduct their business largely independently. After that first year, Jairam was identified as one of the top five candidates for promotion. But opportunity, in the form of a job offer from a start-up, came calling.

Joining Metropole

When he heard about Jairam's success in problemsolving, Mishra was convinced that she was the right person to help him grow his small company. Mishra had been a medical doctor in the Eastern United States for the past 20 years before he started Metropole. Concerned at the slow pace of IT adoption in the health-care sector, Mishra was convinced that someone like him, who knew the health-care system, could make a significant contribution to health care productivity and earn a decent living doing it. Relying on his network of contacts in India, Mishra had started Metropole three years ago to help health-care providers integrate IT into their workplace. But while he had no shortage of talented software developers, firm growth had been slow as Mishra lacked project management expertise.

Through his network, Mishra arranged a meeting with Jairam and was so impressed with her success that he offered her a job, including generous stock options, the same day. Jairam seized this opportunity and, within a month, had moved to Newark. She entered an organization that was operating very quickly and had limited systems in place. Managers seemed to be constantly overwhelmed with either client requests or software issues to fix, there were no set meetings or set targets for the year, and, although each person had a different business title, there seemed to be significant overlap in operating roles.

After providing a quick overview of the firm, Mishra immediately handed to Jairam her first assignment: working with a team of eight software developers to integrate a new patient monitoring system. With tight deadlines to manage and being new to the organization, Jairam believed that she had a lot to prove as she settled into the organization. Her first agenda item was to meet with all eight developers over lunch. As all eight were located in the same office building, she scheduled a meeting for Monday afternoon, a day least likely to conflict with client meetings.

She noticed that three of the eight developers showed up 10 minutes late for the luncheon. Wanting to start off on pleasant terms, Jairam said nothing to them, cheerfully greeting them at the door. As she introduced herself and explained what she intended to do for the year, she was interrupted by one of the eight, Vivek. Vivek was the team's unofficial leader, since the team had been without a project manager for the past two months. Vivek commented:

We're very happy to meet you and we want to work with you to deliver this project. But as you know, we're already way behind schedule and, if possible, we should get back to work now and resume our introductions when the project has been delivered. I want to know if this is okay with you.

Pleased to know that her team was eager to get going with work, Jairam agreed to cut short her introductory lunch by half an hour and allow her team to return to their desks. In a converted conference room, all eight members worked alongside each other, sharing advice in an ad-hoc manner. Jairam listened enthusiastically as she met each team member in turn and asked them to explain their role to her. Every member of the team seemed to be extremely committed to the project and indicated that they were glad that she was coming on board. Jairam could not help noticing that she was the only woman in the room.

She left to go back to her office in order to attend her first client meeting. The client explained the urgency of the project, and Jairam reassured him that the team would do all in its power to get the project back on schedule. At 8 p.m. that evening, Jairam returned to the conference room to switch off the lights before leaving. She was surprised to see that her entire team was still present, still working on the project. One member greeted her and assured her that they were staying later by choice. Jairam was very impressed by their dedication and asked whether she could help with anything. When the group said they had been about to go for take-out, Jairam offered to pick it up for them.

When she returned with food, she sat down with the entire team for a 20-minute break and talked to them about their work. She was not surprised to hear that all eight had been working with the company from the very start. They spoke enthusiastically about the future value of their stock options in the company and kept repeating that they were proud to be owneroperators and that this was a once-in-a-career opportunity. Jairam had never met such dedicated workers.

For the rest of that week, on-site meetings with the client kept Jairam out of Newark. She kept in touch with her team by e-mail and was pleased to

hear that their progress was faster as a result of having her as the key client contact.

When she returned the next Monday, Jairam spoke to Mishra briefly and proudly indicated that progress had been made. On her lunch break, which she took in her office in order to read the latest news on CNN .com, Jairam was interrupted by a team member who wanted to know whether she could help them get tea from the local Dunkin' Donuts. Of course, said Jairam, she would be glad to.

Over the next two weeks, Jairam seemed to thrive in her new role. When she reported to the client that the time deficit had been eliminated (they would deliver the project on time), the client was ecstatic. He indicated that there would be a lot more work for Metropole to bid on if the project were delivered on time. To give Jairam a sense for the variety of projects available, he arranged for her to tour the facility, meeting with eight to 10 different IT managers. Jairam conservatively estimated that up to four times Metropole's entire firm revenues was available, if she could just manage the execution of the current plan and gain credibility.

When she returned to the office after an absence of a (productive) week and half, her team casually chided her about her absence and the fact that they had to send out a member to get their regular order of tea and food. Jairam apologized for her absence and eagerly recounted her client meetings and the opportunity that lay before them. Her team spontaneously erupted in applause, and they celebrated by going to a nearby restaurant for a meal.

As the deadline approached, Jairam's days in the office included a combination of client meetings and e-mail missives to her team members. At 11 a.m. and 4 p.m. each day, she promptly headed out the door to Dunkin' Donuts to bring back drinks for her team. At 6 p.m., she would

take dinner orders and bring them back. This arrangement worked nicely, except for one or two instances when she mixed up an order or two. When she saw the dissatisfied look on her team members' faces, she immediately offered to return to the donut shop or restaurant to get the correct order, which she did.

Two weeks before the deadline, Jairam knew that her project was in superb shape. She anticipated delivering the project a week early and indicated to Mishra (on only their fourth telephone meeting since she started at the company), that much more work was available. Mishra's enthusiasm was evident in the tone of his voice and he congratulated Jairam on a job well done.

Returning to check on her team, Jairam asked them to take a five-minute break to discuss follow-on work. As she began talking about another upcoming project, she was interrupted by Vivek, who said that he had to get back to his coding. Jairam excused him from the meeting.

One of the remaining team members was surprised to hear about future projects. "We assumed you'd be heading back to India to get married," he laughed. "How old are you? You must be no older than our daughters, who are all happily married now."

Jairam was caught off guard. But she recovered and replied, saying that she had no intention of starting a family in the next few years. She was very excited about her prospects at Metropole, she offered, and she wished to be able to lead the company's North American expansion. She indicated that she wanted to take on greater management responsibilities in the near future. At this point, Vivek returned to the room and conversation shifted to another topic. Jairam, wishing to leave them to their work, took their dinner orders and left to drive to the restaurant.

The next day, Jairam returned to the office to hear that there was a minor issue: a section of code written for the project was not working out as expected. As the code was written in a software language familiar to her, Jairam asked to take a look at it. Immediately, she noticed the error and informed the team member how to correct it. Her team member appeared skeptical and, in front of Jairam, turned to his colleague for advice. His colleague looked over the section of code and confirmed that Jairam was correct. Jairam, pleased that her judgment was correct, smiled and walked away.

The client was visiting Metropole's Newark site that day, and Jairam had planned a meeting and a facility tour. She assembled her entire team in a meeting room and was preparing to start her introduction when Vivek started speaking directly to the client. Vivek proudly indicated that the team was on-track to deliver the project a week ahead of schedule and that everyone had contributed greatly to the effort. Not wanting to interrupt the flow, Jairam remained silent, interjecting now and then to provide missing information. At the end of the client meeting, and as they were leaving to start the tour, Vivek turned to Jairam. He said, "I hope you don't mind that I started that meeting. I was very pleased at my team's effort and wanted to congratulate them in front of the client for the work they've put in thus far."

Jairam assured him that it was no problem, that she was glad that he took the initiative. As they turned to rejoin the group, Vivek turned to her: "Would you mind going to fetch us our teas? I'll meet with the client and get us started on the next project. Remember, I like my tea extra hot."

It dawned on Jairam that her relationship with her team might not be what she had assumed it to be. She was their project leader, and it did not seem right that she would not be present for the client meeting. As he hurried back to the group, Vivek added, "And by the way, when we met

yesterday night, the team and I agreed that it would be helpful for me to resume my client contact duties. Let's sit down later to see how you can refocus your efforts to target future clients." Jairam was stunned. She had been unaware that the team had met the night before to discuss this. Did they even have the authority?

It was 11:30 a.m. in the morning, a half hour since the client had left on a facility tour with the team. Jairam had been standing in the same spot in the conference room, thinking about her reaction to what she believed was a sudden shift of events in the past few days. Although it was not clear what the issue was, she knew that something was wrong and had to be corrected immediately.

Ken Mark prepared this case under the supervision of Professor Alison Konrad solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality.

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Questions

1. What are some of the norms that have developed in the software development team? Are these norms functional or dysfunctional for team effectiveness?
- * 2. Compare and contrast the formal and informal roles assumed by Anita Jairam and by Vivek. Is any role ambiguity or role conflict

apparent in the case?

3. How does *Research Focus: Leader Over-Emergence and Gender Dynamics in Self-Managed Teams* apply to the events in the case?
4. How is status relevant to the events at Metropole? Be sure to consider the impact of group diversity in your answer.
5. How cohesive is the software development team, and how does this affect the events in the case?
6. Did Anita Jairam's past work experience help or hinder her integration into Metropole Services? Why?
7. What should Anita Jairam do now?

* Question 2 is also assignable in Writing Space.













































Chapter 8

Social Influence, Socialization, and Organizational Culture

◀ Listen to the Audio



Learning Objectives

After reading Chapter 8, you should be able to:

- 8.1 Understand the difference between *information dependence* and *effect dependence*, and differentiate *compliance*, *identification*, and *internalization* as motives for social conformity.
- 8.2 Describe the *socialization* process and the stages of organizational socialization.
- 8.3 Describe the implications of *unrealistic expectations* and the *psychological contract* for socialization.
- 8.4 Describe the main methods of socialization and how newcomers can be *proactive* in their socialization.
- 8.5 Define *organizational culture*, and discuss the assets and liabilities of *strong cultures*.
- 8.6 Discuss the contributors to an organization's culture.
- 8.7 Describe how to diagnose an organizational culture.

Kicking Horse Coffee

Kicking Horse Coffee was started in 1996 by Elana Rosenfeld and Leo Johnson when they began selling organic fair trade coffee out of their garage in Invermere, British Columbia. They were the first Fairtrade licensee in Western Canada.

Today, Kicking Horse Coffee is one of the largest and most notable businesses in Invermere. It is also the number one seller of organic fair trade coffee in Canada and can be found in major grocery stores across Canada, as well as in high-end chain stores in the United States.

The management style at Kicking Horse Coffee has been described as informal and accessible, with regular communication with the company's 117 employees and a relationship based on trust, employee autonomy, and a shared sense of mission. Employees receive perks such as incentive bonuses, free lunches, a cool staff lounge, regular days off, days off on birthdays, and no night shifts. There is a hostess in the lunchroom, which is fitted out with easy chairs inside and Muskoka chairs outside, and employees receive a generous supply of coffee at work and home.

Active living, work-life balance, and a strong sense of fun and camaraderie permeate the company culture. The company is known for its playful spirit and cheeky irreverence. Employees receive information on how the company is performing as a whole during catered monthly meetings. They have two paid fun days each year where production shuts down and the whole team gets together for outdoor activities such as hiking, rafting, kayaking, mountain biking, skiing, or playing pond hockey. Employees also receive a wellness allowance to spend on things to get them active and are paid extra to bike to work. RAVE awards (Recognizing Actions, Values, and Ethics) are given to employees whose

behaviours demonstrate a strong work ethic and reflect the company's values, and CRACK awards (celebrating random acts of kindness) enable employees to recognize each other with gift cards. And when 20 centimetres or more of snow fall on Panorama Mountain, the Powder Day Rule comes into effect, which means that fresh tracks trump office time.

"Our team kicks ass," says Rosenfeld, Kicking Horse Coffee, co-founder and chief executive officer. "That means equal parts hard work and having fun. Our people are passionate about working together to wake people up with a delicious, mysterious, inspiring beverage. It's hard not to have fun at work."

The fun culture can also be seen in some of the company's job titles such as Packaging Ninjas, Stage Horses, and Work Horses, as well as in the names of its coffees, such as Smart Ass®, Grizzly Claw®, Hoodoo Jo®, Cliff Hanger Espresso®, and—for one of its most potent coffee blends—Kick Ass®.



Kicking Horse Coffee co-founder and CEO Elana Rosenfeld has created a strong organizational culture that emphasizes active living, work-life balance, fun, and camaraderie.

“Doing it from the heart is paying off for us. Our employees are highly motivated, very productive and usually stay with us a long time,” says Rosenfeld. The company’s attitude toward employees is part of a holistic approach to business. “Everything we do has to be high quality,” Rosenfeld says. “And I don’t just mean the product. We’re passionate about contributing socially and environmentally. That commitment starts with our No. 1 asset, our people. Our priority is to make sure employees are looked after and can maintain healthy, fulfilling lives with their families.” The company also participates in community events and contributes to conservation projects.

Rosenfeld describes her employees like this: “We have a very passionate, motivated team who really appreciate their jobs, appreciate that they can live here and have a great work environment and opportunities” and notes, “We’ve always believed that work should be fun. We always wanted to desire to come to work. That’s why we’re located in Invermere, in a Rocky Mountain playground. That’s why our team smiles so much. We know that happy, healthy living translates to a happy, healthy workplace.”

In 2017, Italian coffee giant Lavazza purchased an 80 percent stake in Kicking Horse Coffee, valuing the company at \$215 million. Rosenfeld owns the remaining 20 percent and remains CEO. In 2018, Kicking Horse Coffee was named the Best Workplace in Canada by Great Place to Work[®].¹

This description of Kicking Horse Coffee suggests that it has a strong organizational culture that is based on a shared set of values that influence employee attitudes and behaviours. But what exactly is an

organizational culture, and what effect does it have on employees? What does it mean to have a strong culture, and what are the assets and liabilities of strong cultures? How are cultures built and maintained, and how do new employees learn about an organization's culture? These are the kinds of questions that we will probe in this chapter.

First, we will examine the general issue of social influence in organizations—how members have an impact on each other's behaviour and attitudes. Social norms hold an organization together, and conformity to such norms is a product of the social influence process. Following this, we consider the elaborate process of organizational socialization: the learning of attitudes, knowledge, and behaviours that are necessary for a person to function in an organization. Socialization both contributes to and results from an organization's culture, the final topic that we will explore.

Social Influence in Organizations

◀ Listen to the Audio

8.0 Understand the difference between *information dependence* and *effect dependence*, and differentiate *compliance*, *identification*, and *internalization* as motives for social conformity.

In the previous chapter, we pointed out that groups exert influence over the attitudes and behaviour of their individual members. As a result of social influence, people often feel or act differently from how they would as independent operators. What accounts for such influence? In short, in many social settings, and especially in groups, people are highly *dependent* on others. This dependence sets the stage for influence to occur.

Information Dependence and Effect Dependence

◀ Listen to the Audio

We are frequently dependent on others for information about the adequacy and appropriateness of our behaviour, thoughts, and feelings. How satisfying is this job of mine? How nice is our boss? How much work should I take home to do over the weekend? Should we protest the bad design at the meeting? Objective, concrete answers to such questions might be hard to come by. Thus, we must often rely on information that others provide.² In turn, this information dependence ^① gives others the opportunity to influence our thoughts, feelings, and actions via the signals they send to us.³

The process through which this occurs is explained by social information processing theory. According to social information processing theory ^①, organizational members use information from others to interpret events and develop expectations about appropriate and acceptable attitudes and behaviours. Thus, organizational members look to others for information and cues about how they should behave.⁴ Individuals are often motivated to compare their own thoughts, feelings, and actions with those of others as a means of acquiring information about their adequacy. The effects of social information can be very strong, often exerting as much or more influence over others as objective reality. As a result, individual behaviour is influenced and shaped by others.⁵

As if group members were not busy enough tuning in to information provided by the group, they must also be sensitive to the rewards and punishments the group has at its disposal. Thus, individuals are dependent on the *effects* of their behaviour as determined by the rewards and punishments provided by others. Effect dependence [Ⓟ] actually involves two complementary processes. First, the group frequently has a vested interest in how individual members think and act, because such matters can affect the goal attainment of the group. Second, the members frequently desire the approval of the group. In combination, these circumstances promote effect dependence.

In organizations, plenty of effects are available to keep individual members “under the influence.” Managers typically have a fair array of rewards and punishments available, including promotions, raises, and the assignment of more or less favourable tasks. At the informal level, the variety of such effects available to co-workers is staggering. They might reward cooperative behaviour with praise, friendship, and a helping hand on the job. Lack of cooperation might result in nagging, harassment, name calling, or social isolation.

The Social Influence Process and Conformity

◀ Listen to the Audio

One of the most obvious consequences of information and effect dependence is the tendency for group members to conform to the social norms that have been established by the group. In the previous chapter, we discussed the development and function of such norms, but we have postponed until now the discussion of why norms are supported. Put simply, much of the information and many of the effects on which group members are dependent are oriented toward enforcing group norms. As described below, there are three different motives for social conformity.⁶

To understand the motives for social conformity, consider Mark, an idealistic graduate of a university social work program who acquires a job with a social services agency. Mark loves helping people but hates the bureaucratic red tape and reams of paperwork that are necessary to accomplish this goal. However, to acquire the approval of his boss and co-workers and to avoid trouble, he follows the rules to the letter of the law. This is pure compliance. Compliance is the simplest, most direct motive for conformity to group norms. It occurs because a member wishes to acquire rewards from the group and avoid punishment. As such, it primarily involves effect dependence. Although the complying individual adjusts his or her behaviour to the norm, he or she does not really subscribe to the beliefs, values, and attitudes that underlie the norm.

Over time, however, Mark begins to *identify* with his boss and more experienced co-workers because they are in the enviable position of controlling those very rewards and punishments that are so important to him. Obviously, if he is to *be* one of them, he must begin to think and feel like them. **Identification** [Ⓜ] as a motive for conformity is often revealed by an imitation process in which established members serve as models for the behaviour of others. Although there are elements of effect dependence here, information dependence is especially important—if someone is basically similar to you, then you will be motivated to rely on that person for information about how to think and act.

Finally, Mark is promoted to a supervisory position, partly because he is so cooperative. Breaking in a new social worker, Mark is heard to say, “Our rules and paperwork are very important. You don’t understand now, but you will.” The metamorphosis is complete—Mark has *internalized* the beliefs and values that support the bureaucratic norms of his agency. **Internalization** [Ⓜ] occurs when individuals have truly and wholly accepted the beliefs, values, and attitudes that underlie the norm. Conformity occurs because it is seen as *right*, not because it achieves rewards, avoids punishment, or pleases others. That is, conformity is due to internal, rather than external, forces.

Although this story is slightly dramatized, the point that it makes is accurate—simple compliance can set the stage for more complete identification and involvement with organizational norms and roles. The process through which this occurs in organizations is known as *organizational socialization*, and it is the focus of the next section.















Organizational Socialization

◀ Listen to the Audio

8.2 Describe the *socialization* process and the stages of organizational socialization.

The story of Mark, the social worker, in the previous section describes how one individual was socialized into a particular organization.

Socialization is the process by which people learn the attitudes, knowledge, and behaviours that are necessary to function in a group or organization. It is a learning process in which new members must acquire information and knowledge, change their attitudes, and perform new behaviours. The acquisition of information and knowledge is important for newcomers to reduce their high levels of uncertainty about their new job and organization. This process is explained by **uncertainty reduction theory**, which states that newcomers are motivated to reduce their uncertainty so that the work environment becomes more predictable and understandable. The socialization process—through the provision of information, resources, and interactions with organizational members—helps to reduce newcomers' uncertainty and facilitate their adjustment and socialization. Socialization is also the primary means by which organizations communicate their culture and values to new members.⁷

Exhibit 8.1 depicts the socialization process. In particular, it shows how different socialization methods (e.g., employee orientation programs) influence immediate or proximal socialization outcomes, such as learning,

which lead to more distal or longer-term outcomes, such as attitudes (e.g., job satisfaction) and behaviours (e.g., turnover).

Exhibit 8.1 The socialization process.



Learning during socialization has often been described in terms of content areas or domains of learning, such as the task, role, group, and organization domain. Newcomers need to acquire the knowledge and skills necessary to perform their job duties and *tasks*; they need to learn the appropriate behaviours and expectations of their *roles*; they need to learn the norms and values of their *work group*; and they need to learn about the *organization*, such as its history, traditions, language, politics, mission, and culture. As newcomers learn about each of these areas, they should begin to master their tasks and integrate with others in their work group and the organization. This should also help to reduce their role ambiguity and role conflict. In [Chapter 7](#), we described how different factors can lead to role ambiguity and role conflict. One of the goals of socialization is to provide new hires with information and knowledge about their roles in order to avoid problems of role conflict and role ambiguity.

An important objective of organizational socialization is for newcomers to achieve a good fit. There are generally three kinds of fit that are

important for socialization. First, newcomers must acquire the knowledge and skills necessary to perform their work tasks and roles so they can develop a strong person–job fit, or PJ fit. **Person–job fit** ^① refers to the match between an employee’s knowledge, skills, and abilities and the requirements of a job. Second, newcomers must also learn the values and beliefs that are important to the organization so they can develop a strong person–organization, or PO fit. **Person–organization fit** ^② refers to the match between an employee’s personal values and the values of an organization. Third, newcomers must also learn the values and beliefs that are important to their work group so they can develop a strong person–group, or PG fit. **Person–group fit** ^③ refers to the match or compatibility between an employee’s values and beliefs and the values and beliefs of his or her work group.⁸ Research has found that PJ, PO, and PG fit are strongly influenced by the socialization process and are related to job attitudes and behaviours.⁹

One of the primary goals of organizational socialization is to ensure that new employees learn and understand the key beliefs, values, and assumptions of an organization’s culture, and for individuals to define themselves in terms of the organization and what it is perceived to represent. This is known as **organizational identification** ^④, and as shown in **Exhibit 8.1** [□], it is also a distal outcome of socialization. Organizational identification reflects an individual’s learning and acceptance of an organization’s culture.¹⁰

In summary, socialization is important because it has a direct effect on proximal socialization outcomes (e.g., learning, PJ fit, PO fit, and PG fit), which lead to distal outcomes (e.g., organizational identification). As we shall see, some of this process might occur before organization membership formally begins, while some of it occurs once the new member enters the organization. Furthermore, socialization is an ongoing process by virtue of continuous interaction with others in the

organization. However, socialization is most potent during certain periods of membership transition, such as when one is promoted or assigned to a new work group or department, and especially when one joins a new organization.¹¹



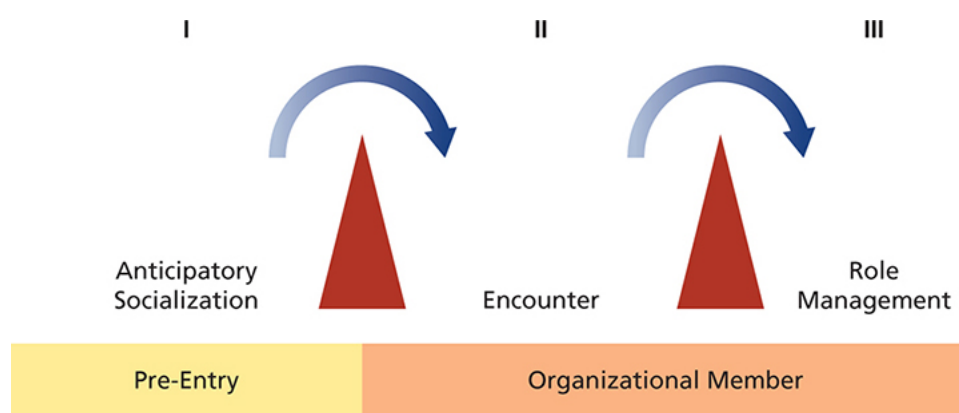
Cartoon Resource/Shutterstock

Stages of Socialization

◀ Listen to the Audio

Since organizational socialization is an ongoing process, it is useful to divide this process into three stages.¹² One of these stages occurs before entry, another immediately follows entry, and the last occurs after one has been a member for some period of time. In a sense, the first two stages represent hurdles for achieving passage into the third stage (see [Exhibit 8.2](#)).

Exhibit 8.2 Stages of organizational socialization.



Source: Based on Feldman, D. C. (1976). A contingency theory of socialization. *Administrative Science Quarterly*, 21, 433–452; Feldman, D. C. (1981). The multiple socialization of organization members. *Academy of Management Review*, 6, 309–318.

Anticipatory Socialization

A considerable amount of socialization occurs even before a person becomes a member of a particular organization. This process is called anticipatory socialization. Some anticipatory socialization includes a

formal process of skill and attitude acquisition, such as that which might occur by attending college or university. Other anticipatory socialization might be informal, such as that acquired through a series of summer jobs or even by watching the portrayal of organizational life in television shows and movies. Some organizations begin to socialize job candidates even before they are hired at recruitment events, where organizational representatives discuss the organization with potential hires. As we shall see shortly, organizations vary in the extent to which they encourage anticipatory socialization in advance of entry. As well, not all anticipatory socialization is accurate and useful for the new member.

Encounter

In the encounter stage, the new recruit, armed with some expectations about organizational life, encounters the day-to-day reality of this life. Formal aspects of this stage might include orientation programs and rotation through various parts of the organization. Informal aspects include getting to know and understand the style and personality of one's boss and co-workers. At this stage, the organization and its experienced members are looking for an acceptable degree of conformity to organizational norms and the gradual acquisition of appropriate role behaviour. Recruits, on the other hand, are interested in having their personal needs and expectations fulfilled. If successful, the recruit will have complied with critical organizational norms and should begin to identify with experienced organizational members.

Role Management

Having survived the encounter stage and acquired basic role behaviours, the new member's attention shifts to fine-tuning and actively managing his or her role in the organization. Following some conformity to group norms, the new recruit might now be in a position to modify the role to better serve the organization. This might require forming connections

outside the immediate work group. The newcomer must also confront balancing the now-familiar organizational role with non-work roles and family demands. Each of these experiences provides additional socialization to newcomers, who will begin to internalize the norms and values that are prominent in the organization.

Now that we have seen a basic sketch of how socialization proceeds, let's take a closer look at some of the key issues in the process.















Unrealistic Expectations and the Psychological Contract

◀ Listen to the Audio

8.3 Describe the implications of *unrealistic expectations* and the *psychological contract* for socialization.

People seldom join organizations without expectations about what membership will be like and what they expect to receive in return for their efforts. In fact, it is just such expectations that lead them to choose one career, job, or organization over another. Management majors have some expectations about what they will be doing when they become management trainees at IBM. Similarly, even 18-year-old army recruits have notions about what military life will be like. Unfortunately, these expectations are often unrealistic, and agreements between new members and organizations are often breached. Let's now consider the implications of unrealistic expectations and the psychological contract.

Unrealistic Expectations

◀ Listen to the Audio

Research indicates that people entering organizations hold many expectations that are inaccurate and often unrealistically high. As a result, once they enter an organization, they realize that their expectations are not being met, and they experience what is known as “reality shock.”¹³ In one study of telephone operators, for example, researchers obtained people’s expectations about the nature of the job *before* they started work. They also looked at these employees’ perceptions of the actual job shortly *after* they started work. The results indicated that many perceptions were less favourable than expectations. A similar result occurred for students entering an MBA program. The extent to which newcomers’ expectations are met (or unmet) has important implications for their socialization. Research has found that newcomers who have higher met expectations have higher job satisfaction, organizational commitment, job performance, and job survival and lower intentions to quit.¹⁴

Why do new members often have unrealistic expectations about the organizations they join?¹⁵ To some extent, occupational stereotypes, such as those we discussed in [Chapter 3](#), could be responsible. The media often communicate such stereotypes. For example, a person entering nursing training might have gained some expectations about hospital life from watching the television show *Grey’s Anatomy*. Those of us who teach might also be guilty of communicating stereotypes. After four years of study, the new management trainee at IBM might be dismayed to find that the emphasis is on *trainee* rather than *management*! Finally,

unrealistic expectations may also stem from overzealous recruiters who paint rosy pictures to attract job candidates to the organization. Taken together, these factors demonstrate the need for socialization and for helping recruits acquire more realistic expectations.

Psychological Contract

◀ Listen to the Audio

When people join organizations, they have beliefs and expectations about what they will receive from the organization in return for what they will give the organization. Such beliefs form what is known as the psychological contract. A **psychological contract** refers to beliefs held by employees regarding the reciprocal obligations and promises between them and their organization.¹⁶ For example, an employee might expect to receive bonuses and promotions in return for hard work and loyalty.

Unfortunately, psychological contract breach appears to be a common occurrence. Perceptions of **psychological contract breach** occur when an employee perceives that his or her organization has failed to fulfill one or more of its promises or obligations in the psychological contract. One study found that 55 percent of MBA graduates reported that some aspect of their psychological contract had been broken by their employers.¹⁷ This often results in feelings of anger and betrayal and can have a negative effect on employees' work attitudes and behaviour.

A review of research on the impact of psychological contract breach found that breach is related to affective reactions (higher feelings of contract violation and mistrust toward management), work attitudes (lower job satisfaction and organizational commitment, and higher turnover intentions), and work behaviours (lower organizational citizenship behaviour and job performance). These effects are due to the formation of negative emotions that stem from feelings of violation and

mistrust toward management.¹⁸ Employee perceptions of psychological contract breach have also been found to be associated with a decrease in innovation-related behaviours (e.g., coming up with new ideas) and lower customer satisfaction, both of which can have negative consequences for organizations.¹⁹

Why does psychological contract breach occur? As is the case with unrealistic expectations, recruiters are often tempted to promise more than their organization can provide to attract the best job applicants. In addition, newcomers often lack sufficient information to form accurate perceptions concerning their psychological contract. As a result, there will be some incongruence or differences in understanding between an employee and the organization about promised obligations. In addition, organizational changes, such as downsizing and restructuring, can cause organizations to knowingly break promises made to an employee that they are either unable or unwilling to keep.²⁰

It is therefore important that newcomers develop accurate perceptions in the formation of a psychological contract. Many of the terms of the psychological contract are established during anticipatory socialization. Therefore, organizations need to ensure that truthful and accurate information about promises and obligations is communicated to new members before and after they join an organization. Incongruence and psychological contract breach are less likely in organizations where socialization is intense.²¹ Furthermore, there is some evidence that what organizations actually give employees is most important and that the psychological contract can influence newcomers' socialization. That is, newcomers with higher personal obligations are more inclined to participate in and benefit from socialization programs.²² This further demonstrates the importance and need for organizational socialization. Let's now take a closer look at how organizations socialize new members.















Methods of Organizational Socialization

LO 8.4 Describe the main methods of socialization and how newcomers can be *proactive* in their socialization.

◀ Listen to the Audio

Organizations differ in the extent to which they socialize their new hires. This is in part owing to the fact that some organizations make use of other organizations to help socialize their members. For example, hospitals do not develop experienced cardiologists from scratch. Rather, they depend on medical schools to socialize potential doctors in the basic role requirements of being a physician. Similarly, business firms rely on business schools to send them recruits who think and act in a business-like manner. In this way, a fair degree of anticipatory socialization may exist before a person joins an organization. On the other hand, organizations such as police forces, the military, and religious institutions are less likely to rely on external socialization. Police academies, boot camps, and seminaries are set up as extensions of these organizations to aid in socialization.

Organizations that handle their own socialization are especially interested in maintaining the continuity and stability of job behaviours over a period of time. Conversely, those that rely on external agencies to perform anticipatory socialization are oriented toward maintaining the potential for creative, innovative behaviour on the part of members—there is less “inbreeding.” Of course, reliance on external agents might

present problems. The engineer who is socialized in university courses to respect design elegance might find it difficult to accept cost restrictions when he or she is employed by an engineering firm. For this reason, organizations that rely heavily on external socialization always supplement it with formal training and orientation or informal on-the-job training.

The point is that organizations differ in terms of *who* does the socializing, *how* it is done, and *how much* is done. Most organizations, however, make use of a number of methods of socialization, including realistic job previews, employee orientation programs, socialization tactics, and mentoring. Let's now take a closer look at each of these methods of organizational socialization.

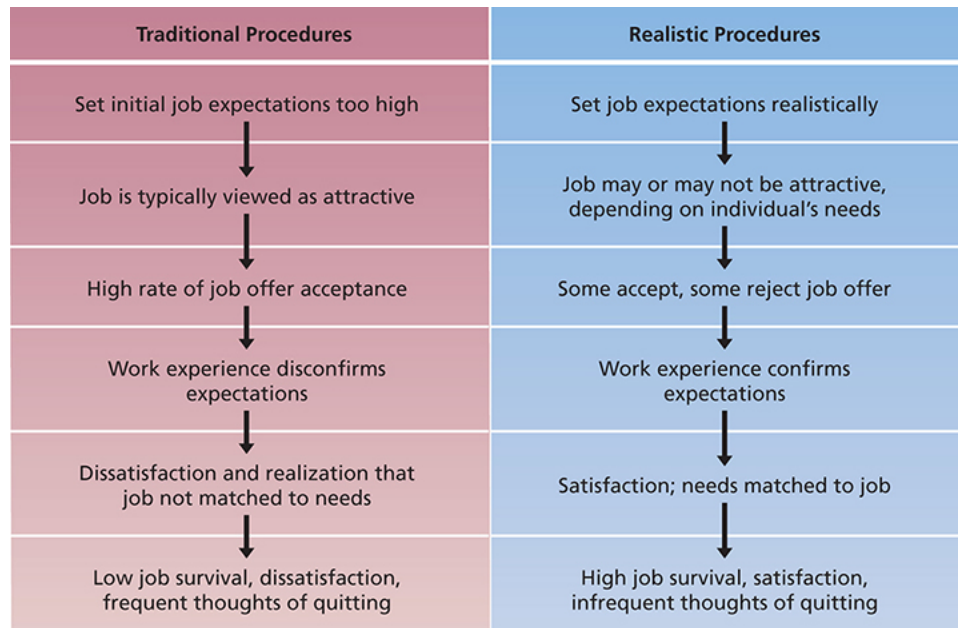
Realistic Job Previews

◀ Listen to the Audio

We noted earlier that new organizational members often have unrealistic, inflated expectations about what their jobs will be like. When the job actually begins and it fails to live up to these expectations, individuals experience “reality shock,” and job dissatisfaction results. As a consequence, costly turnover is most likely to occur among new employees who are unable to survive the discrepancy between expectations and reality. For the organization, this sequence of events represents a failure of socialization.

Obviously, organizations cannot control all sources of unrealistic job expectations, such as those provided by television shows and glorified occupational stereotypes. However, they *can* control those generated during the recruitment process by providing job applicants with realistic job previews. Realistic job previews²³ provide a balanced, realistic picture of the positive and negative aspects of the job to applicants.²³ Thus, they provide “corrective action” to expectations at the anticipatory socialization stage. [Exhibit 8.3](#)²³ compares the realistic job preview process with the traditional preview process that often sets expectations too high by ignoring the negative aspects of the job.

Exhibit 8.3 Traditional and realistic job previews compared.



Source: Republished with permission of American Management Association, from Wanous, J. P. Tell it like it is at realistic job previews. *Personnel*, 52(4), 50-60 © 1975; permission conveyed through Copyright Clearance Center, Inc.

How do organizations design and conduct realistic job previews?

Generally, they obtain the views of experienced employees and human resources staff about the positive and negative aspects of the job. Then, they incorporate these views into booklets or video presentations for applicants.²⁴ A video might involve interviews with job incumbents discussing the pros and cons of their jobs. Some companies have managers and employees communicate realistic information to job candidates in person. Realistic previews have been designed for jobs as diverse as telephone operators, life insurance salespeople, U.S. Marine Corps recruits, and supermarket workers.

Sometimes realistic previews use simulations to permit applicants to actually sample the work. For example, in an effort to recruit more women, the Ontario Provincial Police (OPP) have staged recruiting camps in which the women experience typical OPP policing activities, including

shooting a handgun, completing 6 a.m. fitness drills, and responding to mock crimes.²⁵

Research Evidence

Evidence shows that realistic job previews are effective in reducing inflated expectations and turnover and in improving job performance.²⁶ It also appears that realistic previews cause those not cut out for the job or who have low PJ and PO fit perceptions to withdraw from the application process, a process known as *self-selection*.²⁷ As a result, applicants who perceive a good PJ and PO fit are more likely to accept a job offer and remain on the job. There is also some evidence that organizations that provide realistic job previews are perceived by job applicants as more honest and trustworthy, and this encourages employees to remain with the organization once they are hired.²⁸ Although the turnover reductions generated by realistic previews are small, they can result in substantial financial savings for organizations.²⁹ Thus, providing realistic job previews is a low-investment strategy that can lower unrealistic expectations and reduce turnover. There is also some evidence that they can also help prevent perceptions of psychological contract breach.³⁰

Employee Orientation Programs

◀ Listen to the Audio

Once newcomers enter an organization, socialization during the encounter stage usually begins with an orientation program. **Employee orientation programs** are designed to introduce new employees to their job, the people they will be working with, and the organization. The main content of most orientation programs consists of health and safety issues, terms and conditions of employment, and information about the organization, such as its history and traditions. Another purpose of employee orientation programs is to begin conveying and forming the psychological contract and to teach newcomers how to cope with stressful work situations.³¹

Orientation programs that are designed to help newcomers cope with stress are called **Realistic Orientation Program for Entry Stress (ROPES)**. Like a realistic job preview, ROPES provides newcomers with realistic information about work tasks and the organization; however, it also teaches newcomers how to use cognitive and behavioural coping techniques to manage workplace stressors.³²

Most orientation programs take place during the first week of entry and last one day to one week. Some organizations realize the importance of orientation and invest a considerable amount of time and resources in it. For example, Capital Power, an independent power producer in Edmonton, designed and implemented an orientation program called "Strong Start." The program combines e-learning modules with classroom

instruction that provides information about the organization (e.g., vision, values, and policies) and its business. The modules are interactive and include video clips, online coaching, an intranet scavenger hunt, and knowledge checks. After completing the e-learning modules, new hires participate in a day-and-a-half classroom session that includes a talk from the CEO or another senior executive. New hires are also required to create a 100-day initial development plan with their manager. Capital Power has seen a 30 percent increase in organizational knowledge among participants since the program was launched.³³

Research Evidence

Orientation programs are an important method of socialization because they can have an immediate effect on learning and a lasting effect on the job attitudes and behaviours of new hires. One study found that newly hired employees who attended an orientation program were more socialized in terms of their knowledge and understanding of the organization's goals and values, history, and involvement with people, and also reported higher organizational commitment compared to employees who did not attend the orientation program.³⁴ A study conducted at Corning Inc. concluded that employees who completed a full orientation program were 69 percent more likely to remain employed with the company for at least three years. Other companies have also seen substantial decreases in their rate of turnover as a result of employee orientation programs.³⁵ Research on ROPES has found that it lowers participants' expectations and stress and improves newcomers' adjustment and retention.³⁶

Socialization Tactics

◀ Listen to the Audio

John Van Maanen and Edgar Schein developed a theory of socialization that helps us understand and explain the socialization process. They suggested that there are six socialization tactics that organizations use to structure the early work experiences of new hires and individuals who are in transition from one role to another. As shown in [Exhibit 8.4](#), each of the six tactics consists of a bipolar continuum that can be grouped into two separate patterns of socialization called institutionalized socialization and individualized socialization (see [Exhibit 8.5](#) for descriptions of each of the tactics).³⁷

Exhibit 8.4 Socialization Tactics

Study the patterns of institutionalized socialization and individualized socialization and try a challenge when you're ready.



[Start Challenge](#)

Exhibit 8.5 Descriptions of the socialization tactics.

Collective versus Individual Tactics The collective tactic consists of a number of new members being socialized as a group, going through the same experiences and facing the same challenges. Army boot camps, fraternity pledge classes, and training classes for salespeople and flight attendants are common examples. In contrast, the individual tactic consists of socialization experiences that are tailor-made for each new member. Simple on-the-job training and apprenticeship to develop skilled craftspeople constitute individual socialization.

Formal versus Informal Tactics Formal tactics involve segregating newcomers from regular organizational members and providing them with formal learning experiences during the period of socialization. Informal tactics do not distinguish a newcomer from more experienced members and rely more on informal and on-the-job learning.

Sequential versus Random Tactics The sequential tactic involves a fixed sequence of steps or stages leading to the assumption of the role, whereas with the random tactic, there is an ambiguous or changing sequence.

Fixed versus Variable Tactics The fixed tactic consists of a timetable for the newcomer's assumption of the role. If the tactic is variable, then there is no time frame to indicate when the socialization process ends and the newcomer assumes his or her new role.

Serial versus Disjunctive Tactics The serial tactic refers to a process in which newcomers are socialized by experienced members of the organization. The disjunctive tactic refers to a socialization process where role models and experienced organization members do not groom new members or "show them the ropes."

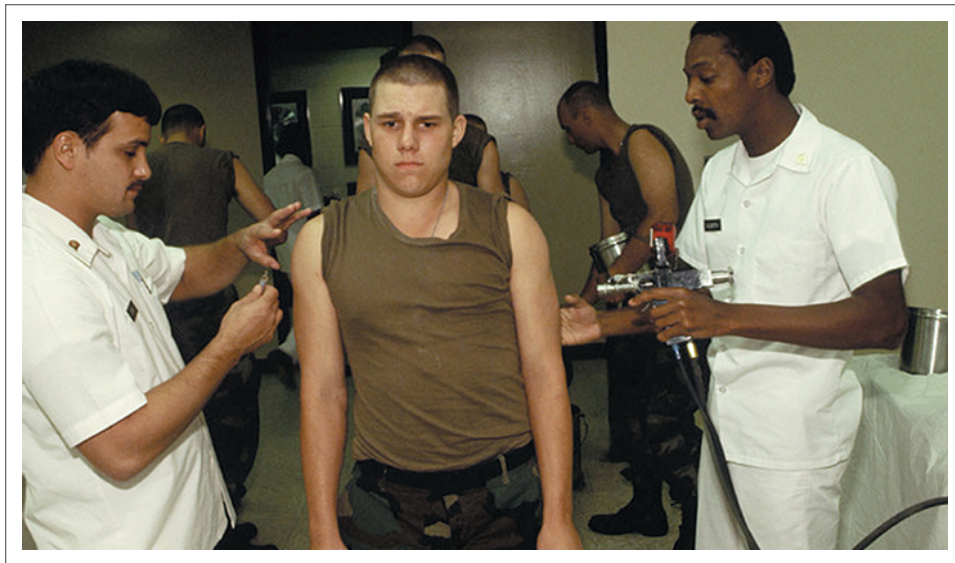
Investiture versus Divestiture Tactics Divestiture tactics (also known as debasement and hazing) involve putting new members through a series of experiences that are designed to humble them and strip away some of their initial self-confidence and change their attitudes and beliefs. Debasement is a way of testing the commitment of new members and correcting for faulty anticipatory socialization. Having been humbled and stripped of pre-conceptions, members are then ready to learn the norms of the organization. An extreme example is the rough treatment and shaved heads of U.S. Marine Corps recruits. The investiture socialization tactic affirms the incoming identity and attributes of new hires rather than denying them and stripping them away. Organizations that carefully select new members for certain attributes and characteristics would be more likely to use the investiture tactic.

Source: Based on Van Maanen, J., & Schein, E. H. (1979). Toward a theory of organizational socialization. In B. M. Staw (Ed.), *Research in organizational behavior*, Vol. 1. Greenwich, CT: JAI Press, 209–264.

Institutionalized socialization consists of collective, formal, sequential, fixed, serial, and investiture tactics. Individualized socialization consists of individual, informal, random, variable, disjunctive, and divestiture tactics. The main difference between these two approaches to socialization is that institutionalized socialization involves a more formalized and structured program of socialization that reduces uncertainty and encourages new hires to accept organizational norms and maintain the status quo. On the other hand, individualized socialization

reflects a relative absence of structure that creates ambiguity and encourages new hires to question the status quo and develop their own approach to their role.

In addition, the tactics have also been distinguished in terms of the *context* in which information is presented to new hires, the *content* provided to new hires, and the *social* aspects of socialization.³⁸ As shown in [Exhibit 8.4](#), the collective–individual and formal–informal tactics represent the context of socialization; the sequential–random and fixed–variable tactics represent the content of socialization; and the serial–disjunctive and investiture–divestiture tactics represent the social aspects of socialization.



Some socialization tactics, such as debasement and hazing, are designed to strip new members of their old beliefs, values, and attitudes and get them to internalize new ones.

Leif Skoogfors/Corbis Historical/Getty Images

Why would an organization choose institutionalized over individualized socialization? Institutionalized socialization tactics are effective in promoting organizational loyalty and uniformity of behaviour among

those being socialized. This last characteristic is often very important. No matter where they are in the world, soldiers know whom to salute and how to do it. Similarly, air passengers need not expect any surprises from cabin crew, thanks to the flight attendants' institutionalized socialization.

When socialization is individualized, new members are more likely to take on the particular characteristics and style of those who are socializing them. Thus, two newly hired real estate agents who receive on-the-job training from their bosses might soon think and act more like their bosses than like each other. As you can see, uniformity is less likely under individualized socialization.

Institutionalized socialization is always followed up by some individualized socialization as the member joins his or her regular work unit. For example, rookie police officers are routinely partnered with more experienced officers. At this point, they will begin to develop some individuality in the style with which they perform their jobs.

Research Evidence

Research on socialization tactics supports the basic predictions regarding the effects of institutionalized and individualized socialization on newcomers' roles, attitudes, and behaviour. Institutionalized socialization tactics are related to proximal outcomes, such as lower role ambiguity and role conflict and more positive perceptions of PJ and PO fit, as well as distal outcomes, such as greater job satisfaction and organizational commitment and lower stress and turnover. In addition, institutionalized socialization tactics result in a custodial role orientation, in which new hires accept the status quo and the requirements of their tasks and roles. Individualized socialization tactics result in a more innovative role orientation in which new recruits might change or modify the way they perform their tasks and roles.

It is also worth noting that among the different socialization tactics, the social tactics (serial–disjunctive and investiture–divestiture) have been found to be the most strongly related to socialization outcomes. This is consistent with research that has found that organizations that are more successful at socializing newcomers help them to establish a broad network of relationships with co-workers.³⁹

Mentoring

◀ Listen to the Audio

It should be apparent from our discussion of socialization tactics that supervisors and peers play an important role in the socialization process. While effective relationships between supervisors and employees influence the socialization and career success of individuals within an organization, one particularly important relationship is between a newcomer or protégé and a mentor.

A mentor is an experienced or more senior person in the organization who provides a junior person with guidance and special attention, such as by giving advice and creating opportunities to assist him or her during the early stages of his or her career. While someone other than the junior person's boss can serve as a mentor, often the supervisor is in a unique position to provide mentoring.

Mentoring is a type of developmental relationship that produces benefits for a protégé's work and/or career.⁴⁰ However, for mentors to be effective they must perform two types of developmental functions: career and psychosocial functions.

Career Functions of Mentoring

A mentor provides many career-enhancing benefits to newcomers.⁴¹ These benefits are made possible by the senior person's experience, status, knowledge of how the organization works, and influence with

powerful people in the organization. The career functions of mentoring include the following:

- *Sponsorship*. The mentor might nominate the newcomer for advantageous transfers and promotions.
- *Exposure and visibility*. The mentor might provide opportunities for the newcomer to work with key people and see other parts of the organization.
- *Coaching and feedback*. The mentor might suggest work strategies and identify strengths and weaknesses in the newcomer's performance.
- *Developmental assignments*. The mentor can provide challenging work assignments that will help the newcomer develop key skills and knowledge that are crucial to career progress.

Psychosocial Functions of Mentoring

Besides helping directly with career progress, mentors can provide certain psychosocial functions that are helpful in developing the newcomer's self-confidence, sense of identity, and ability to cope with emotional traumas that can damage a person's effectiveness. These include the following:

- *Role modelling*. This provides a set of attitudes, values, and behaviours for the newcomer to imitate.
- *Providing acceptance and confirmation*. This provides encouragement and support and helps the newcomer gain self-confidence.
- *Counselling*. This provides an opportunity to discuss personal concerns and anxieties concerning career prospects, work-family conflicts, and so on.

Formal Mentoring Programs

Mentoring relationships have often been of an informal nature, in that the individuals involved chose to enter into a mentoring relationship with

each other without the direct involvement of their organization.

However, **formal mentoring programs**, in which seasoned employees are recruited as mentors and matched with newcomers as part of an organization sponsored program, have become increasingly popular in recent years and are now provided by many organizations.⁴² For example, Telvent Canada Ltd., a Calgary-based company that develops information management systems, started a formal mentoring program a number of years ago. Although it was originally offered to new hires to help get them up to speed, it is now available to all of the company's employees. Bell Canada launched a company-wide online mentor program several years ago called Mentor Match, which is open to all of its employees. The program is available on the company's intranet, and employees must apply to be either a mentor or a protégé.⁴³

Developmental Networks

In recent years, it has become apparent that many newcomers have more than a single mentor and that mentoring support can come from several people inside and outside of the organization, or what is known as a developmental network. **Developmental networks** refer to groups of people who take an active interest in a protégé's career and take actions toward advancing it by providing developmental assistance. Thus, unlike in a traditional mentoring relationship, which involves one protégé and one mentor, in a developmental network a protégé can have multiple developers from inside and outside (e.g., family and community) of the organization, and the network can include people from different hierarchical levels of the organization (e.g., peers, superiors, subordinates, and senior managers). With a developmental network, a newcomer is more likely to obtain different types of support (e.g., career and psychosocial) and to realize a broader range of career outcomes.⁴⁴

Women and Mentoring

One factor that inhibits women's career development compared with that of their male counterparts is the difficulty women have historically faced in establishing a mentor relationship with a senior person in the organization.⁴⁵ Many professional women in Canada do not have a mentor to help coach them in their career. According to a survey of female professionals, only 27 percent feel that they have a mentor.⁴⁶ Women in academics also have difficulty finding a mentor. To learn more, see Research Focus: *The Discriminatory Gap in University Mentoring*.⁴⁷



Many research efforts have documented the importance of having a mentor when starting one's career and how it can influence career success.

Monkey Business/Fotolia

The lack of mentors and role models is a major barrier for the career advancement of many women.⁴⁷ The problem goes well beyond the traditional gender stereotyping we discussed in [Chapter 3](#). It stems from the fact that the senior people who are in the best position to be

mentors are frequently men, and men are more likely to serve as mentors than are women.⁴⁸ Further, a young woman attempting to establish a productive relationship with a senior male associate faces complexities that a male apprentice does not. Often, a woman's concerns are different from those her male mentor experienced at that stage in his career. As a result, the strategies that he models might have limited relevance for the female newcomer.

Because of these concerns, the prospective female newcomer faces more constraints than her male counterpart. Research has confirmed that cross-gender dyads are less likely to get involved in informal after-work social activities. These activities can help newcomers establish relationships with other influential people in a relaxed setting. Research has also shown that newcomers in a cross-gender dyad are less likely to see their mentor as a role model and, therefore, are less likely to realize the developmental benefits of an effective model.⁴⁹

However, with many organizations now providing formal mentoring programs, the barriers facing women in finding a mentor have been removed. In fact, a review of gender differences in mentoring found that males and females are equally likely to have been protégés. And while male and female protégés report receiving equal amounts of career development mentoring, female protégés reported receiving more psychosocial support.⁵⁰ Similarly, a study on formal mentoring programs found that the negative effects associated with cross-gender dyads dissipates as the mentoring relationship develops over time. Thus, protégés in cross-gender dyads receive just as much career and psychosocial mentoring as those in same-gender relationships.⁵¹

The research evidence suggests that mentoring is even more critical to women's career success than it is to men's. Women who make it to executive positions have invariably had a mentor along the way. This is

true for one-half to two-thirds of male executives.⁵² Recent studies also indicate that a majority of women (61 percent) have had a mentor, and almost all (99 percent) say that their mentor has had an impact on the advancement of their career.⁵³ There is also some evidence that in male-dominated industries, female managers and professionals benefit the most from a senior male mentor.⁵⁴ Thus, for women with career aspirations, finding a mentor appears to be a difficult but crucial task.

Research Focus

The Discriminatory Gap in University Mentoring

If you are looking for a professor to mentor you at university, you might think that a university is one place where your gender and race would not matter. Unfortunately, the results of a study of prospective doctoral students seeking mentorship suggest that this is not the case.

Katherine Milkman, Modupe Akinola, and Dolly Chugh conducted a study in which they sent mock emails to more than 6500 professors from 89 disciplines at 259 top universities in the United States. The messages were purported to be from prospective doctoral students with an interest in the professor's research and a request for a short meeting to discuss research opportunities before applying to a doctoral program. The emails were all the same, except that the name of the student varied and was meant to signal gender and race. The names were shown in previous research to be perceived as belonging to white, black, Hispanic, Indian, or Chinese students and included names such as Brad Anderson, Meredith Roberts, Lamar Washington, LaToya Brown, Juanita Martinez, Deepak Patel, Sonali Desai, Chang Wong, and Mei Chen. A total of 20

names were used, which made up 10 different race-gender categories (e.g., white male, Hispanic female). The main outcome of interest was whether the professors would respond to the request within one week.

The researchers sent the emails on a Monday morning and then waited to see which professors would respond. They expected that the treatment of any student on average should not differ from any other unless the professors were deciding which students they would help based on their race or gender. However, they also suggested that differential treatment on the basis of gender and race might be a factor in the underrepresentation of women and minority doctoral students and professors, especially in certain disciplines.

Most of the professors (67 percent) responded to the emails and 59 percent agreed to meet the student. However, the professors were more responsive to white male students than to white females, black, Hispanic, Indian, or Chinese students. Although this was the case in every discipline and across all types of universities, it was especially the case in private schools and higher-paying disciplines. The greatest bias was in business, where 87 percent of white males received a response compared to 62 percent of all females and minorities combined. What's more, the results were the same for all professors, regardless of their gender and race, and it did not matter if the student was the same gender or race as the professor. Female and minority professors were just as likely to respond more often to white males, and they were not more likely to respond to requests from female or minority students. The results were no different in disciplines where there are more female and minority faculty.

The results of this study indicate that in almost every academic discipline, faculty exhibit a bias that favours white males and discriminates against female and minority group students seeking mentoring. The authors do not believe that the professors were intentionally discriminating against women and minorities, but rather that the bias was more likely unconscious and unintentional. Unfortunately, regardless of whether the bias was conscious or unconscious, it still contributes to discrimination, or what the authors refer to as a “discriminatory gap,” that contributes to the under-representation of women and minorities in the ranks of both doctoral students and professors, and can have meaningful career consequences for individuals and society.

Sources: Milkman, K. L., Akinola, M., & Chugh, D. (2015). What happens before? A field experiment exploring how pay and representation differentially shape bias on the pathway into organizations. *Journal of Applied Psychology*; Waldman, K. (2014, April 27). The advantages of being white and male. *Toronto Star*, IN3; Matter, G. (2014, May 9). Professors are prejudiced, too. *The New York Times*, <http://nyti.ms/1ghpQ8F>.

Race, Ethnicity, and Mentoring

Limited racial and ethnic diversity at higher levels of organizations can also constrain the mentoring opportunities available to younger minority group employees. Research shows that mentors tend to select individuals to mentor who are similar to them in terms of race and nationality as well as gender.⁵⁵ While there are exceptions, research confirms that minority apprentices in cross-ethnic group mentoring relationships tend to report less assistance than those with same-race mentors.⁵⁶

Cross-race mentoring relationships seem to focus on instrumental or career functions of mentoring (e.g., sponsorship, coaching, and feedback) and provide fewer psychosocial support functions (e.g., role modelling and counselling) than is generally seen in same-race dyads.⁵⁷ Although

the increasing diversity of organizations makes this tendency less problematic, it suggests that minority group members need to put extra efforts into developing a supportive network of peers who can provide emotional support and role modelling as well as the career functions. It also means that organizations must do more to provide mentoring opportunities for minority employees, just as some have done for women. Fortunately, many organizations now include mentoring and networking opportunities as part of their diversity strategy.⁵⁸

Research Evidence

Many studies have documented the importance of having a mentor when starting one's career and how it can influence a newcomer's socialization and career success.⁵⁹ A review of this research found that mentored individuals had higher objective career outcomes, such as compensation and number of promotions, and higher subjective outcomes, including greater satisfaction with their jobs and careers and greater career commitment. They were also more likely to believe that they would advance in their career. However, mentoring tends to be more strongly related to the subjective than to the objective career outcomes. Furthermore, in comparisons of the effects of the two mentoring functions, the psychosocial function is more strongly related to satisfaction with the mentoring relationship, while the career function is more strongly related to compensation and advancement. Both functions are equally important in generating positive attitudes toward one's job and career.⁶⁰

Research on formal mentoring programs has found that they are just as beneficial as informal mentoring relationships and certainly more beneficial than not having a mentor. In addition, formal mentoring programs have been found to be most effective when the mentor and protégé have input into the matching process and when they receive

training prior to the mentoring relationship, especially training that is perceived to be of a high quality.⁶¹

Newcomer Proactive Socialization Behaviours

◀ Listen to the Audio

It might seem that newcomers are dependent on the organization and its members to socialize them given that the methods of socialization that we have been discussing are all implemented by the organization. However, you might recall that in [Chapter 2](#) we discussed proactive behaviours, which involve taking initiative to improve current circumstances or create new ones. Thus, it should not surprise you that newcomers can be proactive in their socialization by engaging in proactive socialization behaviours.

Proactive socialization refers to the process in which newcomers play an active role in their socialization through the use of proactive behaviours. [Exhibit 8.6](#) describes the major types of proactive socialization behaviours. Two of the most important are to request feedback about one's work and job performance (**feedback seeking**) and to seek information about one's work tasks, roles, work group, and organization (**information seeking**). Recall that organizational socialization is about learning the attitudes, knowledge, and behaviours that are necessary to function as an effective member of a group and organization as newcomers strive to reduce the uncertainty of their new job and organization. One way for newcomers to learn about their new job, role, and the organization and to reduce uncertainty is to seek information from others in the organization.⁶²

Exhibit 8.6 Proactive socialization behaviours.

Feedback seeking Requesting information about how one is performing.

Information seeking Requesting information about one's job, role, group, and organization.

General socializing Participating in social office events and attending social gatherings (e.g., parties, outings, clubs, and lunches).

Relationship building Initiating social interactions and building relationships with others in one's area or department.

Positive framing Perceiving or framing the new work situation in a positive manner such as by looking at the positive side of things and viewing situations as an opportunity rather than a threat.

Boss-relationship building Initiating social interactions to get to know and form a relationship with one's boss.

Networking Socializing with and getting to know members of the organization from various departments and functions.

Job change negotiation Attempts to change one's job duties or the manner and means by which one performs one's job in order to increase the fit between oneself and the job.

Source: Based on Ashford, S. J., & Black, J. S. (1996). Proactivity during organizational entry: The role of desire for control. *Journal of Applied Psychology, 81*, 199–214; Wanberg, C. R., & Kammeyer-Mueller, J. D. (2000). Predictors and outcomes of proactivity in the socialization process. *Journal of Applied Psychology, 85*, 373–385

Newcomers can acquire information by requesting it, asking questions, and observing the behaviour of others. In addition, there are different sources that can be used to acquire information, such as supervisors, co-workers, mentors, and written documents. Research has found that newcomers rely primarily on observation, followed by interpersonal sources (i.e., supervisors and co-workers). Furthermore, they tend to seek out task-related information the most, especially during the early period of socialization, followed by role, group, and organization information.⁶³

In addition to feedback seeking and information seeking, newcomers can also be proactive by participating in social events (general socializing), developing friendships and relationships with co-workers (relationship building), developing a friendship and relationship with their boss (boss-relationship building), getting to know people outside of their department or work area (networking), attempting to change or modify their tasks to

improve PJ fit (job change negotiation), and by framing the new situation in a positive manner (positive framing).⁶⁴

Research Evidence

Research has found that newcomers who engage in proactive behaviours more frequently are more likely to obtain the corresponding proactive outcomes and to have more positive proximal socialization outcomes (e.g., fit perceptions, social integration) and distal socialization outcomes (e.g., job satisfaction, work engagement). For example, newcomers who frequently seek feedback are more likely to obtain feedback, and those who engage in relationship building are more likely to have developed friendships with co-workers. Thus newcomers who are more proactive obtain more feedback and information and develop more friendships and relationships, all of which lowers their uncertainty and results in more positive proximal and distal socialization outcomes. Research has also examined the factors that influence proactive socialization behaviour. This research has found that there are environmental as well individual factors that influence newcomers' proactive behaviours. For example, newcomers with a proactive personality, a desire for control, extraversion, openness to experience, and higher self-efficacy are more likely to engage in proactive socialization behaviours. In addition, newcomers are more likely to engage in proactive behaviours when the socialization tactics used to socialize them are institutionalized rather than individualized.⁶⁵















Organizational Culture

LO 8.5 Define *organizational culture*, and discuss the assets and liabilities of *strong cultures*.

LO 8.6 Discuss the contributors to an organization's culture.

LO 8.7 Describe how to diagnose an organizational culture.

◀ Listen to the Audio

The previous several screens have been concerned with socialization into an organization. To a large degree, the course of that socialization both depends on and shapes the culture of the organization. As indicated in the chapter-opening vignette, Kicking Horse Coffee has a unique culture that emphasizes active living, wellness, work–life balance, and social and environmental issues. But what exactly is an organizational culture? Let's now examine culture, a concept that has gained the attention of both researchers and managers.

What Is Organizational Culture?

◀ Listen to the Audio

At the outset, we can say that organizational culture is not the easiest concept to define. However, we can also say that culture is so important that many employees place more emphasis on a strong organizational culture than on their compensation.⁶⁶ But to get you thinking about what a culture is like, consider this example. The day before game seven of the 2011 Stanley Cup finals between the Vancouver Canucks and the Boston Bruins, Tracy Redies, former CEO of Coast Capital Savings Credit Union, received an email from a customer service representative asking her to consider closing branches with extended hours early so that employees would be able to watch game seven with their families. Many businesses would not have considered such a request.

However, an important part of Coast Capital's culture is caring, and this was a great opportunity to show employees that the organization cared about them. So within a few hours, Redies sent out an email announcing that the branches would be closing early and customers would be directed to the call centre. Employees working at the call centre would get large screen TVs and pizza so they, too, could watch the game. Within 30 seconds of the announcement, Redies received hundreds of emails from thrilled employees, including many who did not even work at the extended-hour branches but were happy for their co-workers. One customer service representative sent her an email in bold that read: "I love you CEO."⁶⁷ Clearly, the CEO's actions were part and parcel of the company's culture.

Informally, culture might be thought of as an organization's style, atmosphere, or personality. This style, atmosphere, or personality is most obvious when we contrast what it must be like to work in various organizations, such as Amazon, Uber, WestJet, Google Canada, or Kicking Horse Coffee. Even from their mention in the popular press, we can imagine that these organizations provide very different work environments. Thus, culture provides uniqueness and social identity to organizations.

More formally, organizational culture consists of the shared beliefs, values, and assumptions that exist in an organization.⁶⁸ In turn, these shared beliefs, values, and assumptions determine the norms that develop and the patterns of behaviour that emerge from these norms. The term *shared* does not necessarily mean that members are in close agreement on these matters, although they may well be. Rather, it means that they have had uniform exposure to them and have some minimum common understanding of them. Several other characteristics of culture are important.

- Culture represents a true “way of life” for organizational members, who often take its influence for granted. Frequently, an organization's culture becomes obvious only when it is contrasted with that of other organizations or when it undergoes changes.
- Because culture involves basic assumptions, values, and beliefs, it tends to be fairly stable over time. In addition, once a culture is well established, it can persist despite turnover among organizational members, providing social continuity.
- The content of a culture can involve matters that are internal to the organization or external. Internally, a culture might support innovation, risk taking, or secrecy of information. Externally, a culture might support “putting the customer first” or behaving unethically toward competitors.

- Culture can have a strong impact on both organizational performance and member satisfaction.

Culture is truly a social variable, reflecting yet another aspect of the kind of social influence that we have been discussing in this chapter. Thus, culture is not simply an automatic consequence of an organization's technology, products, or size. For example, there is some tendency for organizations to become more bureaucratic as they get larger. However, the culture of a particular large organization might support an informal, non-bureaucratic atmosphere.

Can an organization have several cultures? The answer is yes. Often, unique subcultures develop that reflect departmental differences or differences in occupation or training.⁶⁹ A researcher who studied Silicon Valley computer companies found that technical and professional employees were divided into "hardware types" and "software types." In turn, hardware types subdivided into engineers and technicians, and software types subdivided into software engineers and computer scientists. Each group had its own values, beliefs, and assumptions about how to design computer systems.⁷⁰ Effective organizations will develop an overarching culture that manages such divisions. For instance, a widely shared norm might exist that in effect says, "We fight like hell until a final design is chosen, and then we all pull together."

Unfortunately, there appears to be a gap in some organizations between the culture that leaders envision and the culture that employees actually experience. The results of one recent survey found that while leaders want a culture that values innovation, initiative, candor, and teamwork, employees say that they actually experience a culture that values obedience, predictability, deference to authority, and competition with peers. Such a gap is not likely to lead to a strong culture, our next topic.⁷¹

The “Strong Culture” Concept

◀ Listen to the Audio

Kicking Horse Coffee is a good example of a company with a strong culture, and it highlights the fact that some cultures have more impact on the behaviour of organizational members than others. But what exactly is a strong culture?

In a **strong culture** [Ⓟ], the beliefs, values, and assumptions that make up the culture are both intense and pervasive across the organization.⁷² In other words, they are strongly supported by the majority of members, even cutting across any subcultures that might exist. Thus, the strong culture provides great consensus concerning “what the organization is about” or what it stands for. In weak cultures, on the other hand, beliefs, values, and assumptions are less strongly ingrained or less widely shared across the organization. Weak cultures are thus fragmented and have less impact on organizational members. All organizations have a culture, although it may be hard to detect the details of weak cultures.

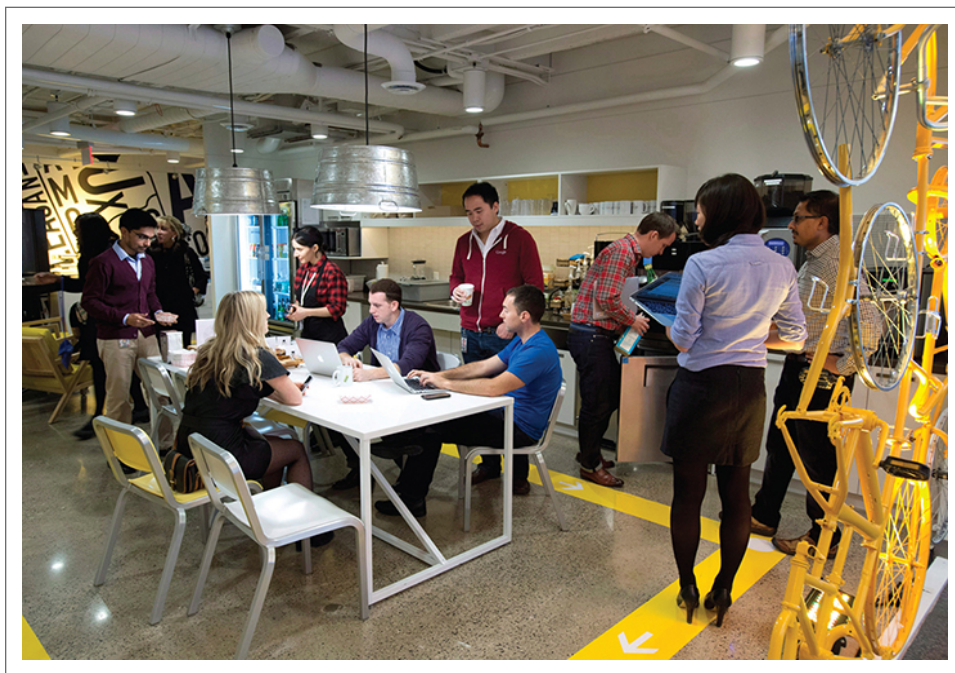
To firm up your understanding of strong cultures, let’s consider thumbnail sketches of some organizations that are generally agreed to have strong cultures.

- *Hilti (Canada) Corp.* The construction-equipment manufacturer in Mississauga, Ontario, developed a can-do attitude, using “Gung Ho!” as its mantra and to promote a culture that emphasizes the importance of worthwhile work, being in control of achieving your

goals, and celebrating others' successes. The company takes its culture so seriously that "Gung Ho!" was transformed into a program called "Our Culture Journey" to ensure that all employees know what Hilti stands for and expects. Most of the company's employees have gone through the mandatory two-day Culture Journey, which reintroduces them to the company's culture. In addition, all new recruits get two days of "culture training" before they begin four weeks of product and sales training, and that is after four weeks of pre-training! Hilti has been ranked as one of the best workplaces in Canada.⁷³

- *Google Canada.* Google has more than 50 000 employees in offices around the world but has been able to maintain a small-company feel thanks to a culture of collaboration, a flat structure with very little hierarchy, small focused teams of employees, kitchens that serve healthy food and encourage employees to eat together and socialize, and perks such as in-house massages. The culture also emphasizes innovation and entrepreneurship through its "20 percent time" program, which enables employees to spend one day out of five on something other than their job that they are passionate about so that employees can work on new ideas and collaborate with each other. The company even has a chief culture officer to ensure that it maintains its core values and culture.⁷⁴
- *Shopify.* Shopify has become one of Canada's most successful technology companies thanks in part to a unique culture that encourages collaboration and innovation. Culture is so important that Shopify has a director of culture, a culture team, and a culture specialist in each of its five main offices. The first hour of new hire orientation begins with a discussion of culture with the culture specialist. All Shopify offices consist of large open areas and communal spaces with meeting rooms and team pods. There are also lounges, game rooms, and ping pong tables. There are catered lunches, a café stocked with premium coffee and snacks and a bar

with beer on tap and video game consoles. The open spaces support a culture of collaboration, cooperation, and creativity. Employees are encouraged to take chances and try new things. Collaborative spaces are meant to encourage innovation by bringing people from different teams together. Employees are encouraged to work collaboratively, and there are many places available for them to do so. Four times a year, the company has “hack days” in which employees stop working and get together to solve Shopify problems.⁷⁵



Google Canada has a strong corporate culture that emphasizes innovation, collaboration, and entrepreneurship.

Frank Gunn/The Canadian Press

Three points are worth emphasizing about strong cultures. First, an organization need not be big to have a strong culture. If its members agree strongly about certain beliefs, values, and assumptions, a small business, school, or social service agency can have a strong culture. Second, strong cultures do not necessarily result in blind conformity. For example, a strong culture at 3M supports and rewards *non*-conformity in

the form of innovation and creativity. Finally, Hilti, Google Canada, and Shopify are obviously successful organizations. Thus, strong cultures are associated with greater success and effectiveness. Let's now consider the assets and liabilities of strong cultures.

Assets of Strong Cultures

◀ Listen to the Audio

Organizations with strong cultures have several potential advantages over those lacking a strong culture.

Coordination

In effective organizations, the right hand (e.g., finance) knows what the left hand (e.g., production) is doing. The overarching values and assumptions of strong cultures can facilitate such communication. In turn, different parts of the organization can learn from each other and can coordinate their efforts. This is especially important in decentralized, team-oriented organizations. At Google Canada, coordination and collaboration are facilitated by providing places for employees to communicate and socialize with each other, weekly TGIF meetings, and its “20 percent time” program, which enables employees to work together one day out of five on something other than their job that they are passionate about.⁷⁶

Conflict Resolution

You might be tempted to think that a strong culture would produce strong conflicts within an organization—that is, you might expect the intensity associated with strongly held assumptions and values to lead to friction among organizational members. There may be some truth to this. Nevertheless, sharing core values can be a powerful mechanism that helps to ultimately resolve conflicts—a light in a storm, as it were. For

example, in a firm with a core value of excellent customer service, it is still possible for managers to differ about how to handle a particular customer problem. However, the core value will often suggest an appropriate dispute resolution mechanism—"Let's have the person who is closest to the customer make the final decision."

Financial Success

Does a strong culture pay off in terms of dollars and cents—that is, do the assets we discussed get translated into bottom-line financial success? The answer seems to be yes, as long as the liabilities discussed next can be avoided.

There is growing consensus that strong cultures contribute to financial success and other indicators of organizational effectiveness *when the culture supports the mission, strategy, and goals of the organization.*⁷⁷ A good example is WestJet Airlines. A key aspect of WestJet's corporate culture is a universal desire to maximize profits. The company has not only become one of the most profitable airlines in North America, but it is also the most successful low-cost carrier in Canadian history. According to former company CEO Clive Beddoe, WestJet's corporate culture is the primary reason for its extraordinary performance. "The entire environment is conducive to bringing out the best in people," he says. "It's the culture that creates the passion to succeed."⁷⁸

Perhaps it is no wonder, then, that executives across Canada have consistently ranked WestJet as having one of the most admired corporate cultures in Canada. Most of the executive respondents also believe that there is a direct correlation between culture and an organization's health and financial performance and that corporate culture has a tangible impact on their long-term success and an organization's ability to recruit, manage, and retain the best people. In fact, the most admired corporate

cultures have been found to have a three-year average revenue growth that has significantly outpaced the S&P/TSX compound annual growth rate (CAGR) by over 600 percent.⁷⁹

Liabilities of Strong Cultures

◀ Listen to the Audio

On the other side of the coin, strong cultures can be a liability under some circumstances.

Resistance to Change

The mission, strategy, or specific goals of an organization can change in response to external pressures, and a strong culture that was appropriate for past success might not support the new order. That is, the strong consensus about common values and appropriate behaviour that makes for a strong culture can prove to be very resistant to change. This means that a strong culture can damage a firm's ability to innovate.

An excellent example is the case of IBM. A strong culture dedicated to selling and providing excellent service for mainframe computers contributed to the firm's remarkable success. However, this strong culture also bred strong complacency that damaged the company's ability to compete effectively with smaller, more innovative firms. IBM's strong mainframe culture limited its competitiveness in desktop computing, software development, and systems compatibility.

Another good example is the sales culture of software giant Oracle Corporation, which has been described as hyperaggressive and tough as nails—the toughest ever seen in the industry. Oracle salespeople were accused of using brute-force tactics, heavy-handed sales pitches, and even routinely running roughshod over customers. Although the culture was

once the envy of the industry and the major reason Oracle became the world's second-largest software company, when the industry changed, the culture was described as its own worst enemy. Former CEO Larry Ellison set out to change the company's aggressive sales culture, and one of the first things he did was eliminate a long-established incentive system that encouraged furious sales pushes, over-promising, and steep discounts.⁸⁰

Culture Clash

Strong cultures can mix as badly as oil and water when a merger or acquisition pushes two of them together under the same corporate banner.⁸¹ Consider this: When HBC acquired 50 Towers department stores along with 3000 employees with plans to convert them to Zellers stores, almost every Towers store manager quit. Why? Because the culture of Towers was that management treated employees very positively, and believing that Zellers treated employees poorly, they feared that they would be forced to treat their employees badly.⁸²

The merger of Hewlett-Packard and Compaq also raised concerns about a culture clash, given the different work habits, attitudes, and strategies of the two companies. For example, Hewlett-Packard was known for careful, methodical decision making, while Compaq had a reputation for moving fast and correcting mistakes later. Hewlett-Packard was engineering oriented, and Compaq was sales oriented. The merger involved a vicious battle inside Hewlett-Packard that was described as a corporate civil war. When the companies merged, employees who were once rivals had to work together and learn new systems. They had to resolve culture clashes and overcome the fact that more often than not, high-tech mergers fail. This, however, was nothing new to Compaq. The company had already experienced a culture clash when it merged with Digital Equipment Corp. in 1998. Many of the promised benefits had not materialized, product

decisions were not made quickly or were changed, and confused customers took their business elsewhere.⁸³

Pathology


Some strong cultures can threaten organizational effectiveness simply because the cultures are, in some sense, pathological.⁸⁴ Such cultures may be based on beliefs, values, and assumptions that support infighting, secrecy, and paranoia, pursuits that hardly leave time for doing business. The collapse of Enron has been blamed in part on a culture that valued lies and deception rather than honesty and truth, and the collapse of WorldCom has been attributed to a culture of secrecy and blind obedience in which executives were encouraged to hide information from directors and auditors and told to simply follow orders. The use of unethical and fraudulent accounting practices was part and parcel of both cultures. Similarly, when Garth Drabinsky and Myron Gottlieb, co-founders of the theatre company Livent Inc., were sentenced for fraud and forgery, Superior Court Justice Mary Lou Benotto stated that the two men presided over a corporation whose culture was one of dishonesty and what she called a “cheating culture.”⁸⁵

Another example of a pathological culture is NASA’s culture of risk taking. Although the cause of the fatal crash of the *Columbia* space shuttle in February 2003 was a chunk of foam about the size of a briefcase, the root cause was NASA’s culture, which downplayed space-flight risks and suppressed dissent. A report by the Columbia Accident Investigation Board concluded that “NASA’s organizational culture had as much to do with this accident as foam did.” The report indicated that the culture of NASA had sacrificed safety in the pursuit of budget efficiency and tight schedules. One of the board’s recommendations was that the “self-deceptive” and “overconfident” culture be changed.⁸⁶

The RCMP has also been singled out as having a pathological culture. Recent allegations and lawsuits of sexual harassment by former Mounties have been attributed to a culture of silence in which employees were afraid to speak up and sexual harassment was so pervasive that many victims felt that they had no choice but to tolerate it because their complaints went unanswered.⁸⁷

Contributors to the Culture

◀ Listen to the Audio

How are cultures built and maintained? In this section, we consider two key factors that contribute to the foundation and continuation of organizational cultures: the founder's role and socialization. For a good example, see the Applied Focus: *Maintaining the Culture at Steam Whistle Brewing* .

Applied Focus

Maintaining the Culture at Steam Whistle Brewing

Steam Whistle Brewing is an independent brewery located in the historic John Street Roundhouse on Toronto's lakeshore. In addition to having a unique location, Steam Whistle also prides itself on having a unique culture.

According to co-founder Greg Taylor, "The idea is that we're all in this together, our office, there's no hierarchy there." Tours of the brewery go right through the offices, where everyone can be seen working and Taylor and his partner Cam Heaps have desks the same as everyone else, he says. Having our desks in an open-concept area is a representation of our culture of openness and collaboration.

"That whole idea is we're accessible, you can communicate with us—we're not special people, we just got here first. It's

that idea that the employee has lots of ability to empower himself and make it better and we don't have all the answers.” It's about being transparent and approachable, but also accountable as leaders, says Taylor.

“The most important part of being a leader is acknowledging faults and saying, ‘That didn't work well because I made the wrong decision, but let's move forward and let's try this. I'm not perfect.’ A bit of humility goes a long way when it comes to leadership.”

While that kind of culture might be easy to set up, it's not easy to maintain, he says. “It is a struggle because it requires a lot of one-on-one. I spend most of my time one-on-one with people in the boardroom, in their work environment, talking about issues and opportunities, and sorting things out, and making sure communication flows. It's really an essential part of establishing a culture where people feel they can make a difference and they matter.”

“Culture is an important part of a business, particularly in the craft industry—people really seek out small businesses, organizations that craft products and expect them to have a more family-style, warm culture.”

A big part of maintaining that culture is found in the hiring process, which can involve up to five interviews, along with improve games and a meet-and-greet session with future co-workers. There is a large focus on culture-fit. The company focuses heavily on employee referrals and promoting from within to create a like-minded and enthusiastic workforce. Employee retention is high, with many staff hitting their five- and 10-year anniversaries.

“People ask us, ‘How can you maintain your culture as you grow?’ Well, it all has to do with hiring and firing. If you’re not hiring the right people, if you have a great culture but you bring people in that are not passionate about what you’re doing and what they’re doing, they will water down what you’ve created, so it’s really essential to figure that out initially.” Employees must embody the essence of “Good Beer Folk,” meaning unwavering passion, creativity, teamwork, and good values. “These people are gregarious and warm and able to connect and tell stories—storytelling is a big part of what we do,” says Taylor.

Having candidates meet informally with their potential group is an important part of the process, he says, so the group gets a feel for the person and whether she would be a good choice. “Not only are you probably going to make a more informed decision because you have the key people that are working hard for you all day long involved in it, but how do you think it makes them feel when ‘Hey, I have actually a say who my new peer is going to be?’”

But you also need to make sure that if somebody starts to disconnect from the culture and not respect it and not value the way he did originally, “if they start to drift away from the original idea and purpose, we have patience and we work with them closely and explain our concerns, but we will let people go because we don’t want any cancers in the organization,” he says.

“We can’t have anybody questioning our leadership in terms of valuing our culture and valuing our work and if somebody’s not contributing and they don’t get it, then they need to leave.”

Steam Whistle has won many awards for its work environment including one of Canada's best-managed companies and most admired corporate cultures.

Sources: Based on Dobson, S. (2016, February 22). Chugging along with corporate culture. *Canadian HR Reporter*, 29(3), 21; Niedoba, S. (2017, April 19). How Steam Whistle carved a niche for itself in a crowded market. *Canadian Business*, <https://www.macleans.ca/economy/business/how-steam-whistle-carved-a-niche-for-itself-in-a-crowded-market/>; Elves, J. (2018, May 16). Greg Taylor: "I'm just a guy who started a brewery." *The Globe and Mail*, <https://www.theglobeandmail.com/report-on-business/careers/career-advice/life-at-work/greg-taylor-im-just-a-guy-who-started-a-brewery/article29720204/>

The Founder's Role

It is certainly possible for cultures to emerge over time without the guidance of a key individual. However, it is remarkable how many cultures, especially strong cultures, reflect the values of an organization's founder.⁸⁸ One can clearly see the influence that the founders of Kicking Horse Coffee have had on the company's culture. Similarly, the imprint of Walt Disney on the Disney Company, Sam Walton on Walmart, Ray Kroc on McDonald's, Thomas Watson on IBM, John Stanton on the Running Room, Mary Kay Ash on Mary Kay Cosmetics, and Bill Gates on Microsoft is obvious. As we shall see shortly, such an imprint is often kept alive through a series of stories about the founder passed on to successive generations of new employees. This provides continuing reinforcement of the firm's core values.



John Stanton, CEO of the Running Room, is a classic example of a founder whose values have shaped the organization's culture.

Jeff McIntosh/The Canadian Press

In a similar vein, most experts agree that top management strongly shapes the organization's culture. The culture will usually begin to emulate what top management "pays attention to." For example, the culture of IBM today is much different than it was under the leadership of Thomas Watson, who created a culture that reflected his own personality. Louis Gerstner, Jr., who took over as CEO in 1993 until his retirement in 2002, made diversity a top priority. As a result, the culture of IBM became a more people-friendly one in which individuals are valued for their unique traits, skills, and contributions—a sharp contrast to the culture of conformity under the leadership of Thomas Watson. Today, IBM is regarded as a leader in workplace diversity.⁸⁹

Socialization

The precise nature of the socialization process is a key to the culture that emerges in an organization, because socialization is one of the primary means by which individuals learn the culture's beliefs, values, and assumptions. Weak or fragmented cultures often feature haphazard selection and a nearly random series of job assignments that fail to present the new hire with a coherent set of experiences. On the other hand, Richard Pascale, of the University of Oxford, notes that organizations with strong cultures go to great pains to expose employees to a careful, step-by-step socialization process ([Exhibit 8.7](#)).⁹⁰

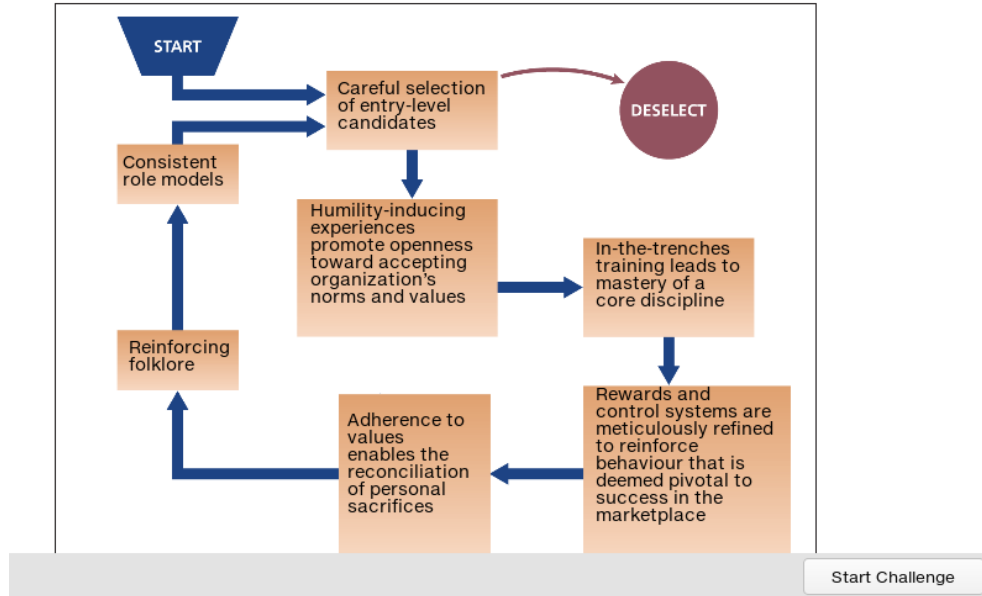
- *Step 1—Selecting Employees.* New employees are carefully selected to obtain those who will be able to adapt to the existing culture, and realistic job previews are provided to allow candidates to deselect themselves (i.e., self-selection). As an example, Pascale cites Procter & Gamble's series of individual interviews, group interviews, and tests for brand management positions. Another good example is the interview process conducted by Google Canada, in which employees participate in the selection of new hires who fit the Google culture. At Kicking Horse Coffee, they look for employees who will be a good fit for the culture.⁹¹ An increasing number of organizations now emphasize recruiting and selecting employees for their fit to the company's values and culture (PO fit).⁹²
- *Step 2—Debasement and Hazing.* Debasement and hazing (divestiture socialization tactics) provoke humility in new hires so that they are open to the norms of the organization.
- *Step 3—Training "in the Trenches."* Training begins "in the trenches" so that employees begin to master one of the core areas of the organization. For example, even experienced MBAs will start at the bottom of the professional ladder to ensure that they understand how *this* organization works. At Lincoln Electric, an extremely successful

producer of industrial products, new MBAs literally spend eight weeks on the welding line so that they truly come to understand and appreciate Lincoln's unique shop floor culture.

- *Step 4—Reward and Promotion.* The reward and promotion system is carefully used to reinforce those employees who perform well in areas that support the values and goals of the organization. For example, at Agrium Inc., a supplier of agricultural products and services, rewards and recognition programs are closely aligned with behaviours that exemplify the corporate values.⁹³ At Kicking Horse Coffee, the RAVE award is given to employees who exhibit the company's cultural values.
- *Step 5—Exposure to Core Culture.* Again and again, the culture's core beliefs, values, and assumptions are asserted to provide guidance for member behaviour. This is done to emphasize that the personal sacrifices required by the socialization process have a true purpose.
- *Step 6—Organizational Folklore.* Members are exposed to folklore about the organization, stories that reinforce the nature of the culture. We examine this in more detail later.
- *Step 7—Role Models.* Identifying people as "fast-trackers" provides new members with role models whose actions and views are consistent with the culture. These role models serve as tangible examples for new members to imitate.

Exhibit 8.7 Socialization Steps in Strong Cultures

Study the socialization steps in strong cultures and try a challenge when you're ready.



Source: The Regents of the University of California. (1985). Reprinted from the California Management Review, 27(2) by permission of The University of California Press.

Pascale is careful to note that it is the *consistency* among these steps and their mutually reinforcing properties that make for a strong culture. For example, it is remarkable how many of these tactics the Disney company uses. Selection is rigorous, and grooming standards serve as mild debasement. Everyone begins at the bottom of the hierarchy. Pay is low, but promotion is tied to performance. Folklore stresses core values (“Walt’s in the park”). And better performers serve as role models at Disney University or in paired training.

At Four Seasons Hotels and Resorts, where the company wants new employees to buy in to the team philosophy and a “service mindset,” all new hires—from hotel managers to dishwashers—go through four interviews during the selection process; once hired, they enter a three-month socialization program.⁹⁴

Although we have been discussing how cultures are built and maintained, very often organizations have to change their culture. to remain competitive and survive. We will have more to say about this in [Chapter 15](#), but for now, please consult *You Be the Manager: Changing the Culture at Uber*.

You Be the Manager: Changing the Culture at Uber

Uber is the largest and most successful ride-sharing company in the world. It operates in 70 countries, and its value is estimated to be close to \$70 billion. Much of its success is attributed to an aggressive workplace culture that consists of 14 core values such as making bold bets, being “obsessed” with the customer, and “always hustling.” It also emphasizes “meritocracy,” the idea that the best and brightest will rise to the top based on their efforts, even if it means stepping on toes to get there.

However, the same culture that helped make the company a success is also being blamed for some of its failings. According to current and former employees, workers are sometimes pitted against one another, and a blind eye is often turned to infractions from top performers.

Interviews with employees along with reviews of internal emails, chat logs, and tape-recorded meetings paint a picture of an unrestrained workplace culture. Among the most egregious accusations from employees who either witnessed or were subject to incidents: One Uber manager groped female co-workers' breasts at a company retreat in Las Vegas. A director shouted a homophobic slur at a subordinate during a heated confrontation in a meeting. Another manager threatened to beat an underperforming employee's head in with a baseball bat.

For years, the culture at Uber was only whispered about until a blog post by an engineer who had recently left Uber about her time at the company was published. She detailed a history of discrimination and sexual harassment by her managers, which she said was shrugged off by Uber's human resources department. She was propositioned by her manager on her first day, and when she reported him to human resources, she was told he would get a lecture and no further punishment because he was a “high performer.” She said the culture was stoked—and even fostered—by those at the top of the company. “It seemed like everybody was fighting their peers and attempting to undermine their direct supervisor so

Reset

Next

Source: Isaac, M. (2017, February 25). Inside Uber's aggressive, unrestrained workplace culture. *The New York Times* (printed in the *Toronto Star*), <https://www.thestar.com/business/2017/02/25/inside-ubers-aggressive-unrestrained-workplace-culture.html>; Krisher, T. (2017, June 21). Uber founder Travis Kalanick resigns as CEO following months of scandal. *Associated Press* (printed in the *Toronto Star*), <https://www.thestar.com/business/2017/06/21/uber-founder-travis-kalanick-resigns-as-ceo-following-months-of-scandal.html>; Streitfeld, D., & Bowles, N. (2017, August 29). Uber's pick for CEO is Silicon Valley outsider whose family fled Iran. *The New York Times* (printed in the *Toronto Star*), <https://www.thestar.com/business/2017/08/29/ubers-pick-for-ceo-is-silicon-valley-outsider-whose-family-fled-iran.html>; Krisher, T. (2017, June 7). Uber fires 20, hires marketing exec in response to workplace culture problems. *The Associated Press* (printed in the *Toronto Star*), <https://www.thestar.com/business/2017/06/07/uber-fires-20-hires-marketing-exec-in-response-to-workplace-culture-problems.html>; Balakrishnan, A. (2017, November 7). Uber employees voted on the new company culture – and it looks a lot like Google and Amazon. *CNBC*, <https://www.cnb.com/2017/11/07/ubers-new-cultural-norms.html>; Khosowshai, D. (2017, November 8). Uber's new cultural norms. *Uber Newsroom*, <https://www.uber.com/newsroom/ubers-new-cultural-norms/>.

Diagnosing a Culture

◀ Listen to the Audio

Earlier, we noted that culture represents a “way of life” for organizational members. Even when the culture is strong, this way of life might be difficult for uninitiated outsiders to read and understand. One way to grasp a culture is to examine the symbols, rituals, and stories that characterize the organization’s way of life. For insiders, these symbols, rituals, and stories are mechanisms that teach, communicate, and reinforce the company’s culture.

Symbols

At the innovative Chaparral Steel Company in Texas, employees have to walk through the human resources department to get to their lockers. Although this facilitates communication, it also serves as a powerful symbol of the importance that the company places on its human resources. For years, IBM’s “respect for the individual” held strong symbolic value, which was somewhat shaken with its first-ever layoffs. Such symbolism is a strong indicator of corporate culture.⁹⁵

Some executives are particularly skilled at consciously using symbols to reinforce cultural values. Retired chairman and CEO Carl Reichardt of Wells Fargo was known as a fanatical cost cutter. According to one story, Reichardt received managers requesting capital budget increases while sitting in a tatty chair. As managers made their cases, Reichardt picked at the chair’s exposed stuffing, sending a strong symbolic message of fiscal austerity. This was in case they had missed the message conveyed by

having to pay for their own coffee and their own office Christmas decorations!⁹⁶

Rituals

Observers have noted how rites, rituals, and ceremonies can convey the essence of a culture.⁹⁷ For example, at Coast Capital Savings Credit Union, Canada's second-largest credit union, the company's executives dress up in costumes during the employee recognition awards event. During the 2011 Stanley Cup playoffs, staff held noon-hour street hockey games in the parking lot to support the Vancouver Canucks. These events are indicative of a culture of fun and light-heartedness.⁹⁸ The Disney picnics, beach parties, and employee nights are indicative of a peer-oriented, youth-oriented culture. At Flight Centre, the monthly parties called "buzz nights," at which employees are recognized for their accomplishments, are indicative of a youthful, energetic, and fun culture. At Mary Kay Cosmetics, elaborate "seminars" with the flavour of a Hollywood premiere combined with a revival meeting are used to make the sales force feel good about themselves and the company. Pink Cadillacs and other extravagant sales awards reinforce the cultural imperative that any Mary Kay woman can be successful. Rituals need not be so exotic to send a cultural message. In some companies, the annual performance review is an act of feedback and development. In others, it might be viewed as an exercise in punishment and debasement.

Stories

Organizations often communicate their culture through the use of stories. For example, at the Rocky Mountain Soap Company in Canmore, Alberta, core value stories are presented at meetings, and posters at all locations feature a story for each of the company's five core values.⁹⁹ As we noted earlier, the folklore of organizations—stories about past organizational events—is a common aspect of culture. These stories, told repeatedly to

successive generations of new employees, are evidently meant to communicate “how things work,” whether they be true, false, or a bit of both. Anyone who has spent much time in a particular organization is familiar with such stories, and they often appear to reflect the uniqueness of organizational cultures.

However, research indicates that a few common themes underlie many organizational stories:

- Is the big boss human?
- Can the little person rise to the top?
- Will I get fired?
- Will the organization help me when I have to move?
- How will the boss react to mistakes?
- How will the organization deal with obstacles?¹⁰⁰



Fun is an essential part of the culture of Flight Centre, where employees attend monthly parties called “buzz nights.”

Issues of equality, security, and control underlie the stories that pursue these themes. Also, such stories often have a “good” version, in which things turn out well, and a “bad” version, in which things go sour. For example, there is a story that Ray Kroc, McDonald’s founder, cancelled a franchise after finding a single fly in the restaurant.¹⁰¹ This is an example of a sour ending to a “How will the boss react to mistakes?” story. Whether the story is true, its retelling is indicative of one of the core values of the McDonald’s culture—a fanatical dedication to clean premises.















Summary: Social Influence, Socialization, and Organizational Culture

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 8.

8.1 Understand the difference between *information dependence* and *effect dependence*, and differentiate *compliance*, *identification*, and *internalization* as motives for social conformity.

There are two basic forms of social dependence. *Information dependence* means that we rely on others for information about how we should think, feel, and act. *Effect dependence* means that we rely on rewards and punishments provided by others. Both contribute to conformity to norms. There are several motives for conformity to social norms. One is *compliance*, in which conformity occurs mainly to achieve rewards and avoid punishment. It is mostly indicative of effect dependence. Another motive for conformity is *identification* with other group members. Here, the person sees himself or herself as similar to other organizational members and relies on them for information. Finally, conformity may be motivated by the *internalization* of norms, and the person is no longer conforming simply because of social dependence.

8.2 Describe the *socialization* process and the stages of organizational socialization.

8.3 Describe the implications of *unrealistic* expectations and the *psychological contract* for socialization.

8.4 Describe the main methods of socialization and how newcomers can be *proactive* in their socialization.

8.5 Define *organizational culture*, and discuss the assets and liabilities of *strong cultures*.

8.6 Discuss the contributors to an organization's culture.

8.7 Describe how to diagnose an organizational culture.

Key Terms

Start Over

Swap

0/27 REVIEWED · 0 MASTERED

Strong culture



Previous

Next

Got It!



* On-the-Job Challenge Question

Culture or Biology?

A report by former Supreme Court justice Marie Deschamps on sexual misconduct and harassment in the Canadian Armed Forces found that women in the military endure a toxic work environment and are often the target of vulgar name calling, sexual innuendoes and jokes, harassment, and assault—behaviours that are condoned or ignored by senior military leaders. The report concludes that there is an “underlying sexualized culture” that is “hostile” to women as well as lesbian, gay, transgendered, bisexual, and queer members of the military.

After talking to hundreds of members of the forces across the country, Deschamps found that the armed forces are rife with discrimination and that abuse toward women starts from their first days in uniform. She found that the problems start in basic training, where inappropriate language by trainers goes unpunished, there are reports of “dubious” sexual encounters, and date rape is “prevalent.” The use of language that belittles women is “commonplace.” Women have been told to “stop being pussies” and “leave your purses at home,” and graphic swear words and jokes about rape are tolerated. Women are often described as “ice princesses,” “girls,” “bitches,” and “sluts” in what is perceived to be a “boys’ club” culture. The report also noted that most men didn’t see such language as harassment, with one saying, “Girls that come to the army know that to expect.”

According to the report, “There is an undeniable problem of sexual harassment and sexual assault in the [Canadian Armed Forces], which

requires direct and sustained action.” However, military leaders are blind to the poisonous culture and excuse inappropriate conduct on the basis that the armed forces are simply a “reflection of society.”

Most incidents of sexual harassment and assault were not reported because the victims feared their careers would be harmed, that they would not be believed, or that they would be branded as trouble-makers if they reported the incidents. Those who have reported incidents said that the experience was “atrocious.”

Former Chief of Defence Staff General Tom Lawson promised that the armed forces will at long last acknowledge the seriousness of the issue and will develop a strategy to change the culture. However, shortly after the report’s release, he told the CBC’s Peter Mansbridge that he blamed biology for the problem of sexual harassment and misconduct in the military, stating that some male soldiers are “biologically wired in a certain way” that makes inappropriate behaviour seem acceptable to them.

What do you think about the report’s findings and conclusions? What role does culture play in the sexual misconduct and abuse in the Canadian Forces? What advice would you give the armed forces about how culture affects people’s attitudes and behaviour, and what they need to do to eliminate sexual misconduct and harassment?

Sources: Champion-Smith, B., & Boutilier, A. (2015, April 30). Canada’s military suffers “sexualized culture,” report says. *Toronto Star*, <https://www.thestar.com/news/canada/2015/04/30/canadas-military-suffers-sexualized-culture-report-says.html>; Editorial (2015, April 30). Canada’s military needs an about-face on sexual misconduct: Editorial. *Toronto Star*, <https://www.ourwindsor.ca/opinion-story/5596621-toronto-star-s-view-canada-s-military-needs-an-about-face-on-sexual-misconduct/>; Champion-Smith, B. (2015, June 17). General’s sexual harassment remark denounced by Harper, Trudeau and Mulcair. *Toronto Star*, <https://www.thestar.com/news/canada/2015/06/17/liberal-critic-calls-for-defence-chief-to-resign-over-remarks-on-sexual-harassment-in-the-military.html>

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Proactive Socialization

The purpose of this exercise is for you to learn about how proactive you have been in your socialization experiences. By answering the questions that follow, you can learn about your involvement in the socialization process and your use of different proactive socialization behaviours.

Using the following scale, indicate the extent to which you engaged in each behaviour when you were a newcomer in your current job or when you were a newcomer in the most recent job you held.

1–To no extent

2–A small extent

3–Moderate extent

4–A large extent

5–To a great extent

To what extent did you engage in each of the following behaviours:

_____1 Sought feedback on your performance after assignments.

_____2 Negotiated with others (including your supervisor and/or coworkers) about desirable job changes.

_____3 Tried to see your situation as an opportunity rather than a threat.

- _____4 Participated in social office events to meet people (i.e., parties, softball, team outings, clubs, lunches).
- _____5 Tried to spend as much time as you could with your boss.
- _____6 Started conversations with people from different segments of the company.
- _____7 Tried to learn about the (official) organizational structure.
- _____8 Solicited critiques from your boss.
- _____9 Negotiated with others (including your supervisor and/or coworkers) about your task assignments.
- _____10 Tried to look on the bright side of things.
- _____11 Attended company social gatherings.
- _____12 Tried to form a good relationship with your boss.
- _____13 Tried to socialize with people who are not in your department.
- _____14 Tried to learn the important policies and procedures in the organization.
- _____15 Sought out feedback on your performance during assignments.
- _____16 Negotiated with others (including your supervisor and/or coworkers) about the demands placed on you.
- _____17 Tried to see your situation as a challenge rather than a problem.
- _____18 Attended office parties.
- _____19 Worked hard to get to know your boss.
- _____20 Tried to get to know as many people as possible in other sections of the company on a personal basis.
- _____21 Tried to learn the politics of the organization.
- _____22 Asked for your boss's opinion of your work.
- _____23 Negotiated with others (including your supervisor and/or coworkers) about their expectations of you.
- _____24 Tried to learn about the (unofficial) organizational structure.

Scoring and Interpretation

This scale measures the seven proactive socialization behaviours discussed in the chapter (see [Exhibit 8.6](#), Proactive Socialization Behaviours). The authors who developed the scale found that newcomers engaged in positive framing most frequently ($M = 4.07$) and negotiation of job changes least frequently ($M = 2.98$). As a group, the seven proactive socialization behaviours were positively related to newcomers' job satisfaction and job performance one year after beginning their job.

You can calculate your score on each of the proactive socialization behaviours by following these instructions:

Feedback seeking: Add your answers to questions 1, 8, 15, and 22, and divide by 4.

Job change negotiation: Add your answers to questions 2, 9, 16, and 23, and divide by 4.

Positive framing: Add your answers to questions 3, 10, and 17, and divide by 3.

General socializing: Add your answers to questions 4, 11 and 18, and divide by 3.

Boss-relationship building: Add your answers to questions 5, 12, and 19, and divide by 3.

Networking: Add your answers to questions 6, 13, and 20, and divide by 3.

Information seeking: Add your answers to questions 7, 14, 21, and 24, and divide by 4.

Total proactive behaviour score: Add your answers to all 24 questions, and divide by 24.

For each proactive behaviour and your total proactive behaviour score, your score should fall between 1 and 5. Higher scores indicate engaging in the proactive behaviour more frequently. For your total score, the higher your score the more proactive you were in your socialization.

To facilitate class discussion and your understanding of proactive socialization, form a small group with several members of the class and discuss the following questions:

1. Each group member should present their score on the seven proactive socialization behaviours. What is the average group score on each proactive behaviour? What proactive behaviours were engaged in the most and least frequently by group members?
2. What effect did your proactive behaviours have on your socialization? Do you think that the extent to which you engaged in each of the proactive behaviours had an effect on your learning, job attitudes, and behaviours?
3. Based on your score on each proactive behaviour, what proactive behaviours do you need to engage in to a greater extent the next time you enter an organization and begin a new job? What are the implications of engaging in the proactive socialization behaviours more frequently?
4. Do some people engage in proactive socialization behaviours more than others? To find out, refer to your score on the proactive personality scale from [Chapter 2](#). If you have not yet completed the scale, do so now and calculate your score. Once everybody in your group has their proactive personality score, divide the group members into a high and low proactive personality group and calculate the average total proactive socialization behaviour score for each group. Is there a difference in the average proactive socialization behaviour score between

the high and low proactive personality groups? If so, what group has a higher proactive socialization behaviour score, and what does this tell you about personality and proactive socialization?

- *5. How can an understanding of proactive socialization help you in your future work experiences and career? What can organizations do to increase the likelihood that newcomers will engage in proactive socialization behaviours? What are the benefits for newcomers and organizations?

Source: Ashford, S. J., & Black, J. S. (1996). Proactivity during organizational entry: The role of desire for control. *Journal of Applied Psychology, 81*, 199–214.

* Question 5 is also assignable in Writing Space.

Case Incident

The Reality Shock

Soon after starting his new job, Jason began to wonder about the challenging work he was supposed to be doing, the great co-workers he had been told about, and the ability to attend training and development programs. None of these things seemed to be happening as promised and as he had expected. To make matters worse, he had spent most of the first month working on his own and reading about the organization's mission, history, policies, and so on. Jason began to wonder whether he had chosen the right job and organization. He was very dissatisfied and seriously thinking about quitting.

1. Explain how Jason's anticipatory socialization might be contributing to his disappointment and job attitudes. How might this situation have been prevented?
2. Explain how unrealistic expectations and the psychological contract can help us understand Jason's situation.
3. Comment on the use of socialization tactics in Jason's socialization. What tactics do you think were used and what effect did they have on Jason?
- * 4. Given Jason's current situation, is there anything the organization can do to prevent him from quitting? Is there anything that Jason can do to improve his situation? Is there anything the organization should do so that other new hires don't have the same experience as Jason?

* Question 4 is also assignable in Writing Space.

Case Study

The Wonderful World of Human Resources at Disney

You can design and create and build the most wonderful place in the world. But it takes people to make the dream a reality.

—Walt Disney¹

Five-year-old Oliver wanted to see the animals during his overnight stay at Disney's Animal Kingdom Lodge. It was early evening, too late to get in the park, so his grandmother took him to a scenic overlook at the back of the lobby. As Oliver walked around, there were no animals to be seen, only clusters of trees, some grasses, and dirt trails below the overlook. Oliver's grandmother could sense his disappointment. This was Oliver's first visit to a place that was supposed to enchant children so that parents or grandparents would bring them back. Expectations were sky-high.

Once Upon a Time: Disney's Heritage and Traditions

I only hope that we don't lose sight of one thing: that it was all started by a mouse.

—Walt Disney²

The mouse that started it all was a character idea born out of desperation. Walt's original character, Oswald the Rabbit, for which he had just signed a contract for an animated series, was stolen by the New York distributor, who then hired all of Walt's animators. On the train ride back home, Walt got the idea for a mouse. "A mouse had always appealed to me," he said. "While working in Kansas City, I caught several in wastebaskets around the studio. I kept them in a cage on my desk and enjoyed watching their antics."³ The original name was to be Mortimer Mouse, but Walt's wife,

Lilly, convinced him that the name Mortimer seemed too formal. Mickey Mouse, the character that people loved and the icon of an empire-to-be, was born.

The animated film company that Walt founded in 1923 with his brother Roy (who put up most of the money) got busy. Walt introduced the use of sound, then in its motion-picture infancy, in the first talking animated film, *Steamboat Willie*. The film debuted in New York City in 1928 and was a hit. Disney Brothers Studios was launched; a year later it was renamed "Walt Disney Productions."

To go along with the red-shorted, yellow-shoed mouse, Walt dreamed up some friends: Pluto in 1930, Goofy in 1932, and Donald Duck in 1934. The brothers licensed these Disney characters and began selling merchandise such as shirts, watches, and writing tablets with their images. By 1937, Mickey's image, on one distributed product or another, had found its way to 38 countries; to handle the volume, distribution offices for merchandise and films opened in Paris and London. Mickey Mouse clubs started cropping up worldwide. Disney products had a global appeal and reach.

Walt Disney Productions struggled financially for a while, but with the help of Bank of America and some of their own money, the Disney brothers created a film in color called *Snow White and the Seven Dwarfs*. Premiering in 1937 and opening nationwide in 1938, it was a financial and artistic success, making millions of dollars. After that, Walt's imagination and Roy's business acumen were an unstoppable combination, and by 1940, the firm had issued its first stock. In 1954, they used another medium to share Walt's imagination with the world: the brothers created a television show called *Disneyland* (later called *The Wonderful World of Disney*). Now Disney movie fans turned on their

television sets each Sunday evening and watched a variety of Disney characters and stories.

From Film to Theme Park

As it turned out, filmmaking and television shows were not the only projects on the drawing board. The idea of expanding into theme parks came from the same guy who drew the famous mouse—Walt. Although Roy was against the concept at first, creating a theme park fit well with both Walt’s urge to escape the real world and dream, and his goal to create happiness for those who visited.

To create his ideal world outside the film channel, Walt gathered a select group of animators, artists, directors, set designers, and writers from Walt Disney Productions—whom he called “Imagineers”—and told them about his park idea.⁴ As with the sound stage of a film, setting was important. With the *Disneyland* TV show as both inspiration and source of funding, the Imagineers were asked to create a family-style amusement park in secret. Owned by Disneyland Inc., the park would be spotless and meticulously groomed (bushes cut into the shape of Disney characters, for example). “When I started on Disneyland,” Walt said, “My wife used to say, ‘but why do you want to build an amusement park? They’re so dirty.’ I told her that was just the point—mine wouldn’t be.”⁵ In fact, imagineers studied human behaviour to discover the distance an average person would walk holding an item before throwing it away (17 feet).

Disneyland Park was built on an 85-acre parcel of land in Anaheim, California and had attractions modeled after images from popular Disney films. The park, raised above ground like a *stage*, was to be “picture-perfect” in Walt’s words.⁶ Everything in the park was a *prop* that would allow a *make-believe show* to run flawlessly from opening to closing. Park visitors were *guests* and, during an average visit, would likely have as

many as 60 encounters with employees, called *cast members*. The experience was to be magical, offering visitors the “happiest place on Earth,” and appeal to young and old. After all, the Disney brothers were in show business, and Disneyland was a live show, every day, all day long. In 1955, one year after the debut of the *Disneyland* television show, Disneyland Park opened at a cost of \$17 million.

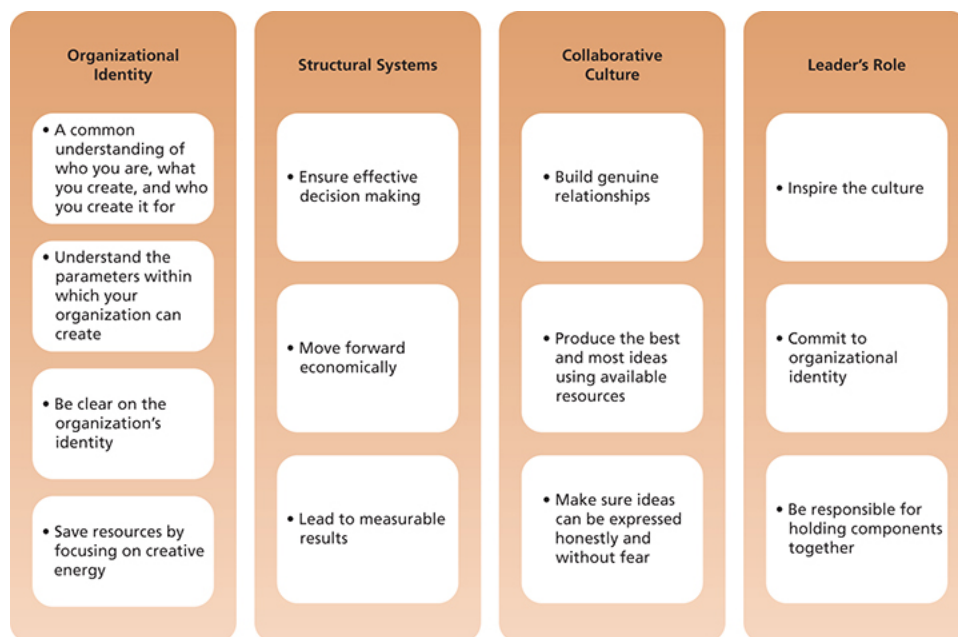
When open, the park filled with pleasant, wholesome, *costume*-clad cast members who were *onstage* in the public areas of the park and eager to play a part in the *live show* while being helpful and friendly. Indeed, no matter what job a cast member was hired to perform, the standard was always “to exceed guests’ expectations.”⁷ That point was so important to Walt that he would dress so no one could recognize him, tour the park, and go on attractions. One time he took the *Jungle Boat* ride and was unhappy that, instead of lasting seven minutes, it lasted only four. “How would you like to go to a movie and have the theater remove a reel in the middle of the picture?” he asked the ride supervisor. “Do you realize how much those hippos cost? I want people to see them, not be rushed through a ride by some guy who’s bored with his work.”⁸

Under the park, at ground level, was an area called *offstage*, where cast members changed into character, took breaks, and prepared for their parts. Connected through a maze of hallways or tunnels were well-appointed break areas, vending machines, hair designers, a notary, driver’s-license renewal services, check-cashing services, postage stamp machines, and, as cast members were provided fresh costumes daily, one of the largest wardrobe departments in the world.⁹ An underground tram would transport cast members back and forth to quiet corners of the park where they would appear onstage discreetly through unmarked doors.

To Walt, every detail mattered. This was perhaps an extension of the painstaking nature of drawing animation, eventually referred to by

animators as *bumping the lamp*.¹⁰ Fostering a sense of pride was at the forefront of Walt's work and, he hoped, the work of every single person working for the company. To ensure that happened, Walt designed an elaborate employee hiring and training process that supported his management philosophy and, above all, allowed for a workplace where creativity could thrive. (See [Exhibit 1](#) for the Disney creativity model.)

Exhibit 1 The Wonderful World of Human Resources at Disney



WDC Inspiring Creativity Model

Data source: Adapted from Disney Institute and Theodore Kinni.

All hiring took place at the Walt Disney World Casting Center. Each cast member was trained to *perform* for the roles they would be playing while onstage. The only downtime allowed was when cast members were offstage, at which point they were allowed to be themselves. If, by chance, a noncast member was in the offstage area, cast members were required to stay in character and were not allowed to speak or show the person underneath the costume.

Eager to open more, Walt secretly bought several acres of land on the opposite coast, just outside of Orlando, Florida. But before his plans to open another theme park could come to fruition, he died.

The years between 1939 and 1966, the year of Walt's passing, were considered the firm's golden years. Five years after his death, a second theme park, Walt Disney World Resort (Disney World) opened in Orlando, home to the Magic Kingdom and two hotels.

Inside The Magic Kingdoms

Disney World and Disneyland were both built and run on what had widely become known as "Disney magic." Disney values and beliefs, which for the most part were deliberately designed by Walt and Roy Disney, made up its corporate culture and became apparent with every visit to a park. The Disney brothers' strategy was to exceed customer expectations through strict attention to detail and policies and procedures designed to deliver quality. To do that, they believed that cast members must be enamored with being part of Disney and embrace the firm's purpose to bring entertainment to young and old—to make people happy. If that transpired, Walt believed a collaborative culture would emerge. And when that happened, he expected financial results would follow.

The goal was to captivate guests with everything Disney; the first step toward that goal was to treat potential employees well. Walt and Roy thought that if the company treated cast members as guests, they would treat guests and each other the same way. Whether one was a guest or a cast member, creating a supportive environment was all part of management's commitment to *keeping the magic going*.

Becoming Part of The Walt Disney Company (WDC)¹¹

As with most organizations, the first step to becoming a cast member at WDC was filling out an application onsite or remotely through a job line.¹² If there was interest in the applicant, he or she would be invited to *audition* for a role, which included going through an interview process at the casting center. Opened in 1989, the center provided job seekers the first hint that Disney was about magic and make-believe. Like everything else Disney, Walt's presence could be felt throughout: diamond shapes in colors on the front of the casting building corresponded with a photo inside of him wearing his famed argyle socks with matching diamond shapes and colors. Awnings covering the entrance to the casting center building had a castle-like look, and once inside, the doorknobs were identical to the talking ones in Disney's famous film—*Alice in Wonderland*. The building's hallway walls, ceilings, and floors featured Disney characters and film scenes. "Let them wander," Robert A. M. Stern, the architect, once said. "Let them get a taste for Disney before they get here."¹³ Once applicants reached the second-floor recruitment office, they would apply for *roles* and watch a film about Disney's heritage, regulations, and terms of employment. At that point, if still interested, applicants would be sent to an appropriate place to be interviewed for their chosen role.

The interviews were structured and purposeful. If an interviewee was auditioning for a position to accompany a character, they might be asked, "What would you do if you were paired with Donald Duck and someone kicked him?" If the interviewee laughed or suggested they would "kick that person back," then being a character partner was not a good fit. If instead they said, "Tell the kicker it was time for Donald Duck's lunch, so we must get moving," then being a character partner made sense. The

idea was that roles should play to cast members' strengths and that there was a place for every kind.

In addition to the interview questions, each person auditioning was once more informed of employment conditions. Perhaps the most talked-about condition was appearance—hair length, amount of facial hair, and quantity of jewelry. Following a successful audition, each new cast member, regardless of position in the firm, would be sent to Disney University.

Traditions I class

Walt established Disney University as a place for new cast members to rehearse for performances and practise all things Disney. Being selected to teach there was considered an honor, so each year hundreds of cast members applied to leave their roles and become Traditions assistants. Their job was to pass on Walt's legacy and help new cast members learn about Disney characters and films. Attendees engaged in Trivial Pursuit-like games by answering such questions as "What were the names of the Seven Dwarfs? What was Donald Duck's middle name?" meant to bolster their knowledge about the company's heritage, traditions, language, symbols, and shared values. The program was designed to instill a sense of excitement about working at Disney.

First-name-only tags were worn on the left side, as all new cast members discovered who Disney was as a firm (its vision), what Disney did (its mission), and for whom (guests). Throughout these lessons, cast members learned to act and speak courteously (welcome and thank every guest), became familiar with the Disney language (see [Table 1](#) for examples), practised using an appropriate tone of voice, learned to focus on the positive and use humour instead of rules and regulations, and rehearsed appropriate body language.¹⁴ At the same time, they were

introduced to issues of safety (what to do in an event of an accident) and how to answer the numerous questions cast members were routinely asked. It turned out that the most frequently asked question at Disney theme parks was the location of the bathroom. (There were phones to a central answer service hidden in shrubbery around the parks.)¹⁵ All cast members were trained to react and offer help if they saw a guest in need.

Table 1 Disney speak

Corporate World	Disney	Corporate World	Disney
Customers/clients	Guests	Job	Role
Employees	Cast members	On the job	Performance
Out front	Onstage	Working	Show
Behind the scene	Offstage	Negative customer experience	Bad show
Front-line employee	Host/hostess	Positive customer experience	Good show
Job interview	Audition	Courtesy	Performance tips
Human resources	Casting	Rides	Attractions

Data source: Disney Institute and Theodore Kimmi.

No cast member was allowed to complain about problems around guests; it was a cast member’s job to ensure that all guests had a magical experience—regardless of how she or he was feeling. On the other hand, Disney recognized that working with the public was often difficult and that from time to time, despite the best planning, things would go wrong. How many times could a cast member answer the same questions, such as “What time does the 3:00 p.m. parade start?” For those moments, cast members were taught to *find your applause*. That meant discovering what their value to the organization was, something they did as a cast member that was meaningful to them, and focusing on it when they felt down or tired.

By the end of a day spent in the Traditions course, all new cast members would understand that at Disney all employees, no matter their job, were important to the company (see [Exhibit 2](#) for values statement). To express this, cast members were asked to picture a bolt of polka dot fabric with each Disney cast member represented by one dot on yards and yards

of material. If that was a cast member's position in the organization, what would happen to the fabric if a single dot was missing? At Disney, every dot counted.

Exhibit 2 The Wonderful World of Human Resources at Disney

The Walt Disney Company Human Resources¹⁶

We aspire to inspire together.

Diversity

Having a diverse work force is critical to our business. We welcome a variety of opinions, ideas, and perspectives to ensure we continue to top our own performance and represent our global marketplace. When our people reflect the communities we serve, it enhances the way we connect to our guests, audiences, and consumers. Together, we work toward an inclusive environment that fosters creativity, innovation, and camaraderie across all our companies.

Culture

Each of our companies has a unique ability to harness the imagination in a way that inspires others, improves lives across the world, and brings hope, laughter, and smiles to those who need it most. Together as one team, we embrace the values that make the Walt Disney Company an extraordinary place to work:

- Innovation
 - We are committed to a tradition of innovation and technology.
- Quality
 - We strive to set a high standard of excellence.
 - We maintain high-quality standards across all product categories.
- Community
 - We create positive and inclusive ideas about families.
 - We provide entertainment experiences for all generations to share.
- Storytelling
 - Timeless and engaging stories delight and inspire.
- Optimism
 - At the Walt Disney Company, entertainment is about hope, aspiration, and positive outcomes.
- Decency
 - We honor and respect the trust people place in us.
 - Our fun is about laughing at our experiences and ourselves.

These values live in everything we do. They create a unified mission that all our people believe in and work toward. And to recognize individual efforts, we have a variety of reward programs, including the following:

- Quality of Work
- Length of Service
- Community Volunteerism
- Employee of the Month Recognition

These are just some of the ways the Walt Disney Company commits to providing a rewarding, inclusive, and supportive work environment.

The Walt Disney Company Human Resources¹⁶

Local Traditions

After learning about the overall Disney culture on the first day, cast members were sent to the park, where training at the local level was conducted in several steps according to job category. If, for example, a cast member was going to join the show as an operator of the *Jungle Boat* attraction, he or she would start with a safety course along with all the other new cast members training to be attraction operators. They would

study how the equipment worked and what it took to be successful theme-park attraction operators.

Following that, the new operators would be sent for a local orientation. For the new *Jungle Boat* cast member, he or she would go to *Adventureland* to learn information about that show. Although aligned with Disney values, each theme area's performance culture had its own mission, vision, and values. The new cast member would shadow a seasoned cast member to learn the special language, the script, and the planned and rehearsed steps to safely navigate the boat and guests through the make-believe, danger-infested river waters.

Once there was complete confidence that the new cast member could *perform*, he or she would be allowed to operate the attraction under the watchful eye of a mentor to ensure that the first few trips went smoothly, that the boat trip looked dramatic, that the new cast member had his or her lines down pat, and that the ride was the right length of time—never short of the seven full minutes!

While training at the local site, new cast members would meet their manager. In addition to making the workplace more comfortable, management worked to identify cast members doing a great job at the park. If, for example, a cast member learned that a guest was ill and arranged for a Mickey Mouse get-well card to be sent to their hotel room, the cast member would likely be given a *Guest Service Fanatic* card from his or her manager. Anyone receiving such a card would place it in a drop box from which five or six names were drawn each month and the chosen cast members rewarded with a prize. The drawing was a big deal, with either a senior executive or popular Disney character picking the names out of the box. Success was to be celebrated.

The Attachment

Did Disney's distinctive culture really explain the company's popularity among children and adults? Based on its own research, Disney management thought that loyalty to its brand started through slightly different channels for children and adults. For children, exposure to the Disney brand usually began after watching a television show or movie. Each story generated a favorite or several favorite characters that often led children to pester their parents into taking them to a Disney theme park, where they could meet the characters, buy merchandise, and perhaps attend some stage shows. Those elements (movie, character, products, theme-park rides) cross-fertilized each other's demand. For example, there was an attraction called the *Pirates of the Caribbean* in the theme park before the *Pirates of the Caribbean* movie came out. There had never been a Captain Jack in the attraction, but so many children asked where the movie character was (and cast members made a note each time they did) that Disney added him to the ride.

The Disney relationship with most adults generally started with their experiences as children. They would then encourage their children to watch Disney television and films, which most considered child-appropriate in content. In turn, adults were willing to spend money on Disney merchandise and trips to theme parks. All that ended up with the entire family sharing a *magical* experience (courtesy of Disney) and one that Disney hoped many families wanted to repeat. According to folks at the Disney Institute, "We may not remember what someone said to us, but we certainly remember how someone made us feel." Indeed, Disney World's repeat customer percentage was more than 70 percent, and hotel occupancy was usually more than 90 percent full, according to Bruce Jones, program director of the Disney Institute. Those kind of numbers suggested that, whether it was parents or their offspring, Disney park visitors liked to come back.

Outside the Magic Kingdoms

Following Walt and Roy Disney's deaths, their beloved company went through some rough times, frequently referred to as transition years (1971–1984). WDC had let its filmmaking business lag and had instead relied upon theme park revenue (in 1984, 80 percent of operating income was from theme parks and 1 percent from movies).¹⁷ The greater part of revenue generation at parks and resorts was within the spring, summer, and last couple weeks of December, leaving several months unutilized. Neglect of its film business resulted in an exodus of creative talent to other studios, where they made hit films. As value for shareholders dropped, Saul Steinberg, a venture capitalist, tried to take over the company to sell piece by piece. A group of friendly investors (Bass Brothers Enterprises) helped the company out of the takeover crisis, and in 1984, Michael Eisner was appointed chairman and CEO, and Frank Wells was selected as president and COO.

The pair rejuvenated the company and built the foundation that Disney grew to a media empire by 2012. Disney's World Wide Parks and Resort were just one part of an integrated network, joined by studio entertainment companies (such as Disney Studios Motion Pictures, Disney Animation, Pixar, Touchstone, and Marvel), media networks (e.g., Disney Channel, ABC, ESPN), Disney Consumer Products (e.g., Disney Stores), and Disney Interactive (e.g., Disney Interactive Games).

Just as the company started with Walt the leader, WDC viewed leadership as the beginning of and support to a chain of excellence. When the story began just shy of a century ago, the longevity of Walt's leadership viewpoint was unclear. Yet in 1977, Disney documented the beginnings of a philosophy (see [Exhibit 3](#)) that had succeeded in maintaining a powerful connection between inspired leaders, motivated employees, and satisfied customers who together drove financial results and brand loyalty.

Exhibit 3 The Wonderful World of Human Resources at Disney

The Disney Way of Leadership (1977)¹⁸

A Disney Leader Gets Results Through People

Simplified, this means that a Disney Leader is a people specialist. He does not get results by doing his own thing; he works with other people and helps them put on a good show. It is a known fact that leadership is a science and can be learned like any other skill, but you have to work at it every day. There are some key skills important to the Disney Way of Leadership.

Human Relations Skills

Good Human Relations is a basic cornerstone of the Disney people philosophy. The success of our organization depends on the way we deal with people, and it begins with the way we deal with our employees. Our ability to work positively with people lies in continually putting to practice some key points.

- Set the example; it starts with you.
- Encourage a positive attitude.
- Get to know your employees; treat them as individuals.
- Be with your team; provide encouragement and attention.
- Use empathy; look at the other person's point of view.
- Have respect for others.
- Be objective; be firm, fair, and consistent.
- Give recognition for a job well done.
- Maintain your sense of humor.
- All problems are not the same; treat each individually.
- If an employee has a problem, help solve it.
- If a promise is made, keep it.
- See that your employees have good working conditions.

Communications Skills

One of the most valuable and important skills of the Disney Leader is his ability to effectively communicate. All the positive human relations techniques available today are virtually useless without effective communication.

Since communication means getting ideas across and finding out what other people have to say, we stress the following points in the Disney Way of Leadership:

- Communicate clearly; get your message across.
- Let your employees know how they're doing.
- Encourage upward and downward communications.
- Listen to what employees have to say.
- Keep an open door and an open mind.
- Tell employees how they fit in; explain the big picture.
- Let your employees feel like they belong.
- Communication should be direct, open, and honest.

Training Skills

Training is the method of developing the basic skills to create an efficient work group and is the responsibility of every Disney Leader.

An efficient operation can never come about as the result of a "happy accident." Each employee must have a clear-cut idea of what they are expected to accomplish and how to achieve it with the greatest proficiency.

Some key training points to remember:

- Be sure your employees receive the proper training, which they need for doing their job.
- Provide for your employees' future growth and development.
- Give employees a chance to learn and participate.
- Encourage new ideas and creative contributions.

Other Leadership Skills

In addition to the aforementioned skills, the Disney Leader also needs to be aware of and skillful in areas of planning, organizing, directing, and controlling his/her team's efforts.

Planning is really just looking ahead. Once objectives are understood, the means necessary to achieve them are presented in plans. Organizing is the process of putting all the resources together to carry out the plan. Directing involves the process of carrying out the plan using all the resources gathered. Controlling measures performance in relation to expected standards of performance.

The Disney Way of Leadership stresses arranging work into a logical and workable manner to insure its successful completion. Keep in mind these helpful points.

- A plan of action is the best control to make sure we get there.
- Don't over-structure a plan; stay flexible.
- Set clearly defined priorities and completion schedules.
- Be realistic with target dates but set them.
- Don't assume; follow up on assignments and requests.
- Organize around jobs and people.
- Find the right person for the job.
- Issue effective and understandable instructions and directions.
- Establish effective controls to get things done in a timely manner and by priority.

In summary, the Disney Way of Leadership actually integrates all of these skills, applies them as appropriate at the point of action. It's only through daily application and practice that we "fine-tune" the essential skills of effective leadership.

Over the years, the human relations aspect of the leadership philosophy evolved from Walt's key points into a more holistic partnership between employees and company leaders that, in turn, benefited customers, whether the relationship was through sports or cinema. This partnership included encouraging employees to pursue healthy lifestyles, develop their careers, and take time off. To help with what the company described as "refueling," employees were given complimentary tickets to Disney's parks, discounts at company-operated shops, and an array of company-sponsored services such as computer assistance programs.¹⁹

As Disney leadership progressed, it continued to refer to the process as *storytelling*. Whether it was management supporting customized training programs, education reimbursement, or professional/career development for employees, “hope and positive outcomes” were part of the goal—and each employee’s work experience was meant to be innovative and engaging, because Disney leadership continued to believe that the best ideas came from employees.²⁰ And championed employees ensured happy guests.

What Lives On?

Back at the Animal Kingdom Lodge overlook, with no animals in sight, a disappointed Oliver marched right up to a Disney cast member dressed as a park ranger and said, “Mr. Zookeeper, I want a tour to see the animals.” As if on command, a zebra emerged from the distant trees and lay down. Without missing a beat, Mr. Zookeeper said, “See, the animals are starting to go to sleep, which is why you can’t see them.” Oliver beamed and asked a string of questions about animals sleeping: “Where are the rest of the animals? Where do they sleep? Do they have a house to go to?” All the way back to the room, he stopped at each overlook to see where other animals were going to sleep.

There were many different ways the interaction could have unfolded between this young guest and the cast member he encountered. What made this exchange a memorable experience for this young guest? Would Walt have been surprised?

Source: This case was prepared by Lynn A. Isabella, Gerry Yemen. Reprinted with permission. Copyright © 2015 by The University of Virginia Darden School Foundation. All rights reserved.

Questions

- *1. Describe the culture of the Walt Disney Company. What values, norms, and behaviours are associated with the culture? How does

the culture influence the customer experience at its theme parks, and how has it contributed to its success?

2. Discuss the “strong culture” concept with respect to the culture of the Walt Disney Company. What are some examples that demonstrate it has a strong culture? What are its assets and liabilities?
3. What factors have contributed to the foundation and continuation of the culture of Walt Disney Company?
4. Discuss the process used to socialize new hires at Walt Disney Company. Refer to [Exhibit 8.7](#) (Socialization Steps in Strong Cultures) to answer this question and provide specific examples of how each step is performed. To what extent does the Walt Disney Company follow each of the steps? What is the effect of the socialization process on new employees?
5. Consider the role of fit at Walt Disney Company. What are the different types of fit and what types are especially important for Walt Disney Company? What does the company do to ensure that applicants are a good fit?
6. What are some of the ways that you can diagnose the culture of Walt Disney Company? Provide some specific examples and explain their purpose.
7. What can other organizations learn about socialization and culture from the Walt Disney Company?

* Question 1 is also assignable in Writing Space.

1 “Walt Disney Quotes,” JustDisney.com, http://www.justdisney.com/walt_disney/quotes/ (accessed May 28, 2013).

2 “Top 10 Walt Disney Quotes,” MoveMeQuotes.com, <http://www.movemequotes.com/top-10-walt-disney-quotes/> (accessed May 28, 2013).

3 James R. Stewart, *Disney War* (New York: Simon & Schuster, 2005), 23.

4 All designers, engineers, architects, and technicians that created and worked on park resorts were imagineers (imagination and engineer).

5 Richard Hoffer, "Disneyland Turns 50," *Via*, July/August 2005, <http://www.viamagazine.com/attractions/disneyland-turns-50> (accessed August 21, 2012).

6 Tom Peters as quoted in *In Search of Excellence*, Enterprise Media video, 1982.

7 Disney Institute and Theodore Kinni, *Be Our Guest: Perfecting the Art of Customer Service* (New York: Disney Editions, 2011), 14.

8 Disney Institute and Theodore Kinni, 130.

9 Peters.

10 The animators for *Who Framed Roger Rabbit* ended up adding more time and money to the film because when Roger Rabbit bumped into a swinging lamp, they didn't see a shadow on the rabbit's face. They redid the animation to make sure it appeared despite the likelihood that most viewers never would have noticed.

11 In 1985, Walt Disney Productions became the Walt Disney Company.

12 With time, Disney used other channels for parts of its casting process such as job fairs, recruiting programs, and the internet.

13 Disney Institute and Theodore Kinni, 63.

14 Disney Institute and Theodore Kinni, 71–72.

15 Thomas J. Peters and Robert H. Waterman Jr., *In Search of Excellence: Lessons from America's Best-Run Companies* (New York: Harper & Row, 1982), 168.

16 "Culture & Diversity," *Disney Careers*, <http://disneycareers.com/en/working-here/culture-diversity/> (accessed May 28, 2013).

17 John Huey, Joe McGowan, and Therese Eiben, "Eisner Explains Everything," *Fortune*, April 17, 1995, http://money.cnn.com/magazines/fortune/fortune_archive/1995/04/17/202090/index.htm (accessed Aug. 28, 2012).

18 *The Disney Management Style* (Walt Disney Productions, 1977), 32–34. Excerpt also used in Jeanne M. Liedtka, William E. Fulmer, and Robert M. Fulmer, "Walt Disney Productions (A): The Walt Years," UVA-BP-0332 (Charlottesville, VA: Darden Business Publishing, 1993): 21–23.

19 "Total Rewards: Support Beyond Your Imagination," Disney Careers, <http://disneycareers.com/en/working-here/total-rewards/> (accessed June 7, 2012).

20 "Learning & Development," Disney Careers, <http://disneycareers.com/en/working-here/learning-development/> (accessed June 10, 2013). Exhibit 3 The Wonderful World of Human Resources at Disney (Continued) (Continued)













































Chapter 9

Leadership

◀ Listen to the Audio



Learning Objectives

After reading Chapter 9, you should be able to:

- 9.1 Define *leadership*, and discuss the role of *strategic* and formal leadership in organizations.
- 9.2 Explain and critically evaluate the *trait theory of leadership*.
- 9.3 Compare and contrast the following leadership behaviours and their consequences: *consideration*, *initiating structure*, *leader reward*, and *leader punishment*.
- 9.4 Describe and evaluate the situational theories of leadership: *contingency theory* and *path-goal theory*.
- 9.5 Discuss *participative leadership* and how and when to use participative leadership using the Vroom and Jago model.
- 9.6 Describe and evaluate *leader-member exchange (LMX) theory* and *transactional* and *transformational* leadership and their consequences.
- 9.7 Discuss the new and emerging theories of *positive leadership* including *empowering leadership*, *ethical leadership*, *authentic leadership*, and *servant leadership*.

- 9.8 Describe gender differences in leadership, and explain why women are under-represented in leadership roles in organizations.
- 9.9 Discuss the GLOBE project, and explain the role that culture plays in leadership effectiveness.
- 9.10 Discuss *global leadership*, and describe the characteristics of global leaders.

Catherine Tait—CBC/Radio-Canada President

Catherine Tait has almost three decades of experience as a film producer and media executive in Canada and the United States. In 2018, she became the first woman appointed as president and chief executive of CBC/Radio-Canada. She was one of several names an advisory panel forwarded to the government for review.

In announcing her appointment at a news conference on Parliament Hill in Ottawa, Minister of Canadian Heritage Melanie Joly called it a “historic day” for CBC Radio-Canada and for Canadian arts and culture. “I am honoured to announce this significant milestone for our national broadcaster. We benefit from (Tait’s) depth of experience as an entrepreneur, business leader, and lifelong champion for Canadian content,” she said.

“Her proven leadership skills, driven by a collaborative and visionary approach, in addition to her extensive international experience and strong connection to all regions of Canada, makes her the ideal

candidate to lead the public broadcaster," said Telefilm Canada acting chair G. Grant Machum in a statement.

Tait began her career at Telefilm Canada, a crown corporation that supports film and television production in the country, and went on to work for media and broadcasting companies CHUM, eOne and DHX Media. She worked for six years as an executive for a company that supported American independent film and was president of Salter Street Films that supported documentaries such as Bowling for Columbine and TV shows such as This Hour Has 22 Minutes.

In 2006, she co-founded an online video distribution platform called iThentic. She also helped create a broadcasting company called Hollywood Suite in 2011 and most recently served as president of Duopoly, an independent film, TV, and digital content company based in New York City.

Upon her appointment, Tait said she was honoured to take the helm at the public broadcaster during an era of transformation for news and entertainment. "We're living an enormous disruption, as you well know, and as we move forward into the digital age, the CBC and Radio-Canada has a role to play, an important role to play," Tait said outside the House of Commons, adding in French that the CBC will go "further" into the online realm.



In 2018, Catherine Tait became the first woman appointed as president and chief executive of CBC/Radio-Canada.

Chris Wattie/Reuters

“My greatest aspiration is to make a meaningful contribution to ensure a robust future for one of Canada’s greatest and most important cultural institutions,” she said. Tait is becoming president and chief executive at a time of significant change for media in Canada and will have to lead a digital revolution at CBC/Radio-Canada.

A report released last year by the Public Policy Forum painted a dire picture of shrinking profits, newspaper closures, and widespread job losses as traditional sources of revenue have thinned out in recent years and new money for digital advertising has been gobbled up by American-based internet giants like Google and Facebook. The report also highlighted the spread of misinformation on social media platforms, commonly referred to as “fake news,” which should be a “huge concern” as more people receive information from websites such as Twitter and Facebook.

Tait said the disruption of the digital age is one of the biggest challenges facing the media and that the CBC will have a role to play in addressing that. While she said that she will consult with the CBC's existing leadership team before announcing specific ideas for the future of the public broadcaster, Tait hinted that she would pursue partnerships with private media organizations and increase the CBC's role in providing local journalism.

"The ocean and tsunami of digital content that's coming from all over the world, but especially from the United States—there is nothing more important than local stories and local news," she said. "It's absolutely central to the democracy and the dialogue of the democracy in this country. So you can rest assured that it will be absolutely (central) in everything that we do."

Daniel Bernhard, executive director of the Friends of Canadian Broadcasting, welcomed Tait's appointment and said, "We're looking for leadership from her. The media sector is going through a really violent change right now." He went on to say that some very large but also local publications and broadcasters are not going to survive.¹

The appointment of Catherine Tait as president and chief executive of the CBC is a good example of the importance of leadership in organizations. But what exactly is leadership, and what kind of leader will Catherine Tait have to be to ensure that the CBC weathers the changes in journalism and survives? These are the kinds of issues that we will cover in this chapter.

First, we will define leadership and find out if we can identify special leadership traits associated with successful leaders. After this, we will examine the consequences of various leadership behaviours and examine theories contending that effective leadership depends on the nature of the

work situation. Following this are discussions of participative leadership, leader–member exchange theory, and transactional and transformational leadership theory. Next, we discuss several new and emerging leadership theories, including empowering leadership, ethical leadership, authentic leadership, and servant leadership. We conclude the chapter with discussions of gender differences in leadership, culture and leadership, and global leadership.

What Is Leadership?

◀ Listen to the Audio

LO Define *leadership*, and discuss the role of *strategic* and formal leadership in organizations.

LO Explain and critically evaluate the *trait theory of leadership*.

A recent survey found that the most pressing human capital challenge facing Canadian businesses today is leadership, and most business leaders believe that their role today is more challenging than it was five years ago.² Perhaps it is not surprising then that organizations in North America spend billions of dollars each year to develop their leaders to make them more effective. But what exactly is leadership and what makes a leader effective?

Leadership ¹ occurs when particular individuals exert influence on the goal achievement of others in an organizational context. Effective leadership exerts influence in a way that achieves organizational goals by enhancing the productivity, innovation, satisfaction, and commitment of the workforce. Leadership is about motivating people and gaining their commitment. Effective leaders can change the way people think, feel, and behave, and they can have a positive effect on individuals, groups, units, and even entire organizations.³

Strategic leadership ¹ refers to a leader's "ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate

changes that will create a viable future for the organization.” Strategic leaders can provide an organization with a sustainable competitive advantage by helping their organizations compete in turbulent and unpredictable environments and by exploiting growth opportunities. Strategic leaders are open and honest in their interactions with the organization’s stakeholders, and they focus on the future. Research on CEOs has found that through strategic actions they influence organization performance.⁴ Given the many changes and challenges facing the media and the CBC, Catherine Tait will have to be a strategic leader to ensure that the CBC survives a rapidly changing and turbulent environment.

In theory, *any* organizational member can exert influence on other members, thus engaging in leadership. In practice, though, some members are in a better position to be leaders than others. Individuals with titles such as *manager, executive, supervisor, and department head* occupy formal or assigned leadership roles. As part of these roles, they are *expected* to influence others, and they are given specific authority to direct employees. Of course, the presence of a formal leadership role is no guarantee that there is leadership. Some managers and supervisors fail to exert any influence on others. These people will usually be judged to be ineffective leaders. Thus, leadership involves going beyond formal role requirements to influence others.



Roy Delgado

Individuals might also emerge to occupy informal leadership roles. This often happens in groups where there is no assigned leader and different group members take on the role of leader at various times in what is known as shared leadership. Shared leadership is an emergent and dynamic team phenomenon whereby leadership roles and influence are distributed among team members.⁵ Since informal leaders do not have formal authority, they must rely on being well liked or being perceived as highly skilled to exert influence. In this chapter, we will concentrate on formal leadership. In the next section, we discuss one of the earliest theories of leadership. Before continuing, try to answer this question: *Are leaders born or made?*

Are Leaders Born or Made? The Trait Theory of Leadership

◀ Listen to the Audio

Given Catherine Tait's experience and track record as an effective leader, you might be tempted to conclude that she is a born leader. But then again, given her years of experience, you might just as easily conclude that she has, in fact, learned how to become a good leader.

Throughout history, social observers have been fascinated by obvious examples of successful interpersonal influence, whether the consequences of this influence were good, bad, or mixed. Individuals such as Henry Ford, Martin Luther King, Jr., Barbara Jordan, Ralph Nader, and Jack Welch have been analyzed and reanalyzed to discover what made them leaders and what set them apart from less successful leaders. The implicit assumption here is that those who become leaders and do a good job of it possess a special set of traits that distinguish them from the masses of followers. This approach to leadership is known as the trait theory of leadership.

According to the trait theory of leadership⁶, leadership depends on the personal qualities or traits of the leader.⁶ While philosophers and the popular media have advocated such a position for centuries, trait theories of leadership did not receive serious scientific attention until the 1900s. Let's take a closer look at the research on leadership traits.

Research on Leadership Traits


During the First World War, the U.S. military recognized that it had a leadership problem. Never before had the country mounted such a massive war effort, and able officers were in short supply. Thus, the search for leadership traits that might be useful in identifying potential officers began. Following the war, and continuing through the Second World War, this interest expanded to include searching for leadership traits in populations as diverse as school children and business executives. Some studies tried to differentiate traits of leaders and followers, while others were a search for traits that predicted leader effectiveness or distinguished lower-level leaders from higher-level leaders.⁷

Just what is a trait, anyway? Traits are personal characteristics of individuals such as physical characteristics, intellectual ability, and personality. Research on leadership has mostly focused on traits associated with demographics (e.g., gender, age, and education), task competence (e.g., intelligence), and interpersonal attributes (e.g., extraversion).⁸ Research has shown that many, many traits are not associated with whether people become leaders or how effective they are as leaders. Research also shows that some traits are associated with leadership.

Exhibit 9.1 provides a list of the traits that have often been found to be related to leadership.⁹ As you might expect, leaders (or more successful leaders) tend to be higher than average on these dimensions, although the connections are not very strong. Notice that the list portrays a high-energy person who really wants to have an impact on others but at the same time is smart and stable enough not to abuse his or her power. Interestingly, this is a pretty accurate summary description of Catherine Tait.

Intelligence
Energy and drive
Self-confidence
Dominance
Motivation to lead
Emotional stability
Honesty and integrity
Need for achievement
Sociability

In recent years, there has been a renewed interest in the study of leadership traits, and a number of studies have shown that certain traits are more closely linked to leadership emergence and effectiveness. For example, all five of the Big Five dimensions of personality have been found to be related to leadership emergence and success, with extraversion and conscientiousness being the most consistent predictors of leadership effectiveness.¹⁰ What's more, one study found that CEO and top management team conscientiousness were directly related to organizational performance.¹¹

A review of research on intelligence and leadership found that although there is a significant relationship between intelligence and leadership effectiveness, it is considerably lower than previously thought.¹² It is also worth noting that the relationship between traits and leadership effectiveness is stronger for affective and relational measures of effectiveness (e.g., satisfaction with the leader) than for performance-related measures. Perhaps not surprisingly, many contemporary organizations use a wide variety of trait-based assessments to measure leadership traits when making hiring and promotion decisions.¹³ For another example of a trait that has often been associated with leadership, see the Research Focus: *Narcissism and Leadership* .

Research Focus

Narcissism and Leadership

Narcissism is a personality trait that describes people who have a grandiose sense of self-importance; require excessive admiration; have a sense of entitlement; lack empathy; and tend to be exploitive, manipulative, and arrogant. For years, it has been suggested that narcissism is an important factor for leadership success. In fact, a number of studies have reported positive relationships between narcissism and leadership. However, other studies have found negative relationships between narcissism and leadership. As a result, there is a lack of consensus on the impact of narcissism on leadership and whether narcissistic leaders hinder or benefit organizations.

There are a number of reasons for the inconsistency in research findings, such as whether or not one is predicting leadership emergence (whether one is viewed by others as a leader) or leadership effectiveness as well as the source of the leadership ratings (i.e., leader self-report or observer ratings).

In an attempt to assess the relationship between narcissism and leadership, Emily Grijalva and colleagues reviewed past research on narcissism and leadership and conducted a meta-analytic review that combines the results of past studies. Their results provide a clearer picture of the role of narcissism in leadership.

First, they compared the results of studies that predicted leadership emergence versus leadership effectiveness. They expected narcissism to be positively related to leadership emergence but negatively related to leadership effectiveness.

They found that while narcissism was positively related to leadership emergence, it was not significantly related to leadership effectiveness. Furthermore, the narcissism–leadership relationship was stronger for leadership emergence than for leadership effectiveness.

Second, they compared the source of the reports of the leadership effectiveness ratings (e.g., self-report by the leader versus observer). The results indicated that the relationship between narcissism and leadership effectiveness was stronger when the leader provided the ratings of his or her effectiveness rather than when it was reported by an observer (i.e., supervisor, peer, subordinate).

Third, the authors were also interested in whether the effect of narcissism on leadership emergence might be due to extraversion, which is a personality trait that overlaps with narcissism and is also associated with leadership. As expected, extraversion was positively related to leadership emergence. Furthermore, when narcissism and extraversion were both used to predict leadership emergence, narcissism was no longer a significant predictor. In other words, once extraversion is taken into account, narcissists are not more likely to emerge as leaders. Thus, narcissists emerge as leaders because they are more extraverted.

A fourth possible explanation for the inconsistent results for narcissism and leadership effectiveness is the possibility that the relationship is curvilinear rather than linear. Along these lines, the authors tested the possibility that only a moderate level of narcissism is related to leadership effectiveness, while too little or too much is associated with leadership dysfunction. The results did, in fact, support a curvilinear relationship

between narcissism and leadership effectiveness such that the shape of the relationship is an inverted *U*. In other words, narcissism contributes to leadership effectiveness up to a point, beyond which it is detrimental to leadership effectiveness. Furthermore, unlike the linear relationship between narcissism and leadership emergence, this relationship was not explained by extraversion.

The results of this study help to clarify when, why, and by how much narcissism influences leadership. In particular, the results indicate that narcissists are more likely to emerge as leaders, but only because they are more extraverted. Further, leaders are more effective when they have moderate or average levels of narcissism rather than very high or very low levels.

What all this means is that while individuals high in narcissism are more likely to be selected into leadership roles, high levels of narcissism will hinder leadership effectiveness.

Source: Based on Grijalva, E., Harms, P. D., Newman, D. A., Gaddis, B. H., & Fraley, R. C. (2015). Narcissism and leadership: A meta-analytic review of linear and nonlinear relationships. *Personnel Psychology, 68*, 1–47.

Limitations of the Trait Approach

Even though some traits appear to be related to leadership emergence and leadership effectiveness, there are several reasons why the trait approach is not the best means of understanding and improving leadership.

In many cases, it is difficult to determine whether traits make the leader or whether the opportunity for leadership produces the traits. For example, do dominant individuals tend to become leaders, or do employees become more dominant *after* they successfully occupy

leadership roles? This distinction is important. If the former is true, we might wish to seek out dominant people and appoint them to leadership roles. If the latter is true, this strategy will not work.

Even if we know that dominance, intelligence, or tallness is associated with effective leadership, we have few clues about what dominant or intelligent or tall people *do* to influence others successfully. As a result, we have little information about how to train and develop leaders and no way to diagnose failures of leadership.

Furthermore, because the trait approach leads us to believe that a person is more likely to become a leader or to be a more effective leader simply because they possess certain traits, it can lead to bias and discrimination when evaluating a leader's effectiveness and when making decisions about promoting people to leadership positions.

According to **leadership categorization theory**¹⁴, people are more likely to view somebody as a leader and to evaluate him or her as a more effective leader when he or she possesses prototypical characteristics of leadership. For example, research has found that leaders, but not employees, were more often assumed to be white by white and non-white research participants, regardless of the percentage of white individuals in an organization and in leadership positions. White and non-white participants also evaluated white leaders as more effective and as having more leadership potential than non-white leaders when the leader was credited with their organization's success.¹⁴ Thus, it is not a good idea to focus exclusively on traits when making decisions and judgments about leadership potential and effectiveness.

Finally, the most crucial problem of the trait approach to leadership is its failure to take into account the *situation* in which leadership occurs. Intuitively, it seems reasonable that top executives and first-level

supervisors might require different traits to be successful. Similarly, physical prowess might be useful in directing a logging crew but irrelevant to managing a team of scientists.

In summary, although there are some traits that are associated with leadership success, traits alone are not sufficient for successful leadership. Traits are only a precondition for certain actions that a leader must take to be successful. In other words, possessing the appropriate traits for leadership makes it possible—and even more likely—that certain actions will be taken and will be successful.¹⁵

In fact, there is some evidence that one of the reasons that traits are related to leadership effectiveness is because of their association with leadership behaviours that are important for effective leadership. This research also indicates that leader behaviours have a greater impact on leadership effectiveness than leader traits and, unlike traits, behaviours can be learned and developed.¹⁶















The Behaviour of Leaders

◀ Listen to the Audio

🎧 Compare and contrast the following leadership behaviours and their consequences: *consideration, initiating structure, leader reward, and leader punishment.*

The trait approach is mainly concerned with what leaders *bring* to a group setting. The limitations of this approach gradually promoted an interest in what leaders *do* in group settings. Of particular interest were the behaviours of certain group members that caused them to *become* leaders and the behaviour of assigned or appointed leaders. What are the crucial behaviours such leaders engage in, and how do these behaviours influence employee performance and satisfaction? In other words, is there a particular *leadership style* that is more effective than other possible styles?

The most involved, systematic study of leadership took place at Ohio State University in the 1940s. The Ohio State researchers began by having employees describe their superiors along a number of behavioural dimensions. Statistical analyses of these descriptions revealed that they boiled down to two basic kinds of behaviour—consideration and initiating structure.

Consideration and Initiating Structure

◀ Listen to the Audio

Consideration is the extent to which a leader is approachable and shows personal concern and respect for employees. The considerate leader is seen as friendly and egalitarian, expresses appreciation and support, and is protective of group welfare.

Initiating structure is the degree to which a leader concentrates on group goal attainment. The structuring leader clearly defines and organizes his or her role and the roles of followers, stresses standard procedures, schedules the work to be done, and assigns employees to particular tasks.

It is important to note that consideration and initiating structure are not incompatible; a leader could be high, low, or average on one or both dimensions.

The Consequences of Consideration and Structure

The association between leader consideration, leader initiating structure, and employee responses has been the subject of hundreds of research studies. In general, this research shows that consideration and initiating structure both contribute positively to employees' motivation, job satisfaction, and leader effectiveness. However, consideration tends to be more strongly related to follower satisfaction (leader satisfaction and job satisfaction), motivation, and leader effectiveness, while initiating

structure is slightly more strongly related to leader job performance and group performance.¹⁷

In addition, there is some evidence that the relative importance of consideration and initiating structure varies according to the nature of the leadership situation. In particular, the effects of consideration and initiating structure often depend on the characteristics of the task, the employee, and the setting in which work is performed.¹⁸ We will have more to say about this when we discuss the situational theories of leadership. But first, let's consider two more examples of leader behaviour.

Leader Reward and Punishment Behaviours

◀ Listen to the Audio

Two additional leader behaviours that have been the focus of research are leader reward behaviour and leader punishment behaviour. **Leader reward behaviour** provides employees with compliments, tangible benefits, and deserved special treatment. When such rewards are made *contingent on performance*, employees should perform at a high level and experience job satisfaction. Under such leadership, employees have a clear picture of what is expected of them, and they understand that positive outcomes will occur if they achieve these expectations.

Leader punishment behaviour involves the use of reprimands or unfavourable task assignments and the active withholding of raises, promotions, and other rewards. You will recall from **Chapter 2** that punishment is extremely difficult to use effectively, and when it is perceived as random and not contingent on employee behaviour, employees react negatively, with great dissatisfaction.

Research on leader reward and punishment behaviour has found them to be very effective. Contingent leader reward behaviour is positively related to employees' perceptions (e.g., trust in supervisor), attitudes (e.g., job satisfaction and organizational commitment), and behaviour (e.g., effort, performance, and organizational citizenship behaviour). And while contingent leader punishment behaviour is related to more favourable employee perceptions, attitudes, and behaviour, *non-contingent*

punishment behaviour is related to unfavourable outcomes. Furthermore, the relationships are much stronger when rewards and punishment are made contingent on employee behaviour, which means that the manner in which leaders administer rewards and punishment is a critical determinant of their effectiveness. One of the reasons that leader reward and punishment behaviours are positively related to employee attitudes and behaviours is that they lead to more positive perceptions of justice and lower role ambiguity.¹⁹















Situational Theories of Leadership

◀ Listen to the Audio

🎧 Describe and evaluate the situational theories of leadership: *contingency theory* and *path-goal theory*.

We have referred to the potential impact of the situation on leadership effectiveness several times. Specifically, the *situation* refers to the *setting* in which influence attempts occur. The basic premise of situational theories of leadership is that the effectiveness of a leadership style is contingent on the setting. The setting includes the characteristics of the employees, the nature of the task they are performing, and the characteristics of the organization.

The situational leadership theories described below are among the best known and most studied. They consider situational variables that seem especially likely to influence leadership effectiveness.

Fiedler's Contingency Theory

◀ Listen to the Audio

Fred Fiedler of the University of Washington spent decades developing and refining a situational theory of leadership called contingency theory.²⁰ This name stems from the notion that the association between *leadership orientation* and *group effectiveness* is contingent on (depends on) the extent to which the *situation is favourable* for the exertion of influence. In other words, some situations are more favourable for leadership than others, and these situations require different orientations on the part of the leader.

Leadership orientation is measured by having leaders describe their least preferred co-worker (LPC). This person may be a current or past co-worker. In either case, it is someone with whom the leader has had a difficult time getting the job done. The leader who describes the LPC relatively favourably (a high LPC score) can be considered *relationship oriented*—that is, despite the fact that the LPC is or was difficult to work with, the leader can still find positive qualities in him or her. On the other hand, the leader who describes the LPC unfavourably (a low LPC score) can be considered *task oriented*. This person allows the low task competence of the LPC to colour his or her views of the personal qualities of the LPC (“If he’s no good at the job, then he’s not good, period”).

Fiedler has argued that the LPC score reveals a personality trait that reflects the leader’s motivational structure. High-LPC leaders are motivated to maintain interpersonal relations, while low-LPC leaders are

motivated to accomplish the task. Despite the apparent similarity, the LPC score is *not* a measure of consideration or initiating structure. These are observed *behaviours*, while the LPC score is an *attitude* of the leader toward work relationships.

Situational favourableness is the “contingency” part of contingency theory—that is, it specifies when a particular LPC orientation should contribute most to group effectiveness. A situation is considered to be most favourable when the relationship between the leader and the group members is good (leader–member relations), the task at hand is highly structured (task structure), and when the leader has been granted formal authority by the organization to tell others what to do (position power). The situation is least favourable when leader–member relations are poor, the task is unstructured, and the leader has weak position power.



Situational theories of leadership explain how leadership style must be tailored to the demands of the task and the qualities of employees.

As shown in [Exhibit 9.2](#), we can arrange the possible combinations of situational factors into eight octants that form a continuum of favourability. The model indicates that a task orientation (low LPC) is most effective when the leadership situation is very favourable (octants I, II, and III) or when it is very unfavourable (octant VIII). On the other hand, a relationship orientation (high LPC) is most effective in conditions of medium favourability (octants IV, V, VI, and VII). Why is this so? In essence, Fiedler argues that leaders can “get away” with a task orientation when the situation is favourable—employees are “ready” to be influenced. Conversely, when the situation is very unfavourable for leadership, task orientation is necessary to get anything accomplished. In conditions of medium favourability, the boss is faced with some combination of an unclear task or a poor relationship with employees. Here, a relationship orientation will help to make the best of a situation that is stress provoking but not impossibly bad.

Exhibit 9.2

Predictions of leader effectiveness from Fiedler’s contingency theory of leadership.

Favourableness	High ←————→ Low							
Leader–Member Relations	Good				Poor			
Task Structure	Structured		Unstructured		Structured		Unstructured	
Position Power	Strong	Weak	Strong	Weak	Strong	Weak	Strong	Weak
	I	II	III	IV	V	VI	VII	VIII
Most Effective Leader Orientation	Task			Relationship				Task

Research Evidence

The conclusions about leadership effectiveness in [Exhibit 9.2](#) are derived from many studies that Fiedler summarizes.²¹ However,

contingency theory has been the subject of as much debate as any theory in organizational behaviour.²² Fiedler's explanation for the superior performance of high-LPC leaders in the middle octants is not especially convincing, and the exact meaning of the LPC score is one of the great mysteries of organizational behaviour. It does not seem to be correlated with other personality measures or predictive of specific leader behaviour. It now appears that a major source of the many inconsistent findings regarding contingency theory is the small sample sizes that researchers used in many of the studies. Advances in correcting for this problem statistically have led recent reviewers to conclude that there is reasonable support for the theory.²³ However, Fiedler's prescription for task leadership in octant II (good relations, structured task, weak position power) seems contradicted by the evidence, suggesting that his theory needs some refinement.

House's Path–Goal Theory

◀ Listen to the Audio

Robert House, building on the work of Martin Evans, proposed a situational theory of leadership called path–goal theory.²⁴ Unlike Fiedler's contingency theory, which relies on the somewhat ambiguous LPC trait, **path–goal theory** is concerned with the situations under which various leader *behaviours* are most effective.

The Theory

Why did House choose the name “path–goal” for his theory? According to House, the most important activities of leaders are those that clarify the paths to various goals of interest to employees. Such goals might include a promotion, a sense of accomplishment, or a pleasant work climate. In turn, the opportunity to achieve such goals should promote job satisfaction, leader acceptance, and high effort. Thus, *the effective leader forms a connection between employee goals and organizational goals.*

House argues that to provide *job satisfaction* and *leader acceptance*, leader behaviour must be perceived as immediately satisfying or as leading to future satisfaction. Leader behaviour that employees see as unnecessary or unhelpful will be resented. House contends that to promote employee *effort*, leaders must make rewards dependent on performance and ensure that employees have a clear picture of how they can achieve these rewards. To do this, the leader might have to provide support through direction, guidance, and coaching. For example, the bank teller who wishes to be promoted to supervisor should exhibit superior effort when

his boss promises a recommendation contingent on good work and explains carefully how the teller can do better in his current job.

Leader Behaviour

Path–goal theory is concerned with the following four specific kinds of leader behaviour:

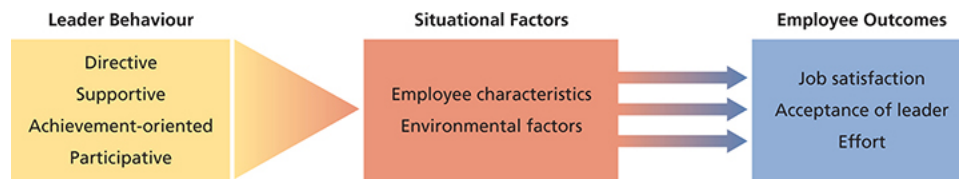
- *Directive behaviour.* Directive leaders schedule work, maintain performance standards, and let employees know what is expected of them. This behaviour is essentially identical to initiating structure.
- *Supportive behaviour.* Supportive leaders are friendly, approachable, and concerned with pleasant interpersonal relationships. This behaviour is essentially identical to consideration.
- *Participative behaviour.* Participative leaders consult with employees about work-related matters and consider their opinions.
- *Achievement-oriented behaviour.* Achievement-oriented leaders encourage employees to exert high effort and strive for a high level of goal accomplishment. They express confidence that employees can reach these goals.

According to path–goal theory, the effectiveness of each set of behaviours depends on the situation that the leader encounters.

Situational Factors

Path–goal theory concerns itself with two primary classes of situational factors—employee characteristics and environmental factors. [Exhibit 9.3](#) illustrates the role of these situational factors in the theory. Put simply, the impact of leader behaviour on employee satisfaction, effort, and acceptance of the leader depends on the nature of the employees and the work environment. Let's consider these two situational factors in turn, along with some of the theory's predictions.

Exhibit 9.3 The path-goal theory of leadership.



Source: The path-goal theory of leadership. *Journal of Contemporary Business*, 3(4), 89. Michael G. Foster School of Business.

According to the theory, different types of employees need or prefer different forms of leadership, such as the following examples:

- Employees who are high need achievers ([Chapter 5](#)) should work well under achievement-oriented leadership.
- Employees who prefer being told what to do should respond best to a directive leadership style.
- When employees feel that they have rather low task abilities, they should appreciate directive leadership and coaching behaviour. When they feel quite capable of performing the task, they will view such behaviours as unnecessary and irritating.

As you can observe from these examples, leaders might have to tailor their behaviour to the needs, abilities, and personalities of individual employees.

Also, according to the theory, the effectiveness of leadership behaviour depends on the particular work environment, such as the following examples:

- When tasks are clear and routine, employees should perceive directive leadership as a redundant and unnecessary imposition. This should reduce satisfaction and acceptance of the leader. Similarly, participative leadership would not seem to be useful when tasks are

clear, since there is little in which to participate. Obviously, such tasks are most common at lower organizational levels.

- When tasks are challenging but ambiguous, employees should appreciate both directive and participative leadership. Such styles should clarify the path to good performance and demonstrate that the leader is concerned with helping employees to do a good job. Obviously, such tasks are most common at higher organizational levels.
- Frustrating, dissatisfying jobs should increase employee appreciation of supportive behaviour. To some degree, such support should compensate for a disliked job, although it should probably do little to increase effort.

As you can see from these examples of environmental factors, effective leadership should *take advantage of* the motivating and satisfying aspects of jobs while *offsetting* or *compensating for* those job aspects that demotivate or dissatisfy.

Research Evidence

In general, there is some research support for most of the situational propositions discussed earlier. In particular, there is substantial evidence that supportive or considerate leader behaviour is most beneficial in supervising routine, frustrating, or dissatisfying jobs and some evidence that directive or structuring leader behaviour is most effective on ambiguous, less structured jobs.²⁵ The theory appears to work better in predicting employees' job satisfaction and acceptance of the leader than in predicting job performance.²⁶















Participative Leadership: Involving Employees in Decisions

LO 9.5 Discuss *participative leadership* and how and when to use participative leadership using the Vroom and Jago model.

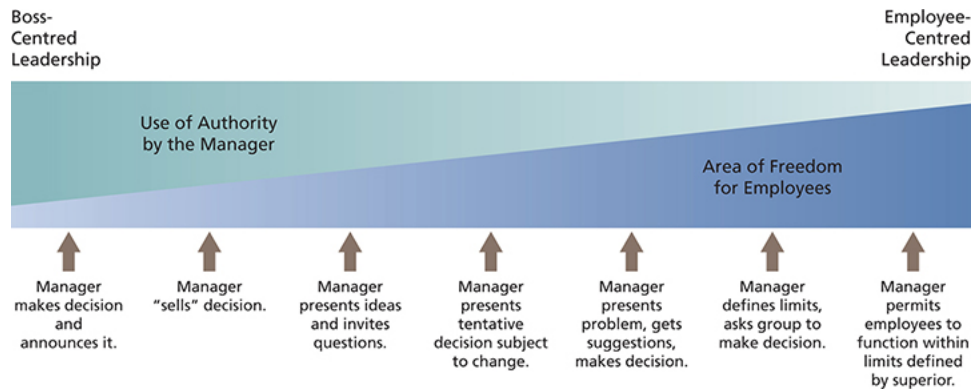
◀ Listen to the Audio

In the discussion of path–goal theory, we raised the issue of participative leadership. Because this is such an important leadership style, we will devote further attention to participation.

What Is Participative Leadership?

At a very general level, participative leadership means involving employees in making work-related decisions. The term *involving* is intentionally broad. Participation is not a fixed or absolute property but a relative concept. This is illustrated in [Exhibit 9.4](#). Here, we see that leaders can vary in the extent to which they involve employees in decision making. Minimally, participation involves obtaining employee opinions before making a decision. Maximally, it allows employees to make their own decisions within agreed-on limits. As the “area of freedom” on the part of employees increases, the leader is behaving in a more participative manner. There is, however, an upper limit to the area of employee freedom available under participation. Participative leadership should not be confused with the *abdication* of leadership, which is almost always ineffective.

Exhibit 9.4 Employee participation in decision making can vary.



Source: Tannenbaum, R., & Schmidt, W. H. (1958, March/April). "How to choose a leadership pattern." *Harvard Business Review*. Copyright © 1958 by the President and Fellows of Harvard College; all rights reserved. Reprinted by permission.

Participation can involve individual employees or the entire group of employees that reports to the leader. For example, participation on an individual basis might work best when setting performance goals for particular employees, planning employee development, or dealing with problem employees. On the other hand, the leader might involve the entire work group in decision making when determining vacation schedules, arranging for telephone coverage during lunch hour, or deciding how to allocate scarce resources, such as travel money or administrative help. As these examples suggest, the choice of an individual or group participation strategy should be tailored to specific situations.

Potential Advantages of Participative Leadership

◀ Listen to the Audio

Just why might participation be a useful leadership technique? What are its potential advantages?

Motivation

Participation can increase the motivation of employees.²⁷ In some cases, participation permits them to contribute to the establishment of work goals and to decide how they can accomplish these goals. It might also occur to you that participation can increase intrinsic motivation by enriching employees' jobs. In [Chapter 6](#), you learned that enriched jobs include high task variety and increased employee autonomy. Participation adds some variety to the job and promotes autonomy by increasing the "area of freedom" (see [Exhibit 9.4](#)).

Quality

Participation can enhance quality in at least two ways. First, an old saying argues that "two heads are better than one." While this is not always true, there do seem to be many cases in which "two heads" (participation) lead to higher-quality decisions than the leader could make alone.²⁸ In particular, this is most likely when employees have special knowledge to contribute to the decision. In many research and engineering departments, it is common for the professional employees to have technical knowledge that is superior to that of their boss. This occurs

either because the boss is not a professional or because the boss's knowledge has become outdated. Under these conditions, employee participation in technical matters should enhance the quality of decisions.

Participation can also enhance quality because high levels of participation often empower employees to take direct action to solve problems without checking every detail with the boss. Empowerment gives employees the authority, opportunity, and motivation to take initiative and solve problems. We will have more to say about empowering leadership later in the chapter.

Acceptance

Even when participation does not promote motivation or increase the quality of decisions, it can increase the employees' acceptance of decisions. This is especially likely when issues of *fairness* are involved.²⁹ For example, consider the problems of scheduling vacations or telephone coverage during lunch hours. Here, the leader could probably make high-quality decisions without involving employees. However, the decisions might be totally unacceptable to the employees because they perceive them as unfair. Involving employees in decision making could result in solutions of equal quality that do not provoke dissatisfaction. Public commitment and ego involvement probably contribute to the acceptance of such decisions.

Potential Problems of Participative Leadership

◀ Listen to the Audio

You have no doubt learned that every issue in organizational behaviour has two sides. Consider the potential problems of participation.

Time and Energy

Participation is not a state of mind. It involves specific behaviours on the part of the leader (soliciting ideas, calling meetings), and these behaviours use time and energy. When a quick decision is needed, participation is not an appropriate leadership strategy. The hospital emergency room is not the place to implement participation on a continuous basis!

Loss of Power

Some leaders feel that a participative style will reduce their power and influence. Sometimes they respond by asking employees to make trivial decisions of the “What colour shall we paint the lounge?” type. Clearly, the consequences of such decisions (for motivation, quality, and acceptance) are near zero. A lack of trust in employees and a fear that they will make mistakes is often the hallmark of an insecure manager. On the other hand, the contemporary call for flatter hierarchies and increased teamwork make such sharing of power inevitable.

Lack of Receptivity or Knowledge

Employees might not be receptive to participation. When the leader is distrusted, or when a poor labour climate exists, they might resent “having to do management’s work.” Even when receptive, employees might lack the knowledge to contribute effectively to decisions. Usually, this occurs because they are unaware of *external constraints* on their decisions.

Vroom and Jago's Situational Model of Participation

◀ Listen to the Audio

How can leaders capitalize on the potential advantages of participation while avoiding its potential problems? Victor Vroom and Arthur Jago developed a model that attempts to specify in a practical manner when leaders should use participation and to what extent they should use it. (The model was originally developed by Vroom and Philip Yetton).³⁰

Vroom and Jago begin with the recognition that there are various degrees of participation that a leader can exhibit. For issues involving the entire work group, the following range of behaviours is plausible (*A* stands for autocratic, *C* for consultative, and *G* for group; *I* indicates an individual, and *II* indicates that a group is involved):

AI. You solve the problem or make the decision yourself, using information available to you at the time.

AII. You obtain the necessary information from your employees then decide the solution to the problem yourself. You may or may not tell your employees what the problem is when getting the information from them. The role played by your employees in making the decision is clearly one of providing the necessary information to you, rather than generating or evaluating alternative solutions.

CI. You share the problem with the relevant employees individually, getting their ideas and suggestions without bringing them together

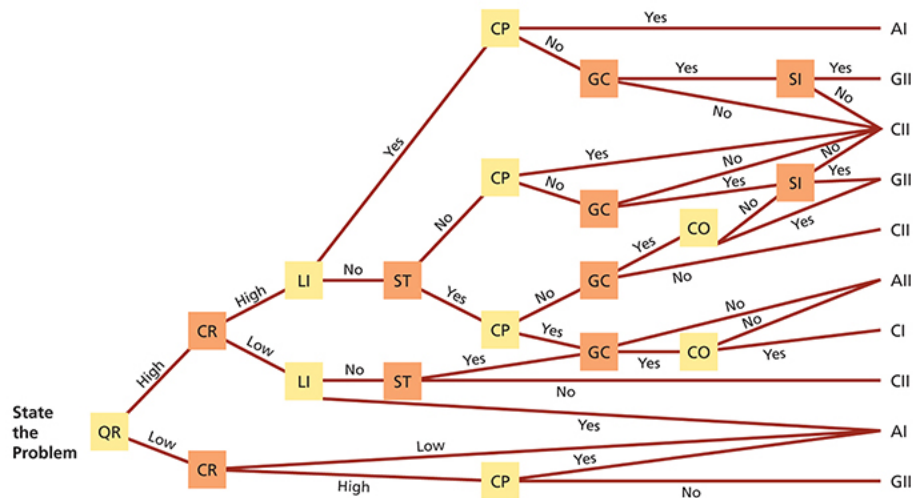
as a group. Then you make the decision, which may or may not reflect your employees' influence.

CII. You share the problem with your employees as a group, obtaining their collective ideas and suggestions. Then you make the decision, which may or may not reflect your employees' influence.

GII. You share the problem with your employees as a group. Together you generate and evaluate alternatives and attempt to reach agreement (consensus) on a solution. Your role is much like that of chairperson. You do not try to influence the group to adopt "your" solution, and you are willing to accept and implement any solution that has the support of the entire group.³¹

Which of these strategies is most effective? According to Vroom and Jago, this depends on the situation or problem at hand. In general, the leader's goal should be to make high-quality decisions to which employees will be adequately committed without undue delay. To do this, he or she must consider the questions in [Exhibit 9.5](#). The quality requirement (QR) for a problem might be low if it is very unlikely that a technically bad decision could be made or if all feasible alternatives are equal in quality. Otherwise, QR is probably high. The commitment requirement (CR) is likely to be high if employees are very concerned about which alternative will be chosen or if they will have to actually implement the decision. The problem is structured (ST) when the leader understands the current situation, the desired situation, and how to get from one to the other. Unfamiliarity, uncertainty, or novelty in any of these matters reduces problem structure. The other questions in [Exhibit 9.5](#) are fairly self-explanatory. Notice, however, that all are oriented toward preserving either decision quality or commitment to the decision.

- QR Quality Requirement: How important is the technical quality of this decision?
- CR Commitment Requirement: How important is subordinate commitment to the decision?
- LI Leader's Information: Do you have sufficient information to make a high-quality decision?
- ST Problem Structure: Is the problem well structured?
- CP Commitment Probability: If you were to make the decision by yourself, is it reasonably certain that your subordinate(s) would be committed to the decision?
- GC Goal Congruence: Do subordinates share the organizational goals to be attained in solving the problem?
- CO Subordinate Conflict: Is conflict among subordinates over preferred solutions likely?
- SI Subordinate Information: Do subordinates have sufficient information to make a high-quality decision?



Source: Vroom, V. H., & Jago, A. G. (1988). *The new leadership: Managing participation in organizations*. Reprinted by permission of Dr. Victor H. Vroom.

By tracing a problem through the decision tree, the leader encounters the prescribed degree of participation for that problem. In every case, the tree shows the fastest approach possible (i.e., the most autocratic) that still maintains decision quality and commitment. In many cases, if the leader is willing to sacrifice some speed, a more participative approach could stimulate employee development (as long as quality or commitment is not threatened).

Research Evidence

The original decision model developed by Vroom and Yetton, on which the Vroom and Jago model is based, has substantial research support.³²

Following the model's prescriptions is more likely to lead to successful managerial decisions than unsuccessful decisions. The model has been used frequently in management development seminars.

But does participative leadership result in beneficial outcomes? There is substantial evidence that employees who have the opportunity to participate in work-related decisions report more job satisfaction and higher task performance and organizational citizenship behaviour toward the organization than those who do not. These results are due in part to a positive effect on employee empowerment and trust in one's supervisor.

Thus, most workers seem to *prefer* a participative work environment. However, for participation to be translated into higher productivity, it would appear that certain facilitating conditions must exist. Specifically, participation should work best when employees feel favourably toward it, when they are intelligent and knowledgeable about the issue at hand, and when the task is complex enough to make participation useful.³³ In general, these conditions are incorporated into the Vroom and Jago model. Like any other leadership strategy, the usefulness of participation depends on the constraints of the situation.













Leader–Member Exchange (LMX) and Transactional and Transformational Leadership Theory

LO 9.6 Describe and evaluate *leader–member exchange (LMX) theory* and *transactional* and *transformational* leadership and their consequences.

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Unlike other theories of leadership that focus on leader traits and behaviours, leader–member exchange [Ⓟ], or *LMX theory*, focuses on the relationship that develops between a leader and an employee. Thus, it is considered a social exchange relationship-based approach to leadership.

The basic idea behind LMX theory is that over time and through the course of their interactions, different types of relationships develop between leaders and employees. As a result, each relationship that a leader develops with an employee will be different and unique, and these relationships will differ in terms of the *quality* of the relationship. Effective leadership processes result when leaders and employees develop and maintain high-quality social exchange relationships. However, not all of the relationships a leader forms with employees in a workgroup will be of high quality, something known as LMX differentiation [Ⓟ], which refers to the variability in the quality of LMX relationships between members of the same workgroup.³⁴

The basis for the effects of LMX on employees is social exchange theory³⁵ and the norm of reciprocity, which posits that individuals who are treated favourably by others will feel a sense of obligation to reciprocate by responding positively and returning that favourable treatment in some manner. Thus, employees in a high-quality relationship with their supervisor will reciprocate with extra effort and higher commitment and performance.³⁵

High-quality relationships, or high LMX, involve a high degree of mutual influence and obligation as well as trust, loyalty, open communication, and respect between a leader and an employee. High LMX leaders provide employees with challenging tasks and opportunities, greater latitude and discretion, task-related resources, and recognition. In high-quality relationships, employees perform tasks beyond their job descriptions, as suggested by social exchange theory. At the other extreme are low-quality relationships, or low LMX. Low LMX is characterized by low levels of trust, respect, obligation, and mutual support. In low-quality relationships, the leader provides less attention and latitude to employees, and so employees do only what their job descriptions and formal role requirements demand of them.³⁶

Research Evidence

Research on LMX theory has found that the relationships between leaders and employees do differ in terms of the quality of the relationship and that this has implications for work outcomes. Employees with higher quality LMX have higher self-efficacy, overall satisfaction, satisfaction with supervision, organizational commitment, organizational citizenship behaviour (OCB), role clarity, job performance, creativity, and career outcomes, and lower role conflict, counterproductive performance, and turnover intentions. The relationship between LMX and performance and OCB is primarily due to greater levels of trust. In general, research on

LMX theory has found that higher-quality LMX relationships are associated with positive outcomes for leaders, employees, work units, and organizations, and these relationships have been found to generalize across cultures. However, there is some evidence that greater LMX differentiation can be detrimental to group harmony and processes, which can be harmful to group performance. Thus, leaders should try to develop fair and high quality relationships with all of their employees.³⁷

Transactional and Transformational Leadership Theory

◀ Listen to the Audio

Thus far in the chapter, we have been describing traditional theories of leadership involving an approach to leadership that is known as transactional leadership. **Transactional leadership** is leadership that is based on a straightforward exchange relationship between the leader and the followers—leaders set goals and provide direction and support, employees perform well, and the leader rewards them; the leader uses a participatory style, and the employees come up with good ideas.

Transactional leadership behaviour involves *contingent reward behaviour*, as discussed earlier in the chapter, and management by exception. As in path-goal theory, the leader clarifies expectations and establishes the rewards for meeting them.

Management by exception is the degree to which leaders take corrective action on the basis of results of leader-follower transactions. Thus, they monitor follower behaviour, anticipate problems, and take corrective actions before the behaviour creates serious problems.³⁸ Although it might be difficult to do well, such leadership is routine, in the sense that it is directed mainly toward bringing employee behaviour in line with organizational goals.

However, you might be aware of some more dramatic examples of leadership in which leaders have a more profound effect on followers by

giving them a new vision that instills true commitment to a project, a department, or an organization. Such leadership is called **transformational leadership** ³⁹ because the leader changes the beliefs and attitudes of followers to correspond to this new vision and motivates them to achieve performance beyond expectations.³⁹

Popular examples of transformational leadership are easy to find—consider Herb Kelleher’s founding of Southwest Airlines, former Disney CEO Michael Eisner’s role in improving Disney’s performance, the late Steven Jobs’s vision in bringing the Apple Macintosh to fruition, or former Hewlett-Packard CEO Carly Fiorina’s orchestration of the merger with Compaq Computer and her transformation of Hewlett-Packard’s structure and culture. Each of these leaders went beyond playing a mere institutional figurehead role, and even beyond a transactional leadership role, to truly transform employees’ thinking about the nature of their businesses.

However, these prominent examples should not obscure the fact that transformational leadership can occur in less visible settings. For example, a new coach might revitalize a sorry peewee soccer team, or an energetic new director might turn around a moribund community association using the same types of skills.

But what *are* the behaviours of these transformational leaders who encourage considerable effort and dedication on the part of followers? The late Bernard Bass conducted extensive research on transformational leaders.⁴⁰ Bass notes that transformational leaders are usually good at the transactional aspects of clarifying paths to goals and rewarding good performance. But he also notes other qualities that set transformational leaders apart from their transactional colleagues.

In particular, there are four key dimensions of transformational leader behaviour: intellectual stimulation, individualized consideration, inspirational motivation, and charisma.⁴¹ Let's now take a closer look at each of these behaviours.

Intellectual Stimulation

Intellectual stimulation contributes, in part, to the "new vision" aspect of transformational leadership. People are stimulated to think about problems, issues, and strategies in new ways. The leader challenges assumptions, takes risks, and solicits followers' ideas. Often, creativity and novelty are at work here. For example, the late Steve Jobs was convinced that the Apple Macintosh had to be extremely user-friendly. As you might imagine, many of the technical types who wanted to sign on to the Mac project needed to be convinced of the importance of this quality, and Jobs was just the person to do it, raising their consciousness about what it felt like to be a new computer user.

Individualized Consideration

Individualized consideration involves treating employees as distinct individuals, indicating concern for their needs and personal development, and serving as a mentor or coach when appropriate. The emphasis is on one-on-one attempts to meet the concerns and needs of the individual in question in the context of the overall goal or mission. Bass implies that individualized consideration is particularly striking when military leaders exhibit it, because the military culture generally stresses impersonality and "equal" treatment. The late General "Stormin'" Norman Schwarzkopf, commander of American troops during the Gulf War, is a good example of this.

Inspirational Motivation

Inspirational motivation involves the communication of visions that are appealing and inspiring to followers. Leaders with inspirational motivation have a strong vision for the future based on values and ideals. They stimulate enthusiasm, challenge followers with their high standards, communicate optimism about future goal attainment, and provide meaning for the task at hand. They inspire followers using symbolic actions and persuasion.⁴²

Charisma

Charisma (also known as *idealized influence*) is the fourth and by far the most important aspect of transformational leadership. In fact, many authors simply talk about charismatic leadership, although a good case can be made that a person could have charisma without being a leader. But what exactly does this mean?

Charisma [Ⓟ] is a term stemming from a Greek word meaning *favoured* or *gifted*. Charismatic individuals have been portrayed throughout history as having personal qualities that give them the potential to have extraordinary influence over others. They tend to command strong loyalty and devotion, and this, in turn, inspires enthusiastic dedication and effort directed toward the leader's chosen mission. In terms of the concepts we developed in **Chapter 8** [📖], followers come to trust and *identify* with charismatic leaders and to *internalize* the values and goals they hold. Charisma provides the *emotional* aspect of transformational leadership.

It appears that the emergence of charisma is a complex function of traits, behaviours, and being in the right place at the right time.⁴³ Prominent traits include self-confidence, dominance, and a strong conviction in one's beliefs. Charismatic leaders often act to create an impression of personal success and accomplishment. They hold high expectations for follower performance while at the same time expressing confidence in

followers' capabilities. This enhances the self-esteem of the followers. The goals set by charismatic leaders often have a moral or ideological flavour to them. In addition, charismatic leaders often emerge to articulate the feelings of followers in times of stress or discord. If these feelings go against an existing power structure, the leader might be perceived as especially courageous.

Research Evidence

Several reviews of research on transformational leadership have concluded that transformational leadership is strongly related to follower motivation, work engagement, satisfaction (satisfaction with leader and job satisfaction), organizational commitment, leader performance, leader effectiveness, and individual, group, and organizational performance.⁴⁴ In addition, charismatic leadership has been found to be strongly related to follower satisfaction and leadership effectiveness.⁴⁵



The late Steve Jobs was a charismatic leader who commanded strong loyalty and devotion from his employees.

Comparisons between transformational leadership and contingent reward behaviours indicate that transformational leadership is more strongly related to follower satisfaction with the leader and leader effectiveness, while contingent reward is more strongly related to follower's job satisfaction and leader job performance. However, compared to other forms of leader behaviour (initiating structure, consideration, contingent reward behaviour), transformational leadership has been found to be the most consistent predictor of effective leadership.⁴⁶ In addition, several studies have found that CEO transformational leadership is positively related to organizational performance, especially under conditions of environmental uncertainty and in small- to medium-sized organizations.⁴⁷

Transformational leadership seems to be especially effective during times of change and for obtaining employees' commitment to a change. Employees with transformational leaders have been found to be more committed to and less likely to resist a large-scale organizational change.⁴⁸ Given the many changes, challenges, and uncertainty facing the CBC, Catherine Tait will have to be a transformational leader to be most effective. Overall, research indicates that the best leaders are both transformational and transactional.















New and Emerging Theories of Positive Leadership

LO 9.7 Discuss the new and emerging theories of *positive leadership* including *empowering leadership*, *ethical leadership*, *authentic leadership*, and *servant leadership*.

◀ Listen to the Audio

Over the past decade, leadership research has begun to focus on new styles of leadership that emphasize ethical and moral leader behaviour or what has been referred to as ethical/moral values-based leadership. Like transformational leadership, these new forms of leadership are examples of positive leadership. **Positive leadership** ⁴⁹ focuses on leader behaviours and interpersonal dynamics that increase followers' confidence and result in positive outcomes, beyond task compliance, such as motivating followers to go beyond expectations, positive self-development, and prosocial behaviours.⁴⁹

In this section we describe four new and emerging theories of positive leadership: empowering leadership, ethical leadership, authentic leadership, and servant leadership. Pay particular attention to how each of these new forms of leadership differs from the more traditional styles and theories of leadership described earlier in the chapter.

Empowering Leadership

◀ Listen to the Audio

Traditional theories of leadership focus on how leaders influence and motivate employees to work toward organizational goals largely through initiating structure and directive behaviours. These theories were developed at a time when organizations were more hierarchical and bureaucratic. Many organizations today, however, are flatter, more flexible, and less bureaucratic, and employees in these organizations have more autonomy and responsibility in how they perform their jobs. This calls for a style of leadership that enables employees to make decisions and take actions on their own without direct supervision, or what is known as empowering leadership.

Empowering leadership ^① involves implementing conditions that enable power to be shared with employees. Empowering leaders highlight the significance of employees' work, provide participation and autonomy in decision making, express confidence in employees' capabilities, and remove bureaucratic constraints or hindrances to performance. As a result, employees experience a state of psychological empowerment that consists of a feeling that their work is personally important (meaning), a belief in their ability to successfully perform work tasks (competence), freedom to choose how to initiate and carry out their tasks (self-determination), and a belief that their behaviour is making a difference (impact). Thus, empowering leadership provides employees with a greater feeling of control over their work and a sense that they can make a difference in their organization's effectiveness.⁵⁰

Empowering leadership has been found to be associated with higher self-efficacy and adaptability of salespeople in a pharmaceutical company, and this was related to higher job performance and customer-service satisfaction. Interestingly, employees with less product/industry knowledge and experience benefited the most from empowering leadership.⁵¹ In another study, professional employees in a major information technology company in the People's Republic of China (PRC) who had empowering leaders experienced a greater degree of psychological empowerment, which was associated with more creativity-relevant behaviours.⁵² A study on teams found that those with empowering leaders improved their performance over time to a greater extent than teams with directive leaders.⁵³ Empowering leadership has also been found to be important for facilitating the creativity and socialization of newly hired employees. To learn more, see Research Focus: *Empowering Leadership and Newcomer Creativity* [□](#).

Research Focus

Empowering Leadership and Newcomer Creativity

Organizations are increasingly concerned about the need for creativity (i.e., the production of novel and potentially useful ideas aimed at creating, improving, or altogether changing an organization's products, services, practices, and procedures) to ensure they are innovative, remain competitive, and can survive in the long term. Although it has often been assumed that newcomers bring something new to an organization, there are no guarantees that they will be creative. Therefore, it is important to know how to bring out the creativity in newcomers and how leaders can facilitate it.

T. Brad Harris and colleagues suggested that empowering leadership might be important for newcomer creativity. They conducted two studies to investigate the relationship between empowering leadership and newcomer creativity.

Empowering leadership focuses on power sharing and granting autonomy to employees, with the intent of activating intrinsic motivational reactions. The authors suggested that empowering leadership will activate newcomers' intrinsic motivations to autonomously learn about their new roles and engage creatively in ways to improve the organization.

The first study consisted of newcomers at two high-tech joint ventures operated in Shanghai, China, in a variety of jobs, such as IT engineering, computer programming, and new product development. The results indicated that empowering leadership was positively related to newcomers' creative performance as rated by their managers. In addition, leadership empowerment was most strongly related to creativity when newcomers' perceived a high level of organizational support for creativity (the organization encourages, rewards, and recognizes creative behaviour).

The second study consisted of newcomers in a shipbuilding company in Shanghai, China, working in a variety of jobs, as manufacturing engineers, technologists, production technicians, and designers. Once again, empowering leadership was positively related to newcomer creative performance as rated by managers and co-workers. The relationship between empowering leadership and creativity was stronger when trust in the leaders was high.

The relationship between empowering leadership and newcomer creativity was explained by an increase in creative

process engagement (an individual's involvement in identifying potential problems, searching for relevant information, and generating new or alternative approaches to problems). In other words, empowering leadership resulted in greater creative process engagement, and creative process engagement led to greater newcomer creativity. The authors also found that empowering leadership was positively related to role clarity, organizational attachment, and task performance.


The results of this research indicate that empowering leadership plays a key role in facilitating newcomer creativity. What's more, the positive effects of empowering leadership on newcomer creativity are even greater when organizational support for creativity and newcomers' trust in their leader is high. Thus, encouraging leaders to empower newcomers is beneficial for newcomers and organizations.

Source: Based on Harris, T. B., Li, N., Boswell, W. R., Zhang, X., & Xie, Z. (2014). Getting what's new from newcomers: Empowering leadership, creativity, and adjustment in the socialization context. *Personnel Psychology, 67*, 567–604.

Ethical Leadership

◀ Listen to the Audio

A survey of CEO successions over the past decade at 2500 of the world's largest public companies found that more North American CEOs are being fired for ethical lapses, and there has been a 36 percent rise in turnover due to ethical lapses over the past four years.⁵⁴ Thus, it is not surprising that organizations like Volkswagen want to build a more ethical culture and ethical leadership has become a critical component of effective leadership and long-term business success.

Ethical leadership  involves the demonstration of normatively appropriate conduct (e.g., openness, fairness, and honesty) through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision making.

Ethical leaders model what is considered to be normatively appropriate behaviour, such as honesty, trustworthiness, fairness, and care. They make ethics salient in the workplace and draw attention to it by engaging in explicit ethics-related communications and by setting ethical standards. They reward ethical behaviour, discipline those who do not follow ethical standards, and punish unethical behaviour (notice the use of contingent leader reward and punishment behaviour). Ethical leaders also consider the ethical consequences of their decisions and make principled and fair decisions that can be observed and emulated by others. Ethical leaders

care about people and the broader society and seek to do the right thing personally and professionally.⁵⁵

Several reviews of research on ethical leadership have found that ethical leadership is positively related to more favourable evaluations of leaders (e.g., satisfaction and trust in the leader, honesty, fairness), more positive job attitudes (e.g., job satisfaction, organizational commitment), and greater performance (e.g., job performance, organizational citizenship behaviour) and work engagement, and negatively related to job stress and strains, turnover intentions, and counterproductive work behaviours such as employee deviance. Ethical leadership behaviour is also positively related to employees' psychological well-being.

The relationship between ethical leadership and positive work outcomes was found to be due to trust in the leader. In other words, employees trust ethical leaders, and higher trust leads to more positive job attitudes and job performance. Ethical leadership has also been found to be positively related to group ethical voice (a form of group expression that challenges, and seeks to change, the current behaviours, procedures, and policies that are not normatively appropriate) which is, in turn, positively related to group ethical performance.⁵⁶

Finally, it is also worth noting that the extent to which ethics is an important part of an organization's culture is influenced by the ethics and moral development of the leader. In other words, the ethical behaviour of leaders has a significant influence on the ethical culture of an organization. Employees who perceive their leader as ethical are more likely to view their work context as ethical and to engage in ethical behaviours. This is because ethical leaders set ethical standards, model ethical behaviours, and use rewards and punishment to ensure ethical behaviour on the part of employees. Furthermore, ethical leadership has


been found to be related to less unethical behaviour in work units and less relationship conflict among employees.⁵⁷

Although ethical leadership is important at all levels of an organization, ethical leadership on the part of the immediate supervisor is likely to have the greatest effect on employees.⁵⁸

Authentic Leadership

◀ Listen to the Audio

Have you ever questioned the true feelings and beliefs of a leader? We like to believe that our leaders act in a manner that is consistent with their true personal values and beliefs and in the best interests of employees and the organization. However, some leaders are more authentic than others when it comes to what they say and what they do.

Authentic leadership  is a positive form of leadership that involves being true to oneself. Authentic leaders know and act upon their true values, beliefs, and strengths, and they help others do the same. Their conduct and behaviour is guided by their internal values. In other words, there is a consistency between their true values, beliefs, and actions. As a result, authentic leaders earn the respect and trust of their followers. Authentic leaders are perceived by their followers as being high in moral perspective and as open and fair in decision making.⁵⁹

A good example of an authentic leader is Maple Leafs Foods president and CEO Michael McCain. When the company faced a listeriosis outbreak at one of its meat-processing plants in 2008 that was linked to 23 deaths, he apologized and expressed sympathy for the victims and accepted full responsibility and accountability. He said that he was doing what was right, and doing what was right came directly from the company's ingrained values.

According to McCain, “The core principle here was to first do what’s in the interest of public health, and second to be open and transparent in taking accountability. For the team, this was almost not a decision—it was obvious. It’s just what we are.” His approach not only saved his company, it is also credited with restoring confidence in the Canadian food industry.⁶⁰ McCain’s words and actions are an excellent example of authentic leadership.

Authentic leadership involves four distinct but related behaviours:⁶¹

- *Self-awareness.* An accurate understanding of one’s strengths and weaknesses and an awareness of one’s impact on others. Authentic leaders gain insight into themselves through interactions with others and possess accurate self-knowledge.
- *Relational transparency.* The presenting of one’s true or authentic self to others and the open sharing of information and expressions of one’s true thoughts and feelings.
- *Balanced processing.* The objective analysis of all relevant information before making a decision and consideration of views that challenge one’s own position.
- *Internalized moral perspective.* Internal moral standards and values that guide behaviour and decision making. Authentic leaders exhibit behaviour that is consistent with their internal values and standards, and they resist social pressures.

Over the past several years, an increasing number of studies have found that authentic leadership has positive effects on work-related outcomes. For example, followers of authentic leaders have been found to have higher trust in the leader, organizational commitment, job satisfaction, and satisfaction with their supervisor and to exhibit higher organizational citizenship behaviour, work engagement, ethical, and prosocial behaviours.⁶²

Authentic leadership has also been found to have a positive effect on work groups. For example, in a study on work groups in a large bank, authentic leadership was positively related to the psychological capital of the group (self-efficacy, hope, optimism, and resilience; see [Chapter 1](#) for definitions) and trust among group members, which led to a higher level of group citizenship behaviours and performance.⁶³

A study on military teams found that team leader authenticity was related to team members' authenticity. In other words, team members were more likely to be authentic when their leader was authentic. The study also found that team member authenticity was related to higher-quality teamwork behaviour and team productivity.⁶⁴



Maple Leaf Foods CEO Michael McCain's words and actions in response to the listeriosis outbreak are an example of authentic leadership.

Servant Leadership

◀ Listen to the Audio

Why do some people become leaders? According to servant leadership, it is to serve others. **Servant leadership** ⁶⁵ is a form of leadership that involves going beyond one's own self-interests and having a genuine concern to serve others and a motivation to lead. Unlike other theories of leadership, the focus of servant leadership is a concern for the needs of followers and their well-being. Servant leadership emphasizes the needs of followers and their growth and development as well as the needs of communities within and outside of the organization. ⁶⁵

The phrase "servant leadership" was coined by Robert Greenleaf, who described a servant leader as somebody who wants to serve first and lead second rather than somebody who wants to lead first. Servant leaders have a need to serve combined with a motivation to lead. They place the needs of their followers before their own needs and focus on helping their followers grow to reach their maximum potential. ⁶⁶

A review of the research on servant leadership identified the following six key characteristics of servant leaders: ⁶⁷

- *Empowering and developing people.* Providing others with a sense of personal power and encouraging their personal development. A belief in the intrinsic value of each individual and the realization of each person's abilities and what the person can still learn.

- *Humility*. Actively seeking the contributions of others and placing their interests first. Facilitating the performance of others and providing them with support.
- *Authenticity*. Similar to authentic leadership, this involves expressing one's true self in ways that are consistent with one's inner feelings and thoughts, and accurately representing internal states, intentions, and commitments.
- *Interpersonal acceptance*. The ability to understand and experience the feelings of others and to create an atmosphere of trust in which others will feel accepted.
- *Providing direction*. Ensuring that people know what is expected of them and considering followers' abilities, needs, and input when providing direction.
- *Stewardship*. Focusing on service rather than control and self-interest and encouraging others to act in the common interest.

Research on servant leadership indicates that servant leadership is positively related to trust in management, perceptions of organizational justice, need satisfaction, job satisfaction, organizational commitment, work engagement, and creative performance.⁶⁸ Servant leadership has also been found to be related to organizational citizenship behaviours because it increases employees' self-efficacy, commitment to the supervisor, and perceptions of procedural justice.

A study of departments in a chain of grocery stores found that employees in departments that had servant leaders had higher perceptions of being treated fairly and were more likely to exhibit helping behaviours.⁶⁹ In another study of hairstylists in a chain of Chinese hair salons, salon managers' servant leadership was positively related to stylists' service performance behaviours as rated by customers above and beyond the effects of transformational leadership.⁷⁰

Emerging Theories of Positive Leadership

Click each leadership theory to learn more about it, then click “Check Your Understanding” to review.

Empowering Leadership

Ethical Leadership

Authentic Leadership

Servant Leadership

Check Your Understanding

Now that you are familiar with the main theories and styles of leadership, see You Be the Manager: *Turning a Blind Eye* [□](#).

You Be the Manager: Turning a Blind Eye

In October of 2014, the CBC fired its popular radio host Jian Ghomeshi of its flagship arts and culture radio program *Q*, amidst allegations of sexual assault. Ghomeshi was subsequently criminally charged with five counts of sexual assault and one of overcoming resistance by choking for which he pleaded not guilty.

The CBC hired two employment lawyers to conduct an independent internal investigation into the CBC's response to Ghomeshi's inappropriate behaviour in the workplace and its dealings with him. The lawyers interviewed 99 former and current CBC employees and found that Ghomeshi's behaviour “consistently breached the behavioural standard” of the CBC's policies.

The report's findings indicated that Ghomeshi's behaviour had been abusive and harassing. He was chronically late and consistently disrespectful of colleagues' time; he was scheming, dismissive, moody, difficult, emotionally unpredictable, and harshly critical; he diminished the role and contribution of others; took credit for other people's work; was belittling and humiliating to others and made demeaning comments about co-workers' appearance; and he played pranks and cruel jokes on co-workers. Ghomeshi also gave unwanted back rubs and shoulder massages to female employees and shared intimate and graphic details about his sex life.

The report also found that those who directly managed Ghomeshi were aware of aspects of his behaviour but did nothing about it. The report identified three opportunities in which CBC executives were made aware of allegations of inappropriate behaviour on the part of Ghomeshi but failed to investigate and intervene: a “Red Sky Document” prepared in 2012 by members of the *Q* staff, outlining their concerns; an email from an inquiring journalist regarding inappropriate behaviour in 2014; and an email from a concerned employee. The information, however, became diluted as it moved up the organization, and in

Reset

Next

Source: Dobson, S. (2015, May 4). Ghomeshi report outlines troubled culture. *Canadian HR Reporter*, 28(8), 1, 12; Gallant, J. (2015, April 17). Ghomeshi scandal: CBC brass walloped. *Toronto Star*, A1, A10; Humphreys, A. (2015, April 16). "Troubling and disappointing": CBC "severing ties" with executives in Ghomeshi scandal. *National Post*, <http://news.nationalpost.com/news/canada/cbc-severing-ties-with-executives-in-ghomeshi-scandal>; Gunter, L. (2015, April 18). CBC failed us in Ghomeshi scandal. *Toronto Sun*, <http://www.torontosun.com/2015/04/17/cbc-failed-us-in-ghomeshi-scandal>.















Gender and Leadership

LO 9.8 Describe gender differences in leadership, and explain why women are under-represented in leadership roles in organizations.

◀ Listen to the Audio

Do men and women adopt different leadership styles? A number of popular books have argued that women leaders tend to be more intuitive, less hierarchically oriented, and more collaborative than their male counterparts. Is this true?

Notice that two opposing logics could be at work here. On the one hand, different socialization experiences could lead men and women to learn different ways of exerting influence on others. On the other hand, men and women should be equally capable of gravitating toward the style that is most appropriate in a given setting. This would result in no general difference in style.

However, a number of reviews have found that there are some differences in leadership style between men and women in organizational settings. For example, researchers Alice Eagly and Blair Johnson concluded that women have a tendency to be more participative or democratic than men, and as a result, they are changing the business world.⁷¹ How is this so?

One theory holds that women have better social skills, which enable them to successfully manage the give and take that participation requires. Another theory holds that women avoid more autocratic styles because they violate gender stereotypes and lead to negative reactions. This might explain why a study on gender and leadership found that women are perceived by themselves and their co-workers as performing significantly better as managers than do men.⁷²

In a review of the leadership styles of men and women based on 45 studies, women leaders were found to be more transformational than men leaders, and they also engaged in more of the contingent reward behaviours associated with transactional leadership. Men leaders engaged in more of the other components of transactional leadership, such as management by exception and laissez-faire leadership ^①, which is a passive form of leadership that involves the avoidance or absence of leadership and is negatively related to leader effectiveness.⁷³

What is most interesting about these findings is that those aspects of leadership style in which women exceed men are all positively related to leadership effectiveness, while those leadership aspects in which men exceed women have weak, negative, or null relations to leadership effectiveness. The authors concluded that these findings attest to the ability of women to be highly effective leaders in contemporary organizations.⁷⁴

So do men and women differ in leadership effectiveness? A review of 95 studies on gender differences in perceptions of leadership effectiveness found that there are some differences but only in certain situations. For example, men are perceived as more effective in organizations that are masculine and male dominated (i.e., government) while women are perceived as more effective in feminine and female-dominated organizations (e.g., social service organizations and education

organizations). In addition, women are perceived as more effective leaders in middle management positions. Furthermore, when the ratings of effectiveness were made by the leaders themselves, men rated themselves as more effective than women rated themselves. However, when the ratings of effectiveness were made by others (e.g., peers, subordinates, bosses), women were perceived as more effective leaders than men. Once all these factors are taken into account, however, men and women do not differ in perceived leadership effectiveness. There is also some evidence that having more women on an organization's board of directors and top management team and a female CEO are associated with an organization's financial performance, especially in countries with greater gender egalitarianism.⁷⁵

Unfortunately, while the evidence clearly indicates that women can be highly effective leaders, the reality is that women hold very few top leadership positions in Canadian organizations. Some exceptions include Catherine Tait—who, as indicated earlier, is the first president and CEO of CBC/Radio-Canada—Elyse Allan, president and CEO of General Electric Canada, who has been recognized as one of the 25 Most Powerful People in Canada and one of Canada's Top Women of Influence, and Lisa Lisson, president of FedEx Express Canada, who has been named one of Canada's Top 100 Most Powerful Women.⁷⁶



Frank Gunn/The Canadian Press



Elyse Allan, President and CEO of General Electric Canada, and Lisa Lisson, President of FedEx Express Canada, are examples of women who hold senior leadership positions in Canada.

Moe Doiron/The Canadian Press

However, among the top 500 companies in the world, only 3 percent have female CEOs. According to Statistics Canada, the proportion of women in senior management positions has not changed in the past two

decades. Since 1987, men have been two to three times more likely to hold a senior management position and one-and-a-half times more likely to hold a middle management position. In Canada, women currently hold 25 percent of vice president positions and 15 percent of CEO positions even though 82 percent of women aged 25 to 54 participate in the workforce. Women also hold a minority of senior leadership positions in the United States and Europe.⁷⁷ Perhaps not surprisingly, only one-third of female professionals in Canada believe they can obtain a senior leadership position.⁷⁸ How can we explain this gender bias in leadership?

For decades, the explanation has been the **glass ceiling** metaphor—the invisible barrier that prevents women from advancing to senior leadership positions in organizations. However, Alice Eagly and Linda Carli have suggested that a more accurate metaphor is a *labyrinth*, because of the many twists, turns, detours, and dead ends that women encounter along their way up the organizational hierarchy. In other words, the lack of women leaders is the sum of all of the barriers women face rather than one particular barrier (i.e., the glass ceiling) at the top of the organization.⁷⁹

According to **role congruity theory** (RCT), prejudice against female leaders is the result of an incongruity between the perceived characteristics of women and the perceived requirements of leadership roles.⁸⁰ For example, leaders are perceived as similar to men and not very similar to women, as more “agentive” than communal, and as more masculine than feminine.⁸¹ Men are perceived as having *agentive* traits, which convey assertion and control and are generally associated with effective leadership. Women are perceived as having *communal* traits, which convey a concern for the compassionate treatment of others. Agentive leadership traits tend to be associated with male leaders to a greater extent than with female leaders. In other words, males but not females are perceived as having traits that are associated with

leadership.⁸² Exhibit 9.6 shows some common agentic and communal leadership traits.

Exhibit 9.6 Agentic and Communal Leadership Traits

Study the list of common agentic and communal leadership traits, then “Check Your Understanding” to review.

Agentic Traits	Communal Traits
Dedicated: Logs long hours to meet deadlines.	Caring: Shows concern for the well being of one's team.
Charismatic: Motivates employees when speaking.	Sensitive: Sympathetic and responsive to the feelings of employees.
Intelligent: Displays talent and ability in all aspects of the job.	Honest: Does not take credit for employees' good ideas.
Determined: Does not give up easily when issues arise.	Understanding: Listens when subordinates are having a personal conflict.
Aggressive: Fights to get necessary resources for one's team.	Compassionate: Extends deadlines when employees have family commitments.

Check Your Understanding

Source: Republished with permission of Elsevier Science, Inc., from *Organizational Behavior and Human Decision Processes 101*, Scott, K. A., & Brown, D. J. (2006). *Female first, leader second? Gender bias in the encoding of leadership behavior*, 230–242; permission conveyed through Copyright Clearance Center, Inc.

Given the many obstacles that women face, what can organizations do to increase the number of women in senior leadership positions? As shown in Exhibit 9.7, a combination of programs and interventions is required, such as reducing the subjectivity of performance evaluation, changing the norm of long work hours, and establishing family-friendly human resources practices.

Exhibit 9.7 The advancement of women in organizations

According to Alice Eagly and Linda Carli, legislation that requires organizations to eliminate inequitable practices is not effective for the advancement of women when inequality in an organization is embedded in the organization's culture and structure. If organizations want to remove the barriers that prevent women from advancing to leadership roles, they should do the following:

- Increase people's awareness of the psychological drivers of prejudice toward female leaders, and work to dispel those perceptions.
- Change the long-hours norm.
- Reduce the subjectivity of performance evaluation.
- Use open-recruitment tools, such as advertising and employment agencies, rather than relying on informal social networks and referrals to fill positions.
- Ensure a critical mass of women in executive positions—not just one or two women—to head off the problems that come with tokenism.
- Avoid having a sole female member of any team.
- Help shore up social capital.
- Prepare women for line management with appropriately demanding assignments.
- Establish family-friendly human resources practices.
- Allow employees who have significant parental responsibility more time to prove themselves worthy of promotion.
- Welcome women back.
- Encourage male participation in family-friendly benefits.

Source: Eagly, A. H., & Carli, L. L. (2007). Exhibit from "Women and the Labyrinth of Leadership," 101. Reprinted by permission of the *Harvard Business Review*. Copyright © 2007 by the Harvard Business School Publishing Corporation; all rights reserved.















Culture and Leadership

LO 9.9 Discuss the GLOBE project, and explain the role that culture plays in leadership effectiveness.

◀ Listen to the Audio

If you consider the cultural differences in values described in [Chapter 4](#), you might be wondering how this affects leadership and if leadership styles are equally effective across cultures. This is a question that researchers have been asking for decades. Fortunately, we have learned a great deal over the past several decades.

The Global Leadership and Organizational Behaviour Effectiveness (GLOBE) research project is the most extensive and ambitious study ever undertaken on culture and leadership. It involved 170 researchers who worked together for 10 years collecting and analyzing data on cultural values and practices and leadership attributes from over 17 000 managers in 62 societal cultures. The results provide a rich and detailed account of cultural attributes and global leadership dimensions around the world.⁸³

The project team identified nine cultural dimensions that distinguish one society from another. Some of these dimensions are similar to Hofstede's, which were described in [Chapter 4](#), but many of them were developed by GLOBE. [Exhibit 9.8](#) lists and defines the nine cultural dimensions. Using these nine dimensions, GLOBE identified 10 culture clusters from the 62 culture samples. The culture clusters differ with respect to how they score on the nine culture dimensions.

Exhibit 9.8

Cultural dimensions from the GLOBE project

The GLOBE project conceptualized and developed measures of nine cultural dimensions. These are aspects of a country's culture that distinguish one society from another and have important managerial implications. The nine cultural dimensions are as follows:

Performance Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) its members for improvement and excellence in their performance.

Assertiveness: The degree to which individuals are (and should be) assertive, confrontational, and aggressive in their interactions with others.

Future Orientation: The extent to which individuals prepare (and should prepare) for the future, for example, by delaying gratification, planning ahead, and investing in the future.

Humane Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) individuals for their fairness, altruism, generosity, caring, and kindness to others.

Institutional Collectivism: The degree to which the institutional practices of organizations and society encourage and reward (and should encourage and reward) collective distribution of resources and collective action.

In-Group Collectivism: The degree to which individuals express (and should express) pride, loyalty, and cohesiveness in their families or organizations.

Gender Egalitarianism: The degree to which a collective minimizes (and should minimize) gender inequality.

Power Distance: The degree to which members of a collective expect (and should expect) power to be distributed evenly.

Uncertainty Avoidance: The extent to which a society, organization, or group relies (and should rely) on social norms, rules, and procedures to lessen the unpredictability of future events.

Source: Republished with permission of Academy of Management, from Javidan, M., Dorfman, P. W., de Luque, M. S., & House, R. J. In the eye of the beholder: Cross-cultural lessons in leadership from Project GLOBE. *Academy of Management Perspectives*, 20, Table 4, p. 75; permission conveyed through Copyright Clearance Center, Inc.

GLOBE wanted to know whether the same attributes that lead to successful leadership in one country lead to success in other countries. What they found was that citizens in each nation have implicit assumptions regarding requisite leadership qualities, something known as implicit leadership theory.

According to implicit leadership theory^{PD}, individuals hold a set of beliefs about the kinds of attributes, personality characteristics, skills, and

behaviours that contribute to or impede outstanding leadership. These belief systems are assumed to affect the extent to which an individual accepts and responds to others as leaders. GLOBE found that these belief systems are shared among individuals in common cultures, something they call *culturally endorsed implicit leadership theory (CLT)*. Further, they identified 21 primary and 6 global leadership dimensions that are contributors to or inhibitors of outstanding leadership. The six global leadership dimensions are as follows:⁸⁴

- *Charismatic/Value-Based*. A broadly defined leadership dimension that reflects the ability to inspire, to motivate, and to expect high performance outcomes from others on the basis of firmly held core beliefs.
- *Team-Oriented*. Emphasizes effective team building and implementation of a common purpose or goal among team members.
- *Participative*. The degree to which managers involve others in making and implementing decisions.
- *Humane-Oriented*. Reflects supportive and considerate leadership, but also includes compassion and generosity.
- *Autonomous*. Independent and individualistic leadership.
- *Self-Protective*. Focuses on ensuring the safety and security of the individual.

GLOBE then created leadership profiles for each national culture and cluster of cultures based on their scores on the six global leadership dimensions. They compared the 10 culture clusters on the leadership profiles and found that cultures and clusters differ significantly on all six of the global leadership dimensions. For example, compared to other culture clusters, Canada and the United States score high on the charismatic/value-based, participative, and humane-oriented dimensions, low on the self-protective dimension, and medium on the team-oriented and the autonomous dimensions.

Finally, to determine what is considered important for leadership effectiveness across cultures, GLOBE examined a large number of leader attributes. They found that while the cultures do differ on many aspects of leadership effectiveness, they also have many similarities. In fact, they found many attributes, such as being honest, decisive, motivational, and dynamic, to be universally desirable; these are believed to facilitate outstanding leadership in all GLOBE countries. They also found leadership attributes such as being loners, irritable, egocentric, and ruthless to be deemed ineffective in all GLOBE countries. And as you might expect, they also found that some attributes are *culturally contingent*. In other words, some attributes are effective in some cultures but are either ineffective or even dysfunctional in others. **Exhibit 9.9** provides some examples of universally desirable, universally undesirable, and culturally contingent leadership attributes.⁸⁵

Exhibit 9.9

Cultural views of leadership effectiveness from the GLOBE project.

The following is a partial list of leadership attributes that are universal facilitators, universal inhibitors, or culturally contingent.

Universal Facilitators of Leadership Effectiveness

- Demonstrating trustworthiness, a sense of justice, and honesty
- Having foresight and planning ahead
- Encouraging, motivating, and building confidence; being positive and dynamic
- Being communicative, informed, a coordinator, and team integrator (team builder)

Universal Impediments to Leadership Effectiveness

- Being a loner and asocial
- Being irritable and uncooperative
- Imposing your views on others

Culturally Contingent Endorsement of Leader Attributes

- Being individualistic
- Being constantly conscious of status
- Taking risks

Source: Republished with permission of Academy of Management, from Javidan, M., Dorfman, P. W., de Luque, M. S., & House, R. J. In the eye of the beholder: Cross-cultural lessons in leadership

from Project GLOBE. *Academy of Management Perspectives*, 20, 69–70; permission conveyed through Copyright Clearance Center, Inc.

The results of the GLOBE project are important because they show that while there are similarities across cultures in terms of what are considered to be desirable and undesirable leadership attributes, there are also important differences. This means that managers need to understand the similarities and differences in what makes someone an effective leader across cultures if they are to be effective global leaders. Let's now consider what it means to be an effective global leader.















Global Leadership

LO 9.10 Discuss *global leadership*, and describe the characteristics of global leaders.

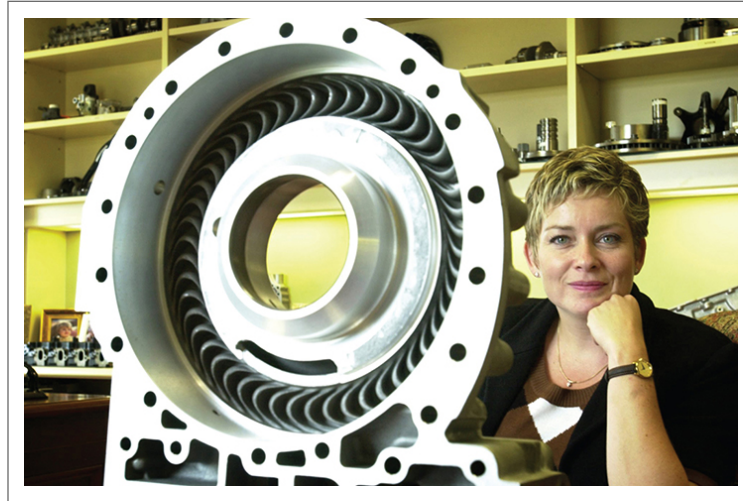
◀ Listen to the Audio

Given the cultural differences in leadership effectiveness described in the previous section, it should come as no surprise that it takes a special style of leadership to be an effective global leader.

Global leadership ⁸⁶ involves having leadership capabilities to function effectively in different cultures and being able to cross language, social, economic, and political borders. ⁸⁶ The essence of global leadership is the ability to influence people who are not like the leader and come from different cultural backgrounds. This means that, to succeed, global leaders need to have a global mindset, tolerate high levels of ambiguity, and exhibit cultural adaptability and flexibility. ⁸⁷ For multinational organizations, global leadership is a critical success factor for the organization.

A good example of a global leader is Linda Hasenfratz, CEO of global auto-parts manufacturer Linamar Corporation. Since becoming CEO in 2002, she has expanded into Europe and Asia and turned the company into a global business with 58 plants in 13 countries across Asia, North America, and Europe. In 2017, Hasenfratz received the Ivey Business Leader Award, which honours individuals who have made significant

contributions to the advancement of business in Canada and have demonstrated leadership in both business and their communities.⁸⁸



Linda Hasenfratz, CEO of Linamar Corporation and who has turned Linamar into a global business, is an example of a global business leader.

Patti Gower/The Canadian Press

But what makes a leader a good global leader? According to Hal Gregersen, Allen Morrison, and Stewart Black, global leaders have the following four characteristics:⁸⁹

- *Unbridled inquisitiveness.* Global leaders must be able to function effectively in different cultures in which they are required to cross language, social, economic, and political borders. A key characteristic of global leaders is that they relish the opportunity to see and experience new things.
- *Personal character.* Personal character consists of two components: an emotional connection to people from different cultures and an uncompromising integrity. The ability to connect with others involves a sincere interest and concern for them and a willingness to listen to and understand others' viewpoints. Global leaders also demonstrate an uncompromising integrity by maintaining high ethical standards

and loyalty to their organization's values. This demonstration of integrity results in a high level of trust throughout the organization.

- *Duality*. For global leaders, duality means that they must be able to manage uncertainty and balance global and local tensions. Global leaders are able to balance the tensions and dualities of global integration and local demands.
- *Savvy*. Because of the greater challenges and opportunities of global business, global leaders need to have business and organizational savvy. Global business savvy means that global leaders understand the conditions they face in different countries and are able to recognize new market opportunities for their organization's goods and services. Organizational savvy means that global leaders are well informed of their organization's capabilities and international ventures.

Individuals with the potential to become global leaders have experience working or living in different cultures, speak more than one language, and have an aptitude for global business. However, becoming an effective global leader requires extensive training that consists of travel to foreign countries, teamwork with members of diverse backgrounds, and formal training programs that provide instruction on topics such as international and global strategy, business and ethics, cross-cultural communication, and multicultural team leadership.

The most powerful strategy for developing global leaders is work experience, transfers, and international assignments. Long-term international assignments are considered to be especially effective.⁹⁰ Many companies, such as GE, Citigroup, Shell, Siemens, and Nokia, use international assignments to develop global leaders.⁹¹

Developing global leaders is becoming increasingly important for organizations around the world. To be successful in the global economy,

it is critical for an organization to identify and develop leaders who have the capability to become global leaders. For many organizations, however, this will not be easy, as many report that they do not have enough global leaders now or for the future, and they do not have a system in place for developing them.⁹²

However, there is some evidence that certain countries produce more global leaders than others. Karl Moore and Henry Mintzberg of McGill University found that those countries that are considered to be the most global in terms of their involvement in world trade and investment—such as Canada, the Netherlands, Switzerland, Belgium, Ireland, Sweden, Denmark, Singapore, Australia, and Finland—tend to have more than their share of good global leaders, given their size. Why is this? They are all middle-economy countries that are dependent on foreign trade. As a result, they must be able to understand and empathize with persons in other cultures. For Canadians, this comes naturally.

According to Moore and Mintzberg, it is a strength of Canadians that they learn from the cradle to take into account other perspectives, a key requirement of global managers working for global companies. Living in a multicultural environment like Canada is excellent preparation for being a global manager. As a result, Canadian companies like Bombardier are way ahead of most organizations in big countries like the United States when it comes to global leadership.⁹³

What Style of Leadership Is Best?

◀ Listen to the Audio

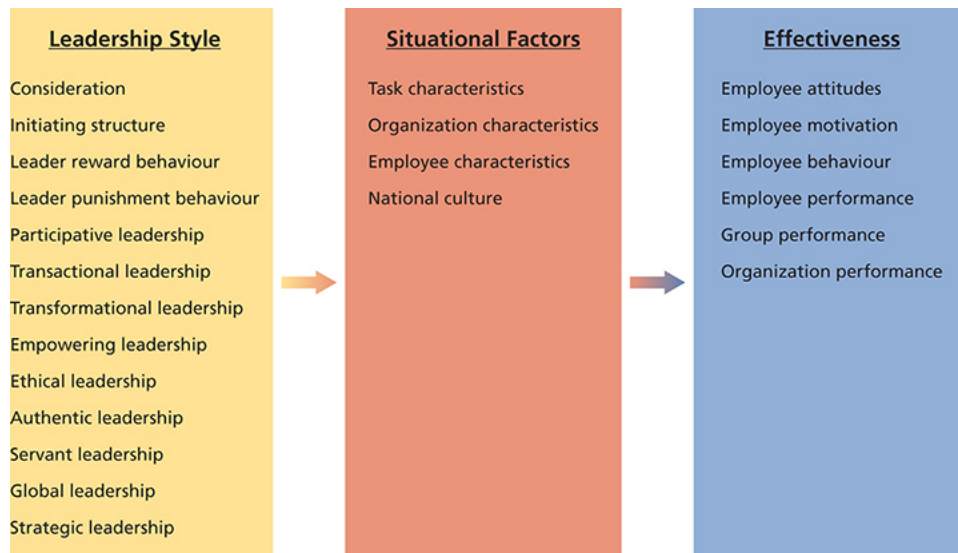
Now that you have learned about the many different styles and theories of leadership, you might be asking yourself, *what style of leadership is best?* The answer of course, like so many things in organizational behaviour, is: *it depends.*

First, it is important to recognize that an effective leader needs to be capable of employing various styles of leadership. For example, we noted earlier that consideration and initiating structure are not incompatible and that a leader can be high, low, or average on one or both dimensions. It was also noted that the best leaders are both transformational and transactional. And if you refer to the chapter-opening vignette, you will realize that strategic and transformational leadership are especially important for the CBC/Radio-Canada given the many challenges and uncertainty facing journalism and the media. Thus, a good leader must be able to use many different styles of leadership. So the issue is not what style of leadership is best, but rather what style of leadership is required in each situation that a leader encounters.

This is where the situational theories of leadership come into play, for we know that the most effective style of leadership depends on the situation. Based on what we have covered in this chapter, the situation consists of the nature of the task, employee characteristics, characteristics of the organization, and national culture.

As shown in Exhibit 9.10, when the style of leadership is matched to the situation, a leader will be effective in terms of employee attitudes, behaviours, and performance, and organizational performance.

Exhibit 9.10 Leadership Styles, Situational Factors, and Effectiveness

















Summary: Leadership

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 9.

9.1 Define *leadership*, and discuss the role of *strategic* and formal leadership in organizations.

Leadership occurs when an individual exerts influence on others' goal achievement in an organizational context. *Strategic leadership* refers to a leader's ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization. Individuals with titles such as manager, executive, supervisor, and department head occupy formal or assigned leadership roles. As part of these roles, they are expected to influence others, and they are given specific authority to direct employees. Individuals may also emerge to occupy informal leadership roles. Since informal leaders do not have formal authority, they must rely on being well liked or being perceived as highly skilled to exert influence.

9.2 Explain and critically evaluate the *trait theory of leadership*.

9.3 Compare and contrast the following leadership behaviours and their consequences: *consideration, initiating structure, leader reward, and leader punishment*.

9.4 Describe and evaluate the situational theories of leadership: *contingency theory* and *path-goal theory*.

9.5 Discuss *participative leadership* and how and when to use participative leadership using the Vroom and Jago model.

9.6 Describe and evaluate *leader-member exchange (LMX) theory* and *transactional* and *transformational* leadership and their consequences.

9.7 Discuss the new and emerging theories of *positive leadership* including *empowering leadership, ethical leadership, authentic leadership, and servant leadership*.

9.8 Describe gender differences in leadership, and explain why women are underrepresented in leadership roles in organizations.

9.9 Discuss the GLOBE project, and explain the role that culture plays in leadership effectiveness.

9.10 Discuss *global leadership*, and describe the characteristics of global leaders.

Key Terms

Start Over

Swap

0/31 REVIEWED · 0 MASTERED

Servant leadership



Previous

Next

Got It!



*On-the-Job Challenge Question

The New Commissioner

On April 16, 2018, Brenda Lucki became the 24th commissioner of the RCMP and the first permanent female in the role. Unfortunately, she has inherited a force that continues to struggle with ingrained problems of sexism, bullying, harassment, racial bias, and discrimination against Indigenous Peoples.

She bristles when asked if she is going to fix the problem because she doesn't think things are necessarily broken. "People don't come to work and say they're going to bully somebody or harass somebody. It's not that black and white. So we have to figure out what the root causes are and try to get to that," she said in an interview with *The Canadian Press*.

"I need every employee in the RCMP to own that, and have the courage not only to be accountable for themselves, but to have the courage to be accountable to others, for others, and say that's unacceptable and take a stand. Because otherwise we won't change."

Lucki stresses the importance of learning lessons from the force's experiences with harassment. "We won't eliminate it, but we do need to educate people on that and make sure they know what is acceptable and unacceptable."

"I want my employees to come to work every day and be proud of their organization," she said, eyeing the RCMP's 150th anniversary in 2023. "We need to honour our past. We can't live in it, but we need to honour it

and learn from it and move forward. And I think if we do that, we're going to be a force to be reckoned with."

However, the new commissioner has her work cut out for her. The federal government has directed her to modernize and reform the RCMP's culture, protect employees from harassment and workplace violence, and foster reconciliation with Indigenous peoples. The government also wants Commissioner Lucki to make sure the national police force is representative of Canada's diverse population by embracing gender parity and ensuring that women, Indigenous members, and minority groups are better reflected in positions of leadership.

A mandate letter to Lucki from Public Safety Minister Ralph Goodale, the Cabinet member responsible for the Mounties, states, "The RCMP must be a modern organization that reflects Canadian values and culture, and has the trust, confidence and the enthusiastic support of the people they serve" and "In support of culture change, you will need to prioritize that the RCMP is free from bullying, harassment and sexual violence." The letter also says that another priority will be implementing measures to improve health and wellness in the RCMP after an auditor's report found the force was failing to meet the mental health needs of its members due to a lack of resources, poor monitoring and meagre support from supervisors.

Lucki said she believes she can bring change to the RCMP only if the 30 000 employees under her command feel they hold the force's future in their hands. As she seeks buy-in from the rank and file for her planned reforms, she makes it clear that she does not think the problems facing the force are unsolvable. She has promised to leave no stone unturned in her efforts to modernize the RCMP.

- Refer to the theories and styles of leadership discussed in the chapter. Describe the kind of leader that Brenda Lucki should be and the type of leadership that is required to modernize and reform the RCMP and realize the priorities and goals she is expected to meet as stated in the mandate letter. What do the theories of leadership suggest she needs to do to be an effective and successful leader? What advice would you give her? What leadership style and behaviours do you recommend and why?

Sources: Bronskill, J. (2018, May 7). Modernize and reform RCMP, new boss told. *Toronto Star*, A1, A9; Tunney, C. (2018, May 7). New RCMP commissioner is asked how “a lady” can ‘tell the guys to behave. *CBC News*, <http://www.cbc.ca/news/politics/lucki-lady-committee-picard-1.4651853>; Leblanc, D. (2018, May 7). New commissioner Brenda Lucki looks to rank-and-file Mounties to help change the RCMP. *The Globe and Mail*, <https://www.theglobeandmail.com/canada/article-new-commissioner-brenda-lucki-looks-to-rank-and-file-mounties-to-help/>; The Canadian Press. (2018, March 10). RCMP leader on modernizing mission. *Toronto Star*, A6.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Ethical Leadership Scale (ELS)

How ethical is your leader? To find out, answer as frankly and honestly as possible the 10 questions that follow about your current supervisor if you are employed or the most recent supervisor you had in your last job. Use the following response scale:

1–Strongly disagree

2–Disagree

3–Neither agree nor disagree

4–Agree

5–Strongly agree

My supervisor...

_____1 listens to what employees have to say.

_____2 disciplines employees who violate ethical standards.

_____3 conducts his/her personal life in an ethical manner.

_____4 has the best interests of employees in mind.

_____5 makes fair and balanced decisions.

_____6 can be trusted.

_____7 discusses business ethics or values with employees.

_____8 sets an example of how to do things the right way in terms of ethics.

_____9 defines success not just by results but also by the way that they are obtained.

_____10 when making decisions, asks, "What is the right thing to do?"

Scoring and Interpretation

You have just completed the Ethical Leadership Scale (ELS) developed by Michael E. Brown, Linda K. Trevino, and David A. Harrison. To obtain your score, add up your responses to the 10 questions and divide by 10. Your total should be somewhere between 1 and 5. Higher scores indicate a more ethical leader. The average score of 87 MBA students in a large public university in the United States was 3.37. In a sample of 123 undergraduate seniors in business, the average ELS score was 3.46.

Source: Republished with permission of Elsevier Science, Inc., from Brown, M. E., Trevino, L. K., & Harrison, D. A. (2005). *Ethical leadership: A social learning perspective for construct development and testing* *Organizational Behavior and Human Decision Processes*, 97, 117–134; permission conveyed through Copyright Clearance Center, Inc.

To facilitate class discussion and your understanding of ethical leadership, form a small group with several members of the class and consider the following questions:

1. Each group member should present their ELS score. What is the range of scores (highest and lowest) and the average score in your group? Overall, how ethical are group members' supervisors?
2. Each group member should provide examples of what makes their supervisor an ethical or unethical leader. Be specific in describing supervisor behaviours that are ethical or unethical. Based on group members' answers, what are some of the main differences between ethical and unethical leaders?
3. Each group member should consider the impact that their supervisor has had on them, their co-workers, and the organization. Be specific in describing the effects that their ethical or unethical behaviour has had on people's attitudes and behaviours as well as on the organization (e.g., reputation, sales, or productivity).
- *4. What does your supervisor need to do differently to be a more ethical leader?

5. If you are now or have been in a leadership position in the past, how ethical have you been? Take the ELS again, but this time thinking about yourself in a current or previous leadership role. How ethical are you (or were you)? What do you have to do to become a more ethical leader?

* Question 4 is also assignable in Writing Space.

Experiential Exercise

Leadership Empowerment Behaviour

Have you ever had a leader who was empowering? To find out, answer the 12 questions that follow as frankly and honestly as possible about your current supervisor if you are employed or the most recent supervisor you had in your last job. Use the following response scale:

1–Strongly disagree

2–Disagree

3–Neither agree nor disagree

4–Agree

5–Strongly agree

My supervisor...

_____ 1helps me understand how my objectives and goals relate to those of the company.

_____ 2helps me understand the importance of my work to the overall effectiveness of the company.

_____ 3helps me understand how my job fits into the bigger picture.

_____ 4makes many decisions together with me.

_____ 5often consults me on strategic decisions.

_____ 6solicits my opinion on decisions that may affect me.

_____ 7believes that I can handle demanding tasks.

_____ 8believes in my ability to improve even when I make mistakes.

_____ 9expresses confidence in my ability to perform at a high level.

_____ ~~1~~ allows me to do my job my way.

_____ ~~1~~ makes it more efficient for me to do my job by keeping the rules and regulations simple.

_____ ~~1~~ allows me to make important decisions quickly to satisfy customer needs.

Scoring and Interpretation

You have just completed the Leadership Empowerment Behaviour (LEB) scale developed by Michael Ahearne, John Mathieu, and Adam Rapp. The scale measures four dimensions of empowering leadership: (1) enhancing the meaningfulness of work (questions 1, 2, and 3); (2) fostering participation in decision making (questions 4, 5, and 6); (3) expressing confidence in high performance (questions 7, 8, and 9); and (4) providing autonomy from bureaucratic constraints (questions 10, 11, and 12).

To obtain your overall score, add up your responses to the 12 questions and divide by 12. Your total should be somewhere between 1 and 5. Higher scores indicate a more empowering leader. The average score of 367 professional-level employees in a major information technology (IT) company in China was 3.67. You can also determine the score on each dimension by adding the three items for each dimension and then dividing by 3.

Sources: Zhang, X., & Bartol, K. (2010). Linking empowering leadership and employee creativity: The influence of psychological empowerment, intrinsic motivation, and creative process engagement. *Academy of Management Journal*, 53, 107–128; Ahearne, M., Mathieu, J., & Rapp, A. (2005). To empower or not to empower your sales force? An empirical examination of the influence of leadership empowerment behavior on customer satisfaction and performance. *Journal of Applied Psychology*, 90, 945–955.

To facilitate class discussion and your understanding of empowering leadership, form a small group with several members of the class and consider the following questions:

1. Each group member should present their LEB score. What is the range of scores (highest and lowest) and the average score in your group? Overall, how empowering are group members' supervisors?
2. Each group member should provide examples of what makes their supervisor an empowering leader. Be specific in describing how your supervisor scored on each of the four dimensions. Based on group members' answers, what are some of the main reasons why a supervisor is or is not empowering?
3. Each group member should consider the impact that their supervisor has had on them, their co-workers, and the organization. Be specific in describing the effects that an empowering leader has had on people's attitudes, behaviours, performance, and creativity.
4. What does your supervisor need to do differently to be a more empowering leader?
- *5. Do you think that all leaders should be empowering leaders? Explain your answer. If you had a choice, would you want to have an empowering leader? Explain your answer.

* Question 5 is also assignable in Writing Space.

Experiential Exercise

Servant Leadership Scale

Have you ever had a servant leader? To find out, answer the 28 questions that follow as frankly and honestly as possible about your current supervisor if you are employed or the most recent supervisor you had in your last job. Use the following response scale:

1–Strongly disagree

2–Disagree

3–Somewhat disagree

4–Neither agree nor disagree

5–Somewhat agree

6–Agree

7–Strongly agree

_____1 I would seek help from my manager if I had a personal problem.

_____2 My manager cares about my personal well-being.

_____3 My manager takes time to talk to me on a personal level.

_____4 My manager can recognize when I'm down without asking me.

_____5 My manager emphasizes the importance of giving back to the community.

_____6 My manager is always interested in helping people in our community.

_____7 My manager is involved in community activities.

_____8 I am encouraged by my manager to volunteer in the community.

_____9 My manager can tell if something is going wrong.

- _____10 My manager is able to effectively think through complex problems.
- _____11 My manager has a thorough understanding of our organization and its goals.
- _____12 My manager can solve work problems with new or creative ideas.
- _____13 My manager gives me the responsibility to make important decisions about my job.
- _____14 My manager encourages me to handle important work decisions on my own.
- _____15 My manager gives me the freedom to handle difficult situations in the way that I feel is best.
- _____16 When I have to make an important decision at work, I do not have to consult my manager first.
- _____17 My manager makes my career development a priority.
- _____18 My manager is interested in making sure that I achieve my career goals.
- _____19 My manager provides me with work experiences that enable me to develop new skills.
- _____20 My manager wants to know about my career goals.
- _____21 My manager seems to care more about my success than his/her own.
- _____22 My manager puts my best interests ahead of his/her own.
- _____23 My manager sacrifices his/her own interests to meet my needs.
- _____24 My manager does what she/he can do to make my job easier.
- _____25 My manager holds high ethical standards.
- _____26 My manager is always honest.
- _____27 My manager would not compromise ethical principles in order to achieve success.
- _____28 My manager values honesty more than profits.

Scoring and Interpretation

You have just completed the Servant Leadership Scale developed by Robert Liden, Sandy Wayne, Hao Zhao, and David Henderson. The scale measures the following seven dimensions of servant leadership:

1. Emotional healing (the act of showing sensitivity to others' personal concerns): Questions 1, 2, 3, and 4.
2. Creating value for the community (a conscious, genuine concern for helping the community): Questions 5, 6, 7, and 8.
3. Conceptual skills (possessing the knowledge of the organization and tasks at hand so as to be in a position to effectively support and assist others, especially immediate followers): Questions 9, 10, 11, and 12.
4. Empowering (encouraging and facilitating others, especially immediate followers, in identifying and solving problems, as well as determining when and how to complete work tasks): Questions 13, 14, 15, and 16.
5. Helping subordinates grow and succeed (demonstrating genuine concern for others' career growth and development by providing support and mentoring): Questions 17, 18, 19, and 20.
6. Putting subordinates first (using actions and words to make it clear to others, especially immediate followers, that satisfying their work needs is a priority): Questions 21, 22, 23, and 24.
7. Behaving ethically (interacting openly, fairly, and honestly with others): Questions 25, 26, 27, and 28.

To obtain your overall score, add up your responses to the 28 questions and divide by 28. Your total should be somewhere between 1 and 7.

Higher scores indicate a more servant leader. You can also determine the score for the seven dimensions by adding your responses to the four items for each dimension and dividing by 4. In a study of 183 employees

of a production and distribution company, the average score for each dimension was as follows: emotional healing: 4.85; creating value for the community: 3.83; conceptual skills: 5.29; empowering: 5.13; helping subordinates grow and succeed: 4.68; putting subordinates first: 3.97; behaving ethically: 4.93. Servant leadership was found to be positively related to community citizenship behaviours, organizational commitment, and performance. Furthermore, servant leadership made a unique contribution to the prediction of these outcomes beyond transformational leadership and LMX.

Source: Republished with permission of Elsevier Science, Inc., from Liden, R. C., Wayne, S. J., Zhao, H., & Henderson, D. (2008). *Servant leadership: Development of a multidimensional measure and multi-level assessment. The Leadership Quarterly, 19*, 161–177; permission conveyed through Copyright Clearance Center, Inc.

To facilitate class discussion and your understanding of servant leadership, form a small group with several members of the class and consider the following questions:

1. Each group member should present their servant leadership score. What is the range of scores (highest and lowest) and the average score in your group? Overall, to what extent are group members' supervisors' servant leaders?
2. Each group member should provide examples of what makes their supervisor a servant leader. Be specific in describing servant behaviours in terms of your scores on the seven dimensions of the scale. Based on group members' answers, what are some of the main things that distinguish servant leaders from non-servant leaders?
3. Each group member should consider the impact that their supervisor has had on them, their co-workers, and the organization. Be specific in describing the effects that servant (or non-servant) leaders have had on people's attitudes and

behaviours as well as on the organization (e.g., reputation, sales, or productivity).

- *4. What does your supervisor need to do to be a more servant leader? Be specific in terms of the scores on the seven dimensions.
5. If you are now or have been in a leadership position in the past, to what extent have you been a servant leader? Take the Servant Leadership Scale again, but this time thinking about yourself in a current or previous leadership role. To what extent are you (or were you) a servant leader? What do you have to do to become more of a servant leader?

* Question 4 is also assignable in Writing Space.

Case Incident

Fran-Tech

A mid-level manager at Fran-Tech, a Seattle software company, received a CD-ROM set containing the source code for a competitor's software product. The competitor is the market leader in the software niche in which both companies compete; it is crushing Fran-Tech in the marketplace. An anonymous note accompanying the package stated that the package was sent by a disgruntled employee of the competitor and urged the recipient to use the data "as you see fit." The manager receiving the data was considered to be a "star" performer by her boss and her peers.

1. What do you think the manager is likely to do in this situation? What should she do and why?
2. Explain the relevance of ethical leadership in this situation. What will an ethical leader do and why? What will an unethical leader do?
- *3. Consider how the manager's response to this situation can impact the ethical behaviour of her employees in the organization. What are some of the potential implications of her actions for employees and the organization?

Source: Thomas, T., Schermerhorn, J. R., Jr., & Dienhart, J. W. (2004). Strategic leadership of ethical behavior in business. *Academy of Management Executive*, 18, 56–66.

* Question 3 is also assignable in Writing Space.

Case Study

Radio Station WEAA: Leading in a Challenging Situation

Corin Fiske, Director of News and Public Affairs at WEAA, a public radio station licensed and owned by Morgan State University (MSU) in Baltimore, Maryland, felt like she'd just had the wind knocked out of her. She'd just gotten off the phone with Micah Razan, host of the *Women Today* program, for the past 14 years. Razan was calling to let Fiske know that she was resigning from her volunteer on-air host position and that she would be taking the show's name and concept with her. As Fiske collected her thoughts, she realized that not only did she need to find a replacement host and new program concept quickly, but she also needed to deal with her staffing situation.

In August of 2006, Fiske had been recruited by the chair of the Communication Studies Department to be a change agent, to help the organization achieve its full potential. She planned and delivered 15 hours of world-class news and community affairs programming every week through a staff of 30 direct reports, 29 of whom were volunteers. In the two months Fiske had been at WEAA, she felt like some of her staff weren't fully supporting her or the organization's goals. As she reflected on the situation, she realized she needed to figure out what to do and quickly. She'd have to tell her new boss, Jabari Owens, the station general manager, about the resignation, the loss of the show concept, and the resistance from her staff. He would surely expect her to have a plan to deal with these urgent short- and long-term issues.

Weaa Background

WEAA, a non-profit, National Public Radio (NPR) affiliated station,¹ served the Baltimore market. It was licensed and owned by Morgan State University. The station began operating on January 10, 1977, and operated at 12 600 watts, 24 hours a day, 365 days a year. WEAA, a community-oriented radio station, reached out to its multicultural audience with social, political, and multicultural programs and music. The station was committed to academic excellence and the professional development and training of students interested in careers in broadcasting. In 1999, *Gavin Magazine* named WEAA the Jazz Station of the Year. In 2000, 2002, and 2005 *Citypaper* newspaper² named WEAA the best radio station in Baltimore. The average WEAA listener was an affluent, educated, community-active, professional African American in the 25–54 age group (64 percent male, 36 percent female).³

According to the music director, Narius Coleman, the station started as a “refreshing, new African American perspective, playing jazz and R&B and having great talk shows. We were the voice of the community. Our call letters⁴ stood for ‘We educate African Americans.’” As the station evolved in the 1980s, he said, “they played less R&B and more jazz; talk shows remained an important part of the format.” Coleman noted that in the 1990s the station became a “straight ahead” jazz station (i.e., focused on jazz without R&B) with talk shows. Now he says the station has evolved to be “a blend of contemporary and traditional jazz with some soul and R&B classics and talk shows, closer to its original format.” According to Coleman, the definition of the call sign has been expanded to signify, “We educate African Americans and all who listen, whether they are Latino, Caucasian, or African...we speak to many different cultures.”

The station competed in the Baltimore market, the 21st-largest radio market in the United States with a population of about 2.3 million people.⁵ There were 24 other radio stations that competed in the market.⁶ Three were public radio stations—WYPR, previously affiliated with Johns

Hopkins University; WTMD, affiliated with Towson University; and WBJC, affiliated with Baltimore City Community College.⁷ A number of for-profit radio stations also competed with news/talk, jazz, or mixed music formats in the market.

Fiske and Jabari Owens, the station general manager, admired WAMU, the leading public radio station for NPR news and information in the Washington, D.C., area. They cited it as a role model for their station and what they hoped to achieve. WAMU was in the ninth-largest radio market in the country, with a population of 4.2 million people. On air since 1961, the station was member supported, professionally staffed, and licensed to American University. The station had about 580 000 unique listeners in 2006. In that same year, the station generated revenue of \$11.4 million dollars, expenses of \$10.3 million dollars, and a profit of about \$1.1 million dollars.⁸

In comparison, WEAA had about 90 000 unique listeners in 2006. The station had annual revenue of \$563 000, annual operating expenses of \$770 500 and an annual loss of \$207 500 in that same year. (See [Table 1](#) for Profit and Loss Statements for WEAA.)

Table 1 WEAA Profit and Loss Statement

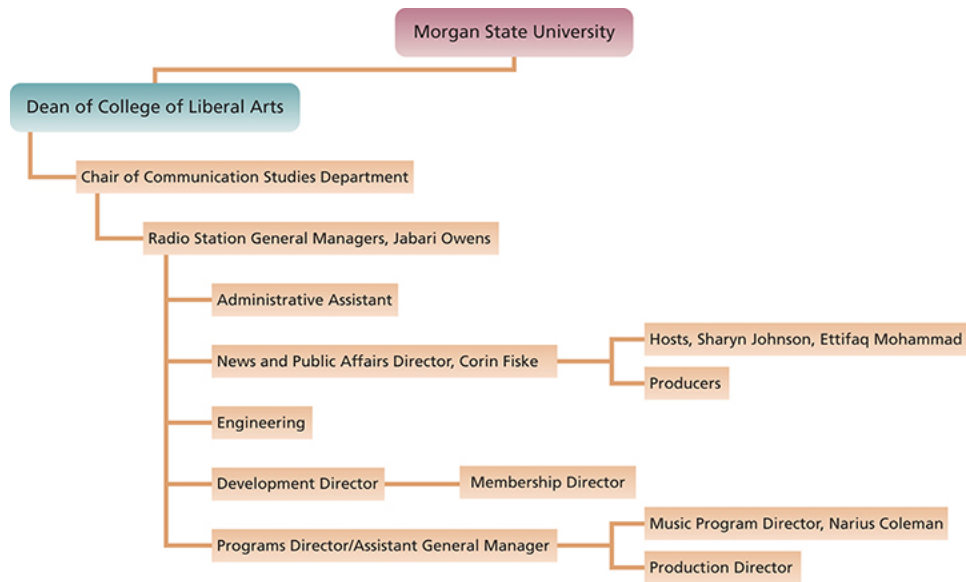
	2004	2005	2006	2007 est.
Revenue				
Underwriting/membership (fund raising)	\$234 000	\$250 000	\$113 000	\$135 000
Studio rental				\$5 000
Grants	\$200 000	\$200 000	\$200 000	\$200 000
University Funds	\$186 000	\$300 000	\$250 000	\$200 000
Total	\$620 000	\$750 000	\$563 000	\$540 000
Expenses	\$770 500	\$770 500	\$770 500	\$770 500
Profit/Loss	-\$150 500	-\$20 500	-\$207 500	-\$230 500

Sources: 2004 Audited Financial Statement, General Manager estimates, 2007.

Like WAMU, their role model, and other public, non-profit radio stations (e.g., WTMD, WBJC), WEAA was licensed to and owned by a higher education institution. WEAA was part of Morgan State University's College of Liberal Arts, Communications Studies Department, telecommunications program.⁹ The College of Liberal Arts, the largest academic division of the university, served over 30 percent of the university's 6000 enrolled students. About 25 percent of the college's enrolled students majored in telecommunications, the most popular major. In the telecommunication program, students learned about telecommunications theory and practices, through on-campus media laboratory experiences, workshops, and internships. In 2006, a new, \$21-million building was completed to house the Communications Studies Department, the Media Center, the journalism and writing programs of the College of Liberal Arts, and WEAA radio station. The station moved into their state-of-the art broadcasting facility, including modern offices and studios in the fall of 2006. According to Jabari Owens, the station "has a 'great stick.'"¹⁰

The radio station was organized as outlined in [Figure 1](#). Jabari Owens was the fourth general manager in four years. Volunteers typically have had little interaction with station management. Jabari Owens, the new general manager, noted that "turnover has hurt the organization, stalling growth and development." The membership director position, responsible for leading fund raising, had been open for over a year and consequently the station had not had a formal fundraising drive in at least two years. As he became familiar with the organization, Owens noticed that there were some unconventional aspects of the organization in terms of titles, reporting relationships, and business processes (e.g., directors reporting to directors, people reporting to whomever they wanted to, tasks allocated in inefficient ways). He also learned that volunteers typically have had little interaction with station management.

Figure 1 Organization Chart For Radio Station WEEA



Source: General Manager, 2007; www.morgan.edu, 2007.

Corin Fiske's Perspective

Fiske was attracted to the position at WEEA because she saw an opportunity to be part of building a radio station, transforming it from a small station to a larger, profitable, highly regarded station like WAMU. "I have an entrepreneurial spirit. Themes that have emerged over the course of my career are change and learning. I am a change agent. I also love to learn. So, I found the opportunity at WEEA very attractive. I think they were looking for a leader to make things happen, to lead change. That's me."

Fiske had 10 years experience in the broadcasting industry. She started her career as a radio personality and entertainment reporter for radio station WAFL-FM in Dover, Delaware, the 75th-largest radio market in the United States. After two years, she became a TV reporter at the NBC affiliate KWES-TV in Midland, Texas (a market with a population of just under a 100 000 people), for a year. Next she jumped to Philadelphia, the

fifth-largest city in the United States based on population, where she spent a year as a TV reporter and photographer for the number-four ranked station, a 24-hour news station. Then she moved to Youngstown, Ohio (a market with a population of just under 100 000 people), where she was a TV reporter for CBS/Fox for two years. While at CBS/Fox she was recruited to be a reporter for a new station launch, a 24-hour news Time/Warner TV station in Houston, the fourth-largest market in the U.S. based on population. She spent two years there before she moved to Atlanta and helped build a broadcast school, the Connecticut School of Broadcasting (CSB). For two years she developed their TV curriculum, which was adopted at all their campuses. "Then I was wooed to Morgan to be part of building a radio station. I have industry experience. I am a teacher. I joined WEEA to develop curriculum, to leverage the radio station in the community, to develop and file content¹¹ locally and nationally, to grow," she explained.

The call from Micah Razan, resigning, was one of many incidents that contributed to Fiske's growing feeling that there were significant issues she needed to address if she wanted to be successful in her new position. During the call, Razan said she had just gotten a promotion in her full-time job and would be moving. Razan told Fiske that she had come up with the original idea for the show and had been hosting the show for 14 years, and she planned to take the name and concept with her, so that she could use it when she relocated. Fiske said, "I know that the question of ownership of the intellectual property of the show is debatable." However, because of the turnover, turmoil, and the laissez-faire management approach at the station, any history or documentation about the intellectual property rights (e.g., evidence of a work for hire policy or contract) would be very difficult to find. She decided not to fight Razan; but to Fiske the situation illustrated the vulnerability of the station when policies and expectations were unclear. She viewed the lack of commitment to and agreement on operating policies and standards as a

serious issue. She also thought some of her staff were resistant to change, disengaged, and lacking motivation.

She recalled, “Shortly after I started this job, I was in my office—we were in two buildings then, I still hadn’t moved to the new building. A young woman came in to be a guest on a show. She’d come to the wrong building (the old building). I knew the show started at 6:00 p.m., so I decided to speed-walk her to the other building where the show was being produced live. When we got there, just after 6:00, the show hadn’t started yet. The theme song was playing; it played for ten minutes. Finally, the host ran in, saying, ‘Oh !@%&, I know you’re going to be upset,’ then started the show.”

“Later, I called him in for a meeting. I explained that the next time he was late, even if it was by one minute, we would air an encore presentation¹² ... Over the years we have had a history of this. Some volunteers who serve as hosts and are not working at a high effort undermine the quality of the programming.” She explained that sometimes hosts do not have the skills, experience, or motivation to deliver high-quality, timely programming. For example, she noted that not all hosts called in if they were going to be late or miss the show. This resulted in shows not starting on time or having to substitute an encore presentation at the last minute instead of airing a live show as scheduled.

She recalled another situation during the fall of 2006. “This one was a nightmare. Ed Zeigler, a college professor from a local community college, hosted one of the shows, a political talk show. Zeigler and his producer couldn’t understand the importance of balance in reporting on the show. A very strict balance is required to maintain credibility and have high journalistic integrity. As journalists we should investigate, report, and cover the story. We are not actors/actresses; we should not create the story. On one show, Zeigler talked about an individual, a

prominent public figure, not doing his job. I explained that you are the host; you can't just present your opinion or even just one side of the story. Your job as host is to present both sides of the story, a balanced view. Zeigler said, 'Well, what about Rush Limbaugh, he presents his opinion. He doesn't present all sides of an issue.' I said 'Rush Limbaugh isn't on a public radio station.' I spent over an hour going back and forth with him about balance and our responsibility as a public radio station to offer listeners an opportunity to discover opposing views in a way that respects differences and our listeners. We should not be featuring shouting matches. If we want to criticize a public official for something, we need to invite him to explain his perspective or at least be able to say we asked the official for his response and he declined. It was a frustrating conversation."

As Fiske reviewed the situation, she noted, "Of the 20 volunteer talk show hosts that I'm responsible for, many have never been trained. Many do not understand public radio standards, and some are resisting and/or putting in a low effort. Some have never been oriented; some have never been evaluated. Most shows don't have a producer.¹³ We have an issue of lack of consistency of programming standards across the board. And we don't have enough key personnel to facilitate the production of solid news."

Fiske experienced some resistance from her staff in terms of communicating and reporting. Volunteer staff members did not have offices (i.e., a room with a phone and a computer) at the radio station. Most worked out of their homes or offices and came into the station only to work on their shows. When she was introduced to her staff at a meeting in September, she asked them to meet with her individually, on a regular basis, so they could get to know each other and work together on programming. Some staff members have never followed up on this request. Some did not return her phone calls or emails. Every quarter she

needed to compile programming information for mandatory reporting to the FCC. It had been a struggle to get complete information from her staff on a timely basis. Recently, she tried a new approach. After explaining the importance of the information to her staff, she sent them, via email, a schedule of the due dates; she also sent them a reminder a few weeks before the deadline, and gave them a template document to fill in. This helped, Fiske explained; she got a great improvement in the response rate, receiving reports from half her staff.

“One of the challenges in my position has been the staffing philosophy of using mostly or all volunteer staff versus paid staff. I applaud volunteers working at a high effort level. I’ve been a volunteer; I was an executive on loan to the United Way for over a year. I was personally in charge of raising \$8 million. I exceeded the goal. I was very committed. All the volunteers were very committed. I knew they valued me. I knew they appreciated my skills. It was one of the best experiences of my life. They really worked hard to show their appreciation. They had a volunteer appreciation dinner. Every month they had one or two events honoring volunteers. So I know what it is to be a volunteer and to be committed. The United Way was an important part of my development, and I want to bring that emphasis on commitment and recognition to WEAA.”

Fiske felt an urgent need to address the issues she faced; they could jeopardize her success and the success of WEAA. But she had many other duties also, “I have been writing grants, developing curriculum, and recruiting, training, and managing volunteers. I am working long hours, 12- to 13-hour days. I return phone calls, respond to emails, and deal with operating priorities as they pop up. I have had to turn down opportunities to develop community relations, simply because I don’t have time for it.”

Fiske reviewed a list of priorities she had drafted when she first arrived (see [Table 2](#)). She wondered if they still made sense.

Table 2 Ideas For Change Within Department of News and Public Affairs

- Establish core values and standards
- Strengthen content
- Underwriting for all news and public affairs programming
- Discontinue and reposition all first Sunday and fifth week Tuesday, Wednesday, and Thursday shows
- Diversify programming
- Develop volunteer curriculum and career development workshops
- Produce vignettes, modules, and segments
- Purchase field reporting equipment for expansion
- Feature reporting
- Strengthen relationship with University
- Develop more versatile approach to programming (interactive via web, pod casting, etc., TV)
- Establish ownership of programs
- Explore syndication opportunities
- Establish relationship with NPR to file content nationally
- Develop volunteer appreciation awards ceremony

Source: Corin Fiske, 2007.

To provide additional insight about the situation at WEAA, Fiske's boss, a peer, and two volunteer subordinates shared their perspectives.

Jabari Owens' Perspective

Jabari Owens, general manager of WEAA since October of 2006, was a third-generation radio broadcaster and Fiske's boss. He had 10 years of experience in the radio business. He started in college radio at the University of Miami and had recently left a satellite radio firm to join WEAA. He was attracted to WEAA by the "turnaround" opportunity and the chance to build a profitable, competitive public radio station from the ground up. His mission was to "run the station as a business...and to make the station financially self sufficient in five years so that it does not rely on the roughly \$350 000 the university provides in yearly financial support."¹⁴ He saw WAMU as a role model from which WEAA could learn.

Owens thought that the station's strong community connection was both a strength and a weakness. "Featuring members of the community on-air results in a high level of buy-in and ownership. However, over-reliance

on volunteer community members has made the station vulnerable (sometimes unable to operate independently). One of my roles as the general manager is to protect the station's license. The lack of direction, lack of structure, and lack of understanding can be dangerous."

He said, "Radio is an art and a science. We have the art down. But being opinionated and articulate is not enough. We need to get the science part of it down. Producing news, talk, and public affairs programming is the most difficult type of programming to create and we are doing it mostly with volunteers. We need qualified producers to manage the complete life cycle of every show. Some folks will welcome these changes and the opportunity to take it to the next level. Others will say 'I don't need any help, I want to do my own thing.' Some will think, 'This is just a way of trying to control me' versus trying to improve my show." Owens said that "as a management team we must set expectations, provide the tools and resources, and establish regular evaluations." He said Fiske will need to tackle the challenges of motivating a volunteer staff, reining in the types of programs on air, and creating a culture of commitment.

Owens believed Fiske had a wealth of experience, and a desire to build, and that she would be instrumental in developing the station's mission and programming philosophy. "She instantly conveys an air of professionalism; she can and has established a higher level of professionalism. She has an ability to build relationships with students, with other departments, and within the university and the community. One opportunity for her to become even more effective is to develop a more fluid working relationship with the program director/assistant general manager." Owens said, "The only thing holding us back is us—the infrastructure is here. We have the art down. We have the passion, the stuff you can't teach. We need to teach the science."

Narius Coleman's Perspective

Narius Coleman, assistant program director, music director, and *In the Groove* host had been in the radio business for 14 years and was a colleague/peer of Fiske's. He started working at WEAA as a student; after graduation, he left to work in commercial radio and had now been back at the station for two years. Coleman saw the station "as a very small team (five full-time employees, a few part-time employees, and 30 plus volunteers). The advantage is that we are a small, close-knit group; the disadvantage is that the amount of work can be overwhelming at times. I'd love to see more full-time employees; unfortunately we just don't have the money. We have so many opportunities, if we had free rein; but we have to abide by the rules and regulations of the communications department. There is a lot of red tape."

Coleman said, "You can only expect so much from volunteers. Sometimes they don't put their all into it. If talk show hosts can't make it, they just don't come in. Then we have to run an encore presentation. If they were paid, they'd be here, because time is money. One of our biggest challenges is to get folks to take ownership as if it was a paid job."

"Corin has a vision, she has the background. She's put together curriculum. She's trained students. She's making a difference. She is 'on point' on so many things. My only suggestion for her is to pick up her phone," he said with a smile. "She is so busy, she's hard to get on the phone."

Sharyn Johnson's Perspective

Sharyn Johnson, *Real Money* volunteer host for eight years, was a 20-year veteran of the financial services industry and one of Fiske's direct reports. When she had children, Johnson said, she "downshifted," (i.e., tried to work less and to achieve a better balance between work and family life), starting her own consulting business, Johnson's Media Group. Her firm

specialized in consulting on how to sell financial services and the financial empowerment and education of consumers. Volunteering as a radio show host made a lot of sense to Johnson because she got a lot of return in terms of publicity and awareness for herself and ultimately her business.

Johnson noted that for many years WEEA had been considered a community service of the University, not a business. Johnson said, “Five years ago this was a little radio station; hosts said what they wanted to say; there was no rigour, most hosts were winging it.” Johnson saw the station as a “diamond in the rough.” She saw the value and potential of the station and believed that Fiske and the other managers needed to help the university administration see that potential also—“Get the leadership to see what’s sitting in front of them.” Johnson liked the fact that Fiske was introducing NPR standards and a higher level of expectations for the staff. She thought that Fiske should try to communicate more frequently with the staff. “People need to hear her voice, we need to hear praise when we’re on track, and we need her to let us know when we’re off track.”

Johnson talked about the challenges of delivering quality programming with an all-volunteer staff. “As soon as a volunteer intern is trained and ramped up, they’re moving on. A show needs a producer to come up with story ideas, do research, book guests, ‘feed the beast.’ It is very difficult to produce quality programming with an all-volunteer staff. If people add value, you have to pay them. I think it would be much better to hire hosts versus have volunteers. Then we could set standards.”

Ettifaq Mohammad’s Perspective

Ettifaq Mohammad, *Listen Up* volunteer host for three years and one of Fiske’s direct reports, was the 27-year-old co-founder and president of

New Light Leadership Coalition, Inc., a non-profit organization devoted to leadership development among youth, by youth. Mohammad said, "I am very grateful to be part of WEAA. I feel like the organization has always been very supportive, giving me a platform to communicate with an audience of 100 000 at a young age with relatively little radio experience. If I could get paid it would be great, but I'm just so happy to be on air. I'm grateful for the opportunity."

Mohammad had seen a lot of changes and transitions at the station, and he thought they were generally positive; however, they hadn't really affected him. He noted that the station had different types of general managers, from Zack Johnson, who had been outgoing and emphasized getting Hollywood-style entertainment on air, to more introverted, "hands off" educators.

He noted that the culture had been one where most hosts did not have journalism or radio backgrounds. Mohammad believed the staff supported Fiske—she had good interpersonal skills. "It is comforting to know the news director and to know that she knows my name, she listens to my show and will give me feedback."

According to Mohammad, one of Fiske's biggest challenges was to get the support of the university administration. "Sometimes Morgan (MSU) suffers from administrative and management problems, so it can be a challenge to work through the red tape and politics. Fiske comes from a fast-paced TV environment; she may need to balance her passion and urgency with the level of passion and urgency of other people. She needs to work through the culture, helping to regain the trust and support of students and the administration that has been lost due to prior poor management."

Mohammad noted the challenges of a volunteer staff: "You can't put too many expectations on them. I just lost a student intern producer; her grades were falling, so she just couldn't do the show." In closing, he said, "We all want to see WEAA thrive...we want to see WEAA get to the top of its game."

Conclusion

As Fiske reflected on her relatively short time at WEAA, she realized she faced some urgent issues, and she had concerns about the level of support and motivation among her staff for her and for the station's goals. She had a lot on her plate. The call from Razan, resigning, was still fresh on her mind. As was the frustrating conversation with Zeigler and his producer. She'd heard rumors that Zeigler was thinking of making their disagreements public (possibly talking to reporters). She was also concerned about hosts not showing up on time, missing meetings, not communicating, and not completing reports in a timely manner. She was still excited about the opportunities at WEAA. What could she do to ensure her success and the success of the organization? A serious strategy meeting with Owens, her boss, was urgently needed. She needed to share her ideas and concerns and get his ideas and advice about how to resolve these issues. Then she could develop a plan of action and focus on implementing it.

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Questions

1. Discuss the issues, problems, and challenges facing Corin Fiske and WEAA. To what extent are these issues, problems, and challenges the result of the station's past and present leadership?

2. Evaluate Corin Fiske's success as a leader in terms of the meaning of leadership and what it means to be an effective leader. Do you think she has been an effective leader? Provide some specific examples to support your answer.
 3. Consider Corin Fiske's leadership in terms of the different types of leadership behaviour (i.e., consideration, initiating structure, leader reward behaviour, and leader punishment behaviour). To what extent does she exhibit each of these behaviours, and how effective is she when she does? What leadership behaviours do you think are required to improve her effectiveness as a leader? Explain your answer.
 4. Use the situational theories of leadership (contingency theory and path-goal theory) to explain the leadership style and behaviour that is most likely to be effective given Corin Fiske's situation. What is the difference between her current leadership style and behaviour and the style and behaviour suggested by each theory? What does she need to do according to each theory?
 5. Discuss the merits of leader-member exchange (LMX) theory, transactional, and transformational leadership for the leadership situation facing Corin Fiske at WEAA. What type of leadership is necessary and why? What does each theory suggest that Corin Fiske should do to be a more effective leader?
 - *6. Given the many challenges facing WEAA and Corin Fiske, what type of leadership is most important to improve the situation and the success of WEAA? Can Corin Fiske improve the situation by being a more effective leader, and if so, what type of leadership is required and why? Be sure to consider the merits of the different types and theories of leadership discussed in the chapter.
- Leadership. The influence that particular individuals exert on the goal achievement of others in an organizational context. Moe Doiron/The Canadian Press

* Question 6 is also assignable in Writing Space.

1 Unlike most NPR affiliated radio stations, WEEA did not run the full roster of NPR programming; most of WEEA's programming was original.

2 (2008). Best of Baltimore. 2008, from www.citypaper.com/bob/story.asp?id=12612.

3 (2007). WEEA. 2007, from <http://www.weea.org/index.html>.

4 Letters assigned to broadcast stations by the Federal Communications Commission (FCC) by which stations identify themselves. In general, stations east of the Mississippi River have call letters beginning with W; those west of the Mississippi have call letters beginning with K.

5 (2008). Arbitron radio stations. 2008, from www.arbitron.com/radio_stations/home.htm.

6 (2008). List of radio stations in Maryland. 2007, from http://en.wikipedia.org/wiki/List_of_radio_stations_in_Maryland.

7 (2008). On the radio dot.net. 2008, from <http://www.ontheradio.net/states/maryland.aspx>.

8 (2007). WAMU. 2007, from <http://wamu.org/>.

9 (2007). Morgan State University. 2007, from www.morgan.edu.

10 A very powerful broadcast antenna for a public radio station.

11 Radio programming content.

12 A repeat of a previously aired program.

13 A producer for a radio show is responsible for generating and researching ideas for show content, identifying and booking resources/guests, overseeing production, evaluating performance, and providing feedback and direction for performance improvement.

14 Dash, J. (2008). Whose public radio?, from <http://baltimore.bizjournals.com/baltimore/stories/2008/03/10/focus1.html>.













































Chapter 10

Communication

◀ Listen to the Audio



Learning Objectives

After reading Chapter 10, you should be able to:

- 10.1 Define *communication*, and explain why communication by the strict chain of command is often ineffective.
- 10.2 Explain the factors that contribute to *voice* versus *silence*.
- 10.3 Explain the organizational *grapevine*, and discuss its main features.
- 10.4 Review the role of verbal and *non-verbal communication* at work.
- 10.5 Discuss gender differences in communication, and identify how a failure to recognize these differences can cause communication problems.
- 10.6 Discuss challenges relating to *cross-cultural communication*, and identify useful strategies to deter miscommunication.
- 10.7 Define *computer-mediated communication*, and highlight its strengths and weaknesses.
- 10.8 Review personal strategies and organizational initiatives aimed at enhancing communication.

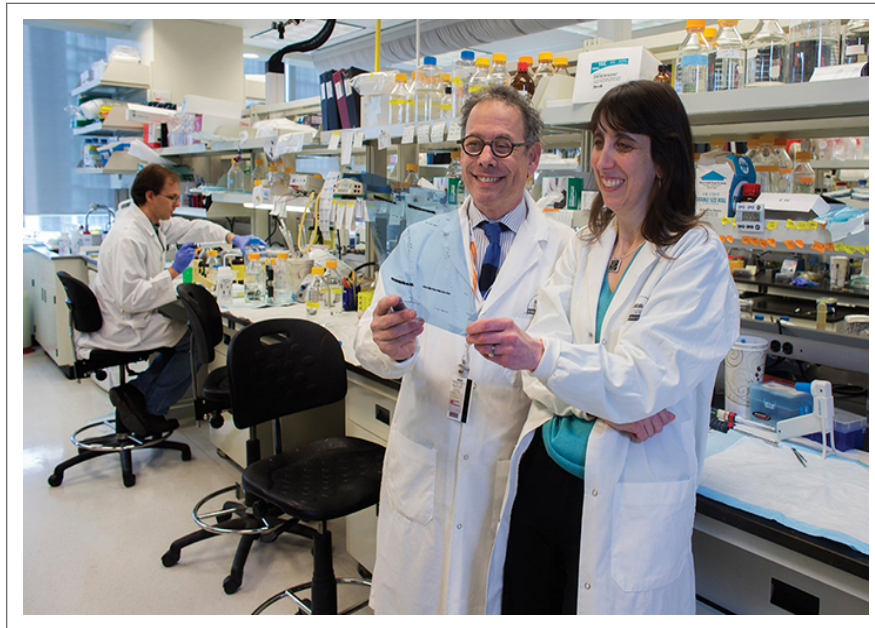
Toronto's Sick Kids Hospital Breaks Down Communication Barriers

In the stratified world of medical research, Roman Melnyk and Sheena Josselyn were at "opposite ends of the plant." He studies how the toxins in bacteria make people sick; she researches memory and neurological disease. But when Mr. Melnyk happened to hear a presentation by his colleague at the Hospital for Sick Children, it led to an intriguing collaboration: they're now trying to get those pushy toxins to deliver drugs to the brain and other hard-to-reach tissues. Their chance encounter happened at an annual hospital retreat. But Sick Kids is hoping the most distinctive feature of a gleaming new research building will encourage the same kind of cross-pollination between diverse scientists every day.

Each floor of the downtown Toronto structure is joined with another one or two to a light-filled, atrium-like common area, so researchers can mingle and trade ideas on breaks from the nearby laboratories. The labs themselves are unusually open-concept spaces where different research will take place within the same walls. In the heated debate about whether it's sufficient merely for workers to be connected virtually, the new \$400-million tower is a forceful vote for bringing colleagues face to face.

"These sort of interactive spaces I think are going to be game changing," said Mr. Melnyk, a biochemist. "I think right now we're very siloed . . . [But] we're going to be all hanging out in the same space, and I think that's going to break down a lot of physical and virtual barriers to people talking to each other."

“Scientists have traditionally toiled in small, self-contained labs, mixing mainly with those in the same narrow discipline and doing much of their communication via the Internet,” said Janet Rossant, Sick Kids’ chief of research. That fractured culture is not helped at the Toronto hospital, a major research centre as well as one of the country’s foremost hospitals for children, by having scientists divided among six buildings.



At Sick Kids, the new hospital was designed to foster communication among research disciplines.

Andrew Francis Wallace/Toronto Star/Getty Images

All 2000 research staff moved into the new, 21-storey Peter Gilgan tower. To encourage more mingling, the building has been divided into “neighbourhoods” of two to three storeys each, such as one for genetics, another for neurosciences, and one for cell biology. The neighbourhood floors are linked by stairs to the common areas, which extend out from the building’s facade behind striking, curved expanses of glass. Each

lounge has a kitchen area and comfortable furniture. There are even plans for brown-bag lunches between neighbourhoods.

When Mr. Melnyk heard Ms. Josselyn's presentation, it occurred to him the toxins could be used to deliver medication across the "blood-brain barrier," the organ's natural defence against harmful substances that also makes it difficult to treat neurological diseases. Ms. Josselyn, a neurophysiologist, said she believes other workplaces can benefit from the human interaction that brought the two scientists together.

"I think it's always hugely important," she said. "If you encounter some problems or you just want to bounce an idea of somebody, it's so much easier if you already have a connection with them . . . I think non-work-related interacting with colleagues always promotes work."¹

The Sick Kids Hospital story exemplifies the importance of good communication. In this chapter, we will investigate voice, silence, the "grapevine," the verbal and non-verbal language of work, gender differences, cross-cultural communication, computer-mediated communication, and social media. Finally, we will discuss personal and organizational means of improving communication.

Basics of Organizational Communication

◀ Listen to the Audio

- L01** Define *communication*, and explain why communication by the strict chain of command is often ineffective.
- L02** Explain the factors that contribute to *voice* versus *silence*.
- L03** Explain the organizational *grapevine*, and discuss its main features.

Communication is the process by which information is exchanged between a sender and a receiver. The simplest prototype is a one-on-one exchange between two individuals. The sender must *encode* his or her thoughts into some form that can be transmitted to the receiver. The receiver must perceive the message and accurately *decode* it to achieve accurate understanding. The receiver might initiate feedback that tells the original sender that the message has been received and understood. This simple model is valuable because it points out the complexity of the communication process and demonstrates a number of points at which errors can occur. Such errors lead to a lack of correspondence between the sender's initial thoughts and the receiver's understanding of the intended message. For example, encoding one's thoughts by trying to use some humour and transmitting them by email could easily lead to incorrect decoding. Encoding and decoding may be prone to particular error when the message is inherently ambiguous or emotional.

Effective communication occurs when the right people receive the right information in a timely manner. Violating any of these three conditions results in a communication episode that is ineffective.

Communication by Strict Chain of Command

◀ Listen to the Audio

The lines on an organizational chart represent lines of authority and reporting relationships. For example, a vice president has authority over the plant manager, who has authority over the production supervisors. Conversely, production workers report to their supervisors, who report to the plant manager, and so on. In theory, organizational communication could stick to this strict **chain of command** ⓘ. Under this system, three necessary forms of communication can be accomplished.

Downward communication flows from the top of the organization toward the bottom. For example, a vice president of retail banking might instruct regional managers to gear up for introducing a new mutual fund product. In turn, the regional managers would provide specifics to branch bank managers, who would instruct financial advisors accordingly.

Upward communication flows from the bottom of the organization toward the top. For instance, a chemist might conceive a new plastic formula with unique properties. She might then pass this on to the R&D manager, who would then inform the relevant vice president.

Horizontal communication occurs between departments or functional units, usually as a means of coordinating effort. Within a strict chain of command, such communication would flow up to and then down from a common manager. For example, suppose a salesperson gets an idea for a

new product from a customer. To get this idea to the R&D staff, it would have to be transmitted up to and down from the vice presidents of marketing and R&D, the common managers for these departments. At Sick Kids Hospital, the new research building is meant to improve horizontal communication between health science disciplines.

Deficiencies in the Chain of Command

◀ Listen to the Audio

Clearly, a lot of organizational communication does follow the formal lines of authority shown on organizational charts. Directives and instructions usually pass downward through the chain of command, and ideas and suggestions pass upward. However, reality shows that the formal chain is an incomplete and often ineffective path of communication.

Informal Communication

The chain of command obviously fails to consider *informal* communication between members. In previous chapters, we discussed how informal interaction helps people accomplish their jobs more effectively. In contemporary organizations, there is growing recognition that good ideas don't respect organizational boundaries and that informal networks (often supported by social media) can be important sources of innovation by freeing up communication. At Sick Kids Hospital, informal communication across disciplines is viewed as essential to scientific progress.

Slowness

Even when the chain of command transmits information faithfully, it can be painfully slow. The chain can be especially so for horizontal communication between departments, and it is not a good mechanism for reacting quickly to customer problems. Cross-functional teams and

employee empowerment, concepts we introduced earlier in the text, have been used to improve communication in these areas by short-circuiting the chain of command.

Filtering

Filtering [Ⓢ] is the tendency for a message to be watered down or stopped altogether at some point during transmission. Overzealous filtering will preclude the right people from getting the right information, and the organization will suffer accordingly. Upward filtering often occurs because people are afraid that management will use the information against them. Downward filtering is often due to time pressures or simple lack of attention to detail, but more sinister motives may be at work. As the old saying goes, "Information is power," and some managers filter downward communications to maintain an edge on their subordinates. For example, a manager who feels that an up-and-coming employee could be promoted over him might filter crucial information to make the subordinate look bad at a staff meeting.

Voice, Silence, and the Mum Effect

◀ Listen to the Audio

Speaking generally, the free flow of information contributes to effective communication. One aspect of this free flow is employee voice, the constructive expression of disagreement or concern about work unit or organizational practices.² Voice refers to “speaking up” and can be contrasted with silence, which means withholding relevant information. Voice might be directed horizontally, to teammates, or vertically, to the boss or to management in general. When it is not morally or legally required, voice can be considered a form of organizational citizenship behaviour ([Chapter 4](#)) that enables organizations to learn and change. Hence, it is in their interest to encourage voice. However, speaking up can be perceived as risky due to inherent power differentials in organizations.

Who is inclined to exercise voice, and when? Interestingly, more satisfied employees who identify more strongly with their work unit or organization are most likely to speak up, as are those who are conscientious and extraverted.³ Also, direct supervisors and higher-level managers play an absolutely critical role in creating a climate in which constructive dissent can emerge.⁴ Both direct support (or lack thereof) for dissent as well as symbolic stories about what has happened to those who exercise voice are strong determinants of such a climate. Meeting employees informally on their own turf and not unfairly punishing honest mistakes can foster a positive climate for voice. All of these factors can contribute to an atmosphere of psychological safety, a shared belief

that it is safe to take social risks.⁵ Indeed, high “voicers” report less work stress than those who remain silent.⁶

On the other hand, self-censorship will result in a climate of silence. One study found that the following implicit notions contributed to silence: I can't attack the boss's pet idea; I don't have solid data to speak up; I can't bypass the boss; I can't publicly embarrass the boss; I can't look like I'm not a team player.⁷

A more general factor that contributes to silence and works against voice is the **mum effect**[®], the tendency to avoid communicating unfavourable news to others.⁸ Often, people would rather “keep mum” than convey bad news that might provoke negative reactions. The sender need not actually be responsible for the bad news for the mum effect to occur, but the tendency is even more likely when the sender *is* responsible for the bad news. For example, the nurse who mistakenly administers an incorrect drug dose might be very reluctant to inform the head nurse of his or her error. Employees with strong aspirations for upward mobility are especially likely to encounter communication difficulties with their bosses.⁹ This might be due, in part, to the mum effect—employees who desire to impress their bosses to achieve a promotion have strong motives to withhold bad news.¹⁰ On the other hand, when managers are perceived as more open-minded, employees are more likely to open up about such negative events.¹¹

A study of Nokia's stumbles as a tech organization and its loss of the “smartphone battle” with Samsung and Apple blamed the events in part on middle managers' reluctance to challenge top management's overly optimistic views of the company's technology capabilities.¹² The mum effect was also implicated in the failure of Mitsubishi Materials

management to learn that faked quality control data were being generated for flawed parts for airplanes, cars, and power plants.¹³

The mum effect does not apply only to subordinates. A boss might be reluctant to transmit bad news downward. One of your authors found that employees who had good performance ratings were more likely to know those ratings than employees who had bad ratings. Managers evidently avoided communicating bad news for which they were partly responsible. Given this, it is not surprising that managers and their employees often differ in their perceptions of employee performance.¹⁴

Issues of voice and silence are especially relevant to power dynamics, organizational politics, and ethics, topics we will cover in [Chapter 12](#). The subject of workforce diversity deserves less silence and more voice. Consider [You Be the Manager: Communicating Diversity and Inclusion at Ryder](#).

You Be the Manager: Communicating Diversity and Inclusion at Ryder

Founded in 1933, Ryder System, Inc., a Fortune 500 company, provides commercial transportation, logistics, and supply chain support in North America, Asia, and Europe. Ryder's products and services include truck rental and leasing, fleet management, and turnkey supply chain and transportation solutions. Thus, Ryder can lease trucks to a customer, but it can also supply drivers, fuel, scheduling, and routing—spanning the chain from raw material acquisition to delivery of a final product. For many years, Ryder has shown a commitment to diversity and inclusion (D&I), seeing it as imperative to attracting and retaining the best workforce, generating diverse perspectives, and putting its best foot forward for its customers. Thus, it has a dedicated Office of D&I and a Council of D&I made up of 12 company leaders from a variety of functions. These two bodies chart strategy to enhance diversity and inclusion at Ryder. Part of that strategy has involved including effective D&I management among its required leadership competencies and tying success in fostering D&I to management compensation. However, the company wanted to involve *all* of its employees more fully in the D&I effort and really get them on board. Ryder realized that a multi-pronged communication strategy would be necessary to take its D&I efforts to the next level. But what exactly should they do? You be the manager.

Reset

Next

Source: Based on Amparo, B. (2010, November/December). Communicating diversity & inclusion at Ryder. *Profiles in Diversity Journal*, p. 70; Ryder System website.

The Grapevine

◀ Listen to the Audio

Just inside the gates of the large steel mill where one of your authors used to work, a large sign read “X days without a major accident.” The sign was revised each day to impress on the workforce the importance of safe working practices. A zero posted on the sign caught one’s attention immediately, since this meant that a serious accident or fatality had just occurred. Seeing a zero on entering the mill, workers seldom took more than five minutes to find someone who knew all the details. How did this information get around so quickly? It travelled through the “grapevine.”

Characteristics of the Grapevine

The grapevine ^{🗨️} is the informal communication network that exists in any organization. As such, the grapevine often cuts across formal lines of communication that are recognized by management. Observation suggests several distinguishing features of grapevine systems:

- We generally think of the grapevine as communicating information by word of mouth. However, emails and social media can contribute to the transmission of information.
- Organizations often have several grapevine systems, some of which may be loosely coordinated. For instance, an administrative assistant who is part of the “office grapevine” might communicate information to a mail carrier, who passes it on to the “warehouse grapevine.”
- The grapevine can transmit information relevant to the performance of the organization as well as personal gossip.¹⁵ Many times, it is

difficult to distinguish between the two: “You won’t *believe* who just got fired!”

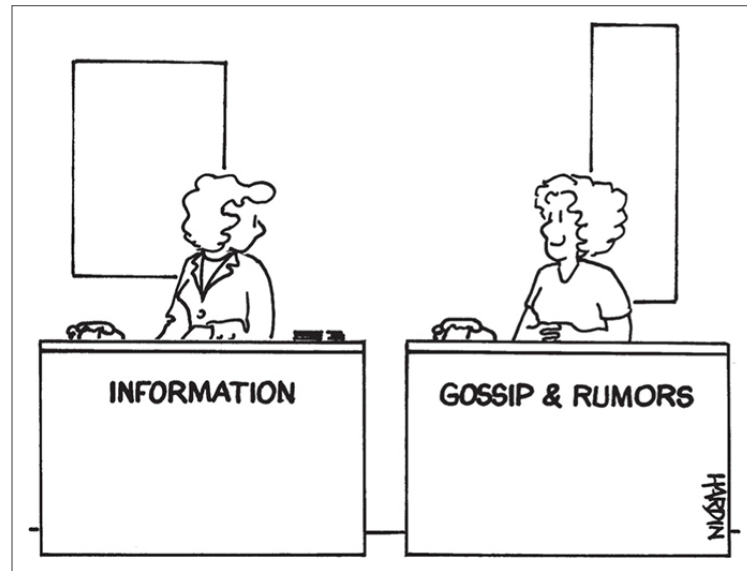
How accurate is the grapevine? One expert concludes that at least 75 percent of the non-controversial, organization-related information carried by the grapevine is correct.¹⁶ Personal information and emotionally charged information are most likely to be distorted.

Who Participates in the Grapevine, and Why?

Who is likely to be a transmitter of grapevine information? Personality characteristics may play a role. For instance, extraverts might be more likely than introverts to pass on information. Similarly, those who lack self-esteem might pass on information that gives them a personal advantage. Also, the *physical* location of organizational members is related to their opportunity to receive and transmit news via the “vine.” Occupants of workstations that receive a lot of traffic are good candidates to be transmitters. An air-conditioned computer room in a sweltering factory might provide their occupants with a steady stream of potential receivers for juicy information. On the other side of the coin, jobs that require movement throughout the organization also give their holders much opportunity to serve as grapevine transmitters. IT troubleshooters are good examples.

What motivates people to gossip via the grapevine? For one thing, it can be a timely, inexpensive source of information that simply isn’t available through other channels. In turn, this information can provide an alternative source of power and influence available to all, not just those with access to formal information channels. Much grapevine material involves releasing pent-up emotions concerning bosses or customers that can’t otherwise be comfortably expressed, and the exchange of delicate

information thus builds a bond of trust between senders and receivers. Additionally, some jobs are so boring that gossip provides one of the few available sources of social and intellectual stimulation.¹⁷ In sum, some gossip can actually contribute to effective communication.¹⁸



Patrick Hardin, www.CartoonStock.com

Pros and Cons of the Grapevine

Is the grapevine desirable from the organization's point of view? For one thing, it can keep employees informed about important organizational matters, such as job security. In some organizations, management is so lax at this that the grapevine is a regular substitute for formal communication. The grapevine can also test employee reactions to proposed changes without making formal commitments.

The grapevine can become a real problem for the organization when it becomes a constant pipeline for rumours. A rumour [Ⓜ] is an unverified belief that is in general circulation.¹⁹ The key word here is "unverified"—although it is possible for a rumour to be true, it is not likely to *remain* true as it runs through the grapevine. Because people cannot verify the

information as accurate, rumours are susceptible to severe distortion as they are passed from person to person.

Rumours seem to spread fastest and farthest when the information is especially ambiguous, when the content of the rumour is important to those involved, when the rumour seems credible, and when the recipient is anxious.²⁰ Increasingly difficult global competition, staff reductions, and restructuring have placed a premium on rumour control. At the same time, organizations should avoid the tendency to be mum about giving bad news.















The Verbal and Non-Verbal Language of Work

◀ Listen to the Audio

LO4 Review the role of verbal and *non-verbal communication* at work.

Every student knows what it means to do a little “cramming in the caf” before an exam. Although this phrase might sound strange to the uninitiated listener, it reveals how circumstances shape our language and how we often take this shaping for granted. In many jobs, occupations, and organizations, we see the development of a specialized language, or **jargon**, that members use to communicate with one another. Thus, *OB* means *organizational behaviour* to management professors and *obstetrics* to physicians.

While jargon is an efficient means of communicating with peers and provides a touch of status to those who have mastered it, it can also serve as a *barrier* to communicating with others. For example, local jargon might serve as a barrier to clear communication between departments such as sales and engineering, and new organizational members often find jargon intimidating and confusing. A second problem with the jargon is the barrier that it presents to those *outside* of the organization or profession. These barriers are apparent in the pharmaceutical industry, where PC might mean *placebo control* in R&D, *personal computer* in IT, *politically correct* in human resources, and *preclinical* in the regulatory division!²¹

Before continuing, have a look at [Research Focus: Using Humour in Workplace Communication](#).

Research Focus

Using Humour in Workplace Communication

Most people enjoy a good laugh, but does the use of humour contribute to effective organizational communication? Eric Romero and Kevin Cruthirds discuss some of the positive aspects of using humour at work. They note that humour can create positive emotions that can in turn facilitate attention, understanding, and message acceptance on the part of the receiver. Such positive emotions can also facilitate creativity because they create a “fun” atmosphere that makes people less critical and more open to new ideas. In addition, humour can serve as a potent antidote to workplace stress, often reducing threat and conveying the message that “we’re all in this together.” They also assert that the ambiguous nature of much humour provides a vehicle to critique the receiver without arousing bad feelings and resentment—leading to face saving and allowing for learning to occur. Effective leaders often employ self-deprecating humour to reduce the social distance between themselves and their subordinates.

Research by Brad Bitterly and colleagues showed that the use of humour can enhance the status of the communicator by making him or her appear more competent and confident. However, the use of humour is risky. Appropriate humour that is seen as funny has these status-enhancing effects. However, inappropriate jokes signal a lack of competence and reduce the communicator’s status. Kai Chi Lam and colleagues

determined that in both China and the United States, leader humour enhanced the work engagement of followers unless the humour was aggressive; in this case, humour was associated with follower norm violations and deviance. After studying over 900 Australian employees, Nilupama Wijewardena and colleagues advise managers to develop a trustful and understanding relationship with subordinates *before* employing humour. This will help ensure the appropriate choice and timing of humour. The authors warn against the use of negative humour and illustrate that both positive and negative humour operate by affecting the emotions of the recipient of the communication.

Sources: Romero, E. J., & Cruthirds, K. W. (2006, May). The use of humor in the workplace. *Academy of Management Perspectives*, 20, 58–69; Bitterly, T. B., Brooks, A. W., & Schweitzer, M. E. (2017). Risky business: When humor increases and decreases status. *Journal of Personality and Social Psychology*, 112, 431–455; Lam, K. C., Christian, M. S., Wei, W., Liao, Z., & Nai, J. (2018). The mixed blessing of leader sense of humor. Examining costs and benefits. *Academy of Management Journal*, 61, 348–369; Wijewardena, N., Härtel, C. E. J., & Samaratunge, R. (2017). Using humor and boosting emotions: An affect-based study of managerial humor, employees' emotions and psychological capital. *Human Relations*, 70, 1316–1341.

Non-Verbal Communication

◀ Listen to the Audio

Professors frequently hear students say that they understand a concept but somehow know that they do not. Students often hear professors say, “Come up to my office any time” but somehow know that they do not mean it. How can we account for these messages that we receive in spite of the words we hear? The answer is often non-verbal communication.

Non-verbal communication is the transmission of messages by some medium other than speech or writing. Non-verbal messages can be very powerful in that they often convey “the real stuff,” while words serve as a smokescreen. Raised eyebrows, an emphatic shrug, or an abrupt departure convey a lot of information with great economy. The minutes of dramatic meetings (or even verbatim transcripts) can make for extremely boring reading because they are stripped of non-verbal cues. These examples involve the transmission of information by body language. Body language and the manipulation of objects are major forms of non-verbal communication.

Body Language

Body language is non-verbal communication that occurs by means of the sender’s bodily motions and facial expressions or the sender’s physical location in relation to the receiver.²² Although we can communicate a variety of information via body language, two important messages are the extent to which the sender likes and is interested in the

receiver and the sender's views concerning the relative status of the sender and the receiver.

In general, senders communicate liking and interest when they direct their torso toward the receiver, position themselves physically closely, maintain eye contact, and lean forward during the interaction.²³ Each of these behaviours demonstrates that the sender has genuine consideration for the receiver's point of view.

Senders who feel themselves to be of higher status than the receiver act more *relaxed* than those who perceive themselves to be of lower status. Relaxation is demonstrated by the casual placement of arms and legs, a reclining, non-erect seating position, and a lack of fidgeting and nervous activity.²⁴ The greater the difference in relaxation between two parties, the more they communicate a status differential to each other.

People often attempt to use non-verbal behaviour to communicate with others, just as they use verbal behaviour. This use could include showing our true feelings, "editing" our feelings, or trying to actively deceive others. It is difficult to regulate non-verbal behaviour when we are feeling very strong emotions. However, people are otherwise pretty good at non-verbal "posing," such as looking relaxed when they are not. On the other hand, observers also show some capacity to detect such posing.²⁵

Employment interviewers are faced with applicants who are motivated to make a good verbal impression. Thus, interviewers might turn their attention to non-verbal cues on the assumption that they are less likely to be censored than verbal cues. Non-verbal behaviours, such as smiling, gesturing, and maintaining eye contact, have a favourable impact on interviewers when they are not overdone.²⁶ However, it is unlikely that such body language can overcome bad credentials or poor verbal performance.²⁷ Rather, positive body language might give the edge to

applicants who are otherwise equally well qualified. Remember, in an employment interview, it is not just what you say, but also what you do!

Props, Artifacts, and Costumes

In addition to the use of body language, non-verbal communication can also occur through the use of various objects such as props, artifacts, and costumes.

Office Decor and Arrangement

Consider the manner in which people decorate and arrange their offices. Does this tell visitors anything about the occupant? Does it communicate any useful information? The answer is yes. One study found that students would feel more welcome and comfortable in a professor's office when the office was (1) tidy, (2) decorated with posters and plants, and (3) the desk was against the wall instead of between the student and the professor.²⁸ A neat office evidently signalled that the professor was well organized and had time to talk to them. Perhaps personal decoration signalled "I'm human." When the desk was against the wall, there was no tangible barrier between the parties. Inferences of this type have some validity. Another study found that strangers were able to accurately infer certain Big Five personality traits ([Chapter 2](#)) of the occupants of business offices. In particular, they could assess how conscientious and how open to experience the person was simply by seeing his or her office. Neatness was a typical cue for conscientiousness and distinctive decor for openness.²⁹



The decor and arrangement of furniture in a person's office conveys non-verbal information to visitors.

Terry Vine/The Image Bank/Getty Images


Researcher Kimberly Elsbach found that middle managers working in the California information technology sector (mostly at Intel and Hewlett-Packard) used office decor to “profile” the identity and status of office occupants.³⁰ Exhibit 10.1  shows some of the inferences they made about their fellow employees, both flattering and unflattering.

Exhibit 10.1 Inferences from office decor.

Office Decor	Distinctiveness Categorizations	Status Categorizations
Family photos	Family oriented, balanced, not work focused	Not a “player”
Hobby photos, calendar, poster, artifacts	Ambitious, outgoing, well-rounded	Unprofessional
Funny, unusual artifacts and conversation pieces	Fun person, joker, offbeat, approachable, lazy, needs attention	Not serious, unprofessional
Formal decor, artifacts	Professional, successful, vain, distant, snobbish	High status, authority figure
Informal, messy office	Easy-going, busy, true engineer, disorganized, unskilled	Unprofessional
Awards, diplomas	Show-off, hard-working, successful, pretentious, vain	Accomplished, intimidating
Professional products	Functional expert, “company person,” geek	Accomplished
Ideological artifacts	Patriotic, says “I have a social conscience,” extreme, radical	Insecure, unprofessional
Salient, flashy artifacts	Needs to get attention, flashy	Insecure
High conformity artifacts	Predictable, reliable, conservative, not innovative	Insecure

Source: Adapted from Elsbach, K. D. (2004). Interpreting workplace identities: The role of office décor. *Journal of Organizational Behavior*, 25(1), 99–128. © 2004 John Wiley & Sons Limited. Reproduced with permission of John Wiley & Sons Ltd; permission conveyed through Copyright Clearance Center, Inc.

Does Clothing Communicate?

“Wardrobe engineer” John T. Molloy is convinced that the clothing employees wear sends clear signals about their competence, seriousness, and promotability—that is, receivers unconsciously attach certain stereotyped meanings to various clothing and then treat the wearer accordingly. Molloy stresses that proper clothing will not make up for a lack of ambition, intelligence, and savvy. Rather, he argues that the wrong clothing will prevent others from detecting these qualities. To this end, he prescribes detailed “business uniforms,” the men’s built around a conservative suit and the women’s around a skirted suit and blouse.³¹ Accordingly, the non-profit organizations Dress for Success and Career Gear provide disadvantaged women and men with professional apparel appropriate for job interviews and additional apparel when they are hired. Saskatchewan’s University of Regina Students’ Union does the same for their graduating students.³²

Of course, business apparel has become more casual over the years, as evidenced by the studied casual look in high tech. And even Zurich bankers might sport an expensive suit without a tie. For an extreme exception to the business uniform rule, see [Research Focus: The Red Sneakers Effect: When Nonconformity Signals High Status](#) .

Proper clothing may enhance self-esteem and self-confidence to a noticeable degree. One study contrived to have some student job applicants appear for an interview in street clothes, while others had time to dress in more appropriate formal interview gear. The latter felt that they had made a better impression, and they also asked for a starting salary that was \$4000 higher than job seekers who wore street clothes!³³

Research Focus

The Red Sneakers Effect: When Nonconformity Signals High Status

Speaking generally, people who are conventionally well-dressed communicate high status, competence, and authority to others. Hence, the well-tailored suit and shiny leather shoes have become something of a standard “business uniform,” and both the 22-year-old business school graduate and the 50-year-old business magnate tend to conform to remarkably similar styles of dress to achieve and maintain social acceptance among their business peers. This strong degree of conformity reflects the status and competence that such dress confers and the expected social costs of deviating from conventional standards of good dress.

But what about exceptions to the business uniform? What about Facebook CEO Mark Zuckerberg’s penchant for hoodies?

And what about consultant Tom Searcy's observation that many of his super-rich Silicon Valley tech visionaries attend board meetings dressed like homeless people? Obviously, some successful people can "get away" with dressing how they want. But is it also possible that such nonconformity can actually *contribute to* perceptions of status and success? Researchers Silvia Bellezza, Francesca Gino, and Anat Keinan have studied the red sneakers effect, the occasional tendency for *nonconformity* to signal status and competence. What they found is that such positive signalling can occur under certain conditions. For one thing, the nonconformity has to be seen as intentional; accidentally dressing in a nonconforming way doesn't signal competence. Also, the nonconforming behaviour has to occur in a prestigious context where there are general expectations that one might dress in a conventional manner; dressing down at the beach won't score any points, but doing so in the boardroom might work to one's advantage. How do red sneakers and other nonconforming dress communicate status and competence? The researchers found that the nonconformists were perceived as more autonomous, more in control, and these are valued qualities in our society.

Canadian clothier Larry Rosen insisted that the sloppy look is intended to make "some kind of counter-culture statement." Consultant Searcy said that the look is meant to communicate the notion that ideas are more important than appearances. In line with the Bellezza research, both men stressed that the look is intentionally cultivated.

Sources: Based on Bellezza, S., Gino, F., & Keinan, A. (2014). The red sneakers effect: inferring status and competence from signals of nonconformity. *Journal of Consumer Research*, 41, 35–54; O'ram, K. (2014, September 11). Silicon valley's closet fashionistas. *Financial Post*, FP1, FP4.















Gender Differences in Communication

◀ Listen to the Audio

LO5 Discuss gender differences in communication, and identify how a failure to recognize these differences can cause communication problems.

According to Deborah Tannen, there are gender differences in communication styles. These differences have their origin in childhood. Girls see conversations as a way to develop networks of connection and intimacy. Boys view conversations as a way to achieve status and to maintain independence. These childhood differences persist in the workplace.³⁴ A typical example is a business meeting in which a woman comes up with a great idea but one of her male peers receives the credit for it.³⁵ What often happens is that a man picks up the idea of a female co-worker and spends more time talking about it. As a result, he gets the credit.³⁶

Gender differences in communication revolve around what Tannen refers to as the “One Up, One Down” position. Men tend to be more sensitive to power dynamics and will use communication as a way to position themselves in an one-up situation. Women are more concerned with rapport building, and they communicate in ways that avoid putting others down. As a result, women often find themselves in a one-down position, which can have a negative effect on their careers.³⁷ Tannen has found that

there are a number of key differences in male and female communication styles and rituals that often place women in a one-down position:

- *Getting credit.* Men are more likely than women to blow their own horn about something good they have done.
- *Confidence and boasting.* Compared with women, who downplay their certainty, men tend to be more boastful about themselves and their capabilities and to minimize their doubts. As a result, men tend to be perceived as more confident.
- *Asking questions.* Most people know that men do not like to ask for directions when they are lost. This is because they realize that asking questions can put them in a one-down position and reflect negatively on them. Therefore, men are less likely than women to ask questions.
- *Apologies.* Women will often say "I'm sorry" as a way of expressing concern, such as when a friend has had a bad day. For women, apologies are part of a ritual that is used to establish rapport. Men, however, see ritual apologies as weakness.
- *Feedback.* Women will often buffer criticism by beginning with praise as a way to save face for the person receiving the criticism and avoid putting them in a one-down position. Men, however, tend to be much more blunt and straightforward. These differences can lead to misunderstandings, as when a man interprets a woman's praise, rather than the criticism, as the main message.
- *Compliments.* If a friend of yours has just completed a class presentation and asks for your thoughts about it, what would you say? Women are more likely to provide a compliment such as "Great presentation" or "Good job." Men, however, are more likely to interpret the question literally and provide a critique.
- *Ritual opposition.* Men often use ritual opposition as a form of communication and to exchange ideas. This takes the form of attacking others' points of view, challenging them in public, and

being argumentative. For women, ritual opposition is seen as a personal attack and something to be avoided.

- *Managing up and down.* Many women believe that, to be recognized and rewarded, what matters most is doing a good job. Unfortunately, this is not always the case. What also matters is whom you communicate with and what you discuss. Men spend much more time communicating with their superiors and talking about their achievements. This type of communication influences who gets recognized and promoted.
- *Indirectness.* What would be your response if your supervisor asked you a relatively simple question such as “How would you feel about helping the human resources department hire a new person for our department?” Would you then think about how you “feel” about helping or would you interpret this as a request to actually do it? In North America, persons in positions of authority are expected to give direct orders when asking subordinates to do something. Women, however, tend to be indirect when giving orders. For instance, in the previous example, what is really being said is, “Help the human resource department hire a person for our department.” Such indirectness can lead to misunderstandings and be perceived as a lack of appropriate demeanour and confidence.³⁸

Does all of this mean that women should change the way they communicate? The communication styles that women are accustomed to are most appropriate when communicating with other women, and the same goes for men. The key, according to Deborah Tannen, is to recognize that people have different linguistic styles and to be flexible to adjust your style when necessary. For example, men should learn to admit when they make a mistake, and women should learn to be more direct when asking subordinates to do something.

Deborah Tannen has found that there are a number of key differences in male and female communication styles and rituals that often place women in a one-down position. Study the differences in male and female communication styles and rituals, then “Check Your Understanding” to review.

Male Communication Style/Ritual	Female Communication Style/Ritual
More likely to blow their own horn about something good they have done	More likely to ask questions
Tend to be more boastful about themselves and their capabilities and to minimize their doubts	More likely to say “I’m sorry” as a way of expressing concern
More likely to use ritual opposition as a form of communication and to exchange ideas	More likely to provide a compliment such as “Great presentation” or “Good job”
More likely to be blunt and straightforward when providing feedback	Tend to be indirect when giving orders
Tend to spend more time communicating with their superiors and talking about their achievements	Tend to believe that, to be recognized and rewarded, what matters most is doing a good job

Check Your Understanding















Cross-Cultural Communication

LO 10.6 Discuss challenges relating to *cross-cultural communication*, and identify useful strategies to deter *miscommunication*.

◀ Listen to the Audio

Consider a commonplace exchange in the world of international business:

A Japanese businessman wants to tell his Norwegian client that he is uninterested in a particular sale. To be polite, the Japanese says, "That will be very difficult." The Norwegian interprets the statement to mean that there are still unresolved problems, not that the deal is off. He responds by asking how his company can help solve the problems. The Japanese, believing he has sent the message that there will be no sale, is mystified by the response.³⁹

Obviously, ineffective communication has occurred between our international business people. From the Norwegian's point of view, the Japanese has not encoded his message in a clear manner. The Japanese, on the other hand, might criticize the weak decoding skills of his Scandinavian client. Let's examine some important dimensions of cross-cultural communication.

Language Differences

◀ Listen to the Audio

Communication is generally better between individuals or groups who share similar cultural values. This is even more true when they share a common language. Thus, despite acknowledged differences in terminology (“lift” versus “elevator,” “petrol” versus “gasoline”), language should not be a communication barrier for the North American executive who is posted to a British subsidiary. Despite this generality, the role of language in communication involves some subtle ironies. For example, a common language can sometimes cause visitors to misunderstand or be surprised by legitimate cultural differences, because they get lulled into complacency. Boarding a Qantas Airlines flight in Australia, one of your authors was attempting to pick up a magazine from a rack when he was admonished by a flight attendant with the sharp words “First class, mate.” Grinning sheepishly, he headed back to his economy class seat without the magazine. Wise to the ways of Australia, he was not offended by this display of brash informality. However, a North American less familiar with local ways and assuming that “they speak English, they’re just like us,” might have been less forgiving, attributing the flight attendant’s behaviour to a rude personality rather than national style. By the same token, the flight attendant would be surprised to learn that someone might be offended by his words.

As the Qantas example indicates, speaking the same language is no guarantee of perfect communication. In fact, the Norwegian and Japanese business people described previously may have negotiated in a common

language, such as English. Even then, the Norwegian did not get the message. Speaking generally, however, learning a second language should facilitate cross-cultural communication. This is especially true when the second-language facility provides extra insight into the communication style of the other culture. Thus, the Norwegian would profit from understanding that the Japanese language has sixteen subtle ways to say no, even if he could not understand the language perfectly.⁴⁰

To some extent, English has become the default language of global business. However, a study of over 800 foreign subsidiaries of multinational firms indicated that language differences between headquarters and subsidiaries pose substantial challenges.⁴¹ Lack of a common language itself, distinct from cultural differences, fostered misunderstanding and conflict, resulting in the rise of parallel information networks and less face-to-face and telephone interaction. Hence, more personal forms of communication have been replaced by less personal written communication via email. One “solution” to language differences is the institution of English-only policies. Although commonly implemented (at, for instance, Nissan, Philips, Nokia, and Siemens), such policies have resulted in a host of problems.⁴² Employees forced to speak English often feel reduced professional status and report extreme anxiety about having to communicate about important business matters in other than their native language.

Non-Verbal Communication Across Cultures

◀ Listen to the Audio

From our earlier discussion of non-verbal communication, you might be tempted to assume that it would hold up better than verbal communication across cultures. While there are some similarities across cultures in non-verbal communication, there are also many differences. Here are a few examples.

- *Facial expressions.* People are very good at decoding basic, simple emotions in facial expressions, even across cultures. Americans, Japanese, and members of New Guinea tribes can accurately detect anger, surprise, fear, and sadness in the same set of facial photographs.⁴³ Thus, paying particular attention to the face in cross-cultural encounters will often yield communication dividends. However, this does not always work because some cultures (such as that of Japan) frown on the display of negative facial expressions.
- *Gestures.* Except for literal mimicry (“I need food,” “Sign here”), gestures do not translate well across cultures. This is because they involve symbolism that is not shared:

*In the United States, a raised thumb is used as a signal of approval or approbation, the thumbs-up signal, but in Greece, it is employed as an insult, often being associated with the expression *katsa pano*, or “sit on this.” Another example is the ring sign, performed by bringing the tips of the thumb and finger together so that they form a circle. For most English-speaking people it means okay and is, in fact, known as the “okay gesture.” But in some sections of France, the ring means zero or worthless. In English-speaking countries, disagreement is signalled by shaking the head, but in Greece and southern Italy the head-toss is employed to signify disagreement.⁴⁴*

- *Gaze.* There are cultural differences in the extent to which it is considered suitable to look others directly in the eye. Latin Americans and Arabs favour an extended gaze, while Europeans do not. In many parts of East Asia, avoiding eye contact is a means of showing respect. In North America, it often connotes disrespect.
- *Touch.* In some cultures, people tend to stand close to one another when meeting and often touch each other as an adjunct to conversation. This is common in Arab, Latin American, and Southern European countries. On the other hand, Northern Europeans and North Americans prefer to “keep their distance.”⁴⁵

Etiquette and Politeness Across Cultures

◀ Listen to the Audio

Cultures differ considerably in how etiquette and politeness are expressed.⁴⁶ Very often, this involves saying things that one does not literally mean. Thus, the British executive who describes a business proposal as “interesting” might actually mean “it’s rubbish.” The exact form that this takes varies across cultures, and careful decoding is necessary to avoid confusion and embarrassment. Literal decoding will almost always lead to trouble. Consider the North American manager who says to an employee, “Would you like to calculate those figures for me?” This is really a mild order, not an opportunity to say no to the boss’s “invitation.” However, put yourself in the place of a foreign employee who has learned that Canadians generally speak directly and expect directness in return. Should she say no to the boss?

In some cultures, politeness is expressed with modesty that seems excessive to North Americans. Consider, for example, the Chinese visitor’s response to a Canadian who told him that his wife was very attractive. The Chinese modestly responded, “No, no, my wife is ugly.” Needless to say, what was said was not what the Chinese visitor really meant. A comparative study of Swiss, Icelandic, and American job applicants found that the latter were most likely to fabricate glowing information about themselves and to exaggerate their positive attributes, such as industriousness.⁴⁷

In social situations, the Japanese are particularly interested in maintaining feelings of interdependence and harmony. To do this, they use a large number of set phrases or "lubricant expressions" to express sympathy and understanding, soften rejection, say no indirectly, or facilitate apology.⁴⁸ When the Japanese told the Norwegian "that will be very difficult" rather than "no," he was using such an expression. To Northern Europeans and North Americans, who do not understand the purpose of these ritual expressions, they may seem at best to be small talk and at worst to be insincere.

Social Conventions Across Cultures

◀ Listen to the Audio

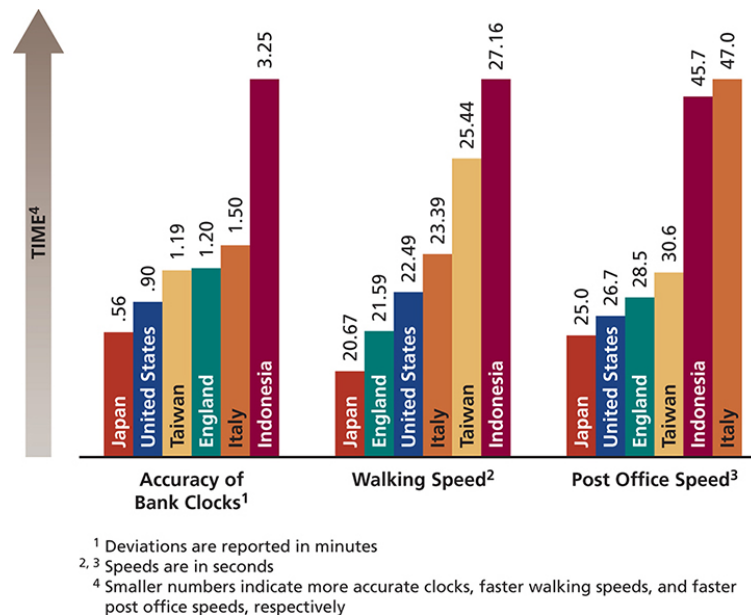
Over and above the issue of politeness and etiquette, there are a number of social conventions that vary across cultures and can lead to communication problems.⁴⁹ We have already alluded to the issue of directness. Especially in business dealings, North Americans tend to favour “getting down to brass tacks” and being specific about the issue at hand. Thus, the uninitiated business person might be quite surprised at the rather long period of informal chat that will begin business meetings in the Arab world or the indirectness and vagueness of many Japanese negotiators.

Greetings and how people say hello also vary across cultures, and these differences can lead to misunderstandings. For example, in North America, people often greet one another by asking, “How are you?” and yet seem uninterested in the response. Visitors from other cultures might find this to be hypocritical. In other cultures, people greet each other by asking, “Where are you going?” Such a question is considered intrusive to North Americans who do not realize that this, too, is just a way of greeting somebody.⁵⁰

What individuals consider a proper degree of loudness for speech also varies across cultures, and people from “quieter” societies (such as the United Kingdom) might unfairly view those from “louder” societies (such as the Middle East) as pushy or intimidating.


What people consider proper punctuality also varies greatly around the world. In North America and Japan, punctuality at meetings is expected and esteemed. In the Arab world and Latin America, being late for a meeting is not viewed negatively. In fact, one study found that being on time for an appointment connoted success in the United States and being *late* connoted success in Brazil.⁵¹ An American business person might decode a Brazilian's lateness as disrespect, while the Brazilian was just trying to make a proper impression. Exhibit 10.2 shows the results of a study of differences in the pace of life across cultures. It illustrates the accuracy of clocks, the time to walk 100 feet, and the time to get served in a post office. As you can see, Japan is the most time conscious, while Indonesia is quite leisurely.

Exhibit 10.2 Pace of life in six countries.



Source: Levine, R., & Wolff, E. (1985, March). Social time: The heartbeat of culture. *Psychology Today*, 26–35. Reprinted with permission from Dr. Robert Levine.

Finally, in North America there is a social norm that professional people should not communicate too much personal information in work settings. Thus, excessive personalization of one's office with non-work references

(e.g., photos) concerning one's family, hobbies, or leisure travels is seen as less professional (Exhibit 10.1 ) , as is trying to build rapport by discussing one's family life in a hiring interview or business negotiation. In other cultures, such as India, such non-work references may be seen as entirely appropriate.⁵² This brings us to the subject of cultural context.

Cultural Context

◀ Listen to the Audio

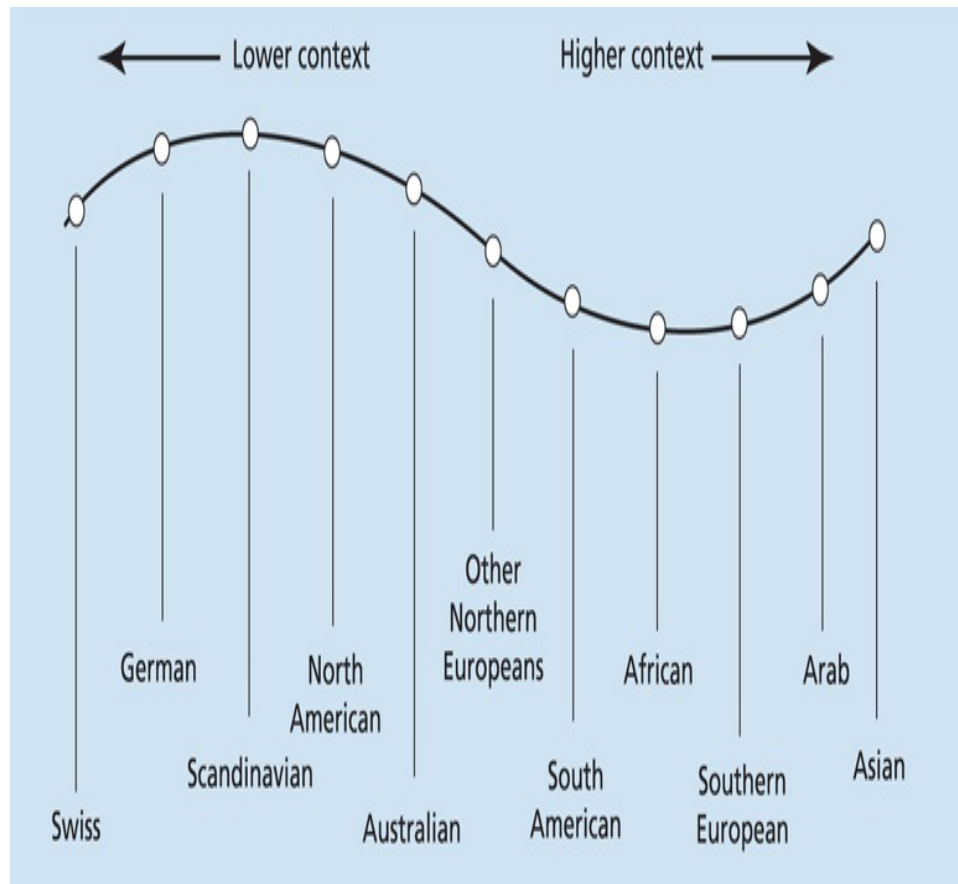
In the previous sections, we provided many examples of communication differences across cultures. Is there some organizing principle underlying these differences, something that helps to summarize them? The concept of *cultural context* provides a partial answer. **Cultural context** is the cultural information that surrounds a communication episode. It is safe to say that context is always important in accurately decoding a message. Still, as **Exhibit 10.3** shows, cultures tend to differ in opinion on the extent to which context influences the meaning of communications.⁵³

Exhibit 10.3 High- versus Low-Context Cultures

Study how messages are interpreted in low-context versus high-context cultures, then “Check Your Understanding” to review.

Low-context cultures (Information must be provided explicitly, usually in words.)	High-context cultures (Most information drawn from surroundings. Very little must be explicitly transferred.)
Less aware of non-verbal cues, environment and situation	Non-verbal important
Lack well-developed networks	Information flows freely
Need detailed background information	Physical context relied upon for information
Tend to segment and compartmentalize information	Environment, situation, gestures, mood all taken into account
Control information on a “need to know” basis	Maintain extensive information networks
Prefer explicit and careful directions from someone who “knows”	
Knowledge is a commodity	

Check Your Understanding



Source: Klopf, D. W., & McCroskey, J., *Intercultural communication encounters*, Figure 10.1 "Where different cultures fall on the context scale," p. 187, © 2007 Printed and Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

Some cultures, including many East Asian, Latin American, African, and Arab cultures, are high-context cultures. This means that the message contained in communication is strongly influenced by the context in which the message is sent. In high-context cultures, literal interpretations are often incorrect. Examples include those mentioned earlier—the Japanese really meant that the business deal was dead, and the Chinese did not really mean that his wife was unattractive.

Low-context cultures include North America, Australia, Northern Europe (excluding France), and Scandinavia. Here, messages can be interpreted more literally because more meaning resides in the message than in the context in which the communication occurs. The "straight talk" that

Americans favour is such an example. However, such straight talk is not any straighter in meaning than that heard in high-context cultures if one also learns to attend to the context when decoding messages.

Differences in the importance of context across cultures have some interesting implications for organizational communication, especially when we consider what might occur during business negotiations.

Consider the following:⁵⁴

- People from high-context cultures want to know about you and the company that you represent in great detail. This information provides a context for understanding your messages to them. The personal touch is often superior communicating via accountants and lawyers.
- Getting to the point quickly is not a style of communication that people in high-context cultures favour. Longer presentations and meetings allow people to get to know one another and to consider a proposal in a series of stages. Research comparing American and Lebanese negotiators showed that the Americans were more time impatient, leading to lower negotiation outcomes.⁵⁵
- When communicating with people from a high-context culture, give careful consideration to the age and rank of the communicator. Age and seniority tend to be valued in high-context cultures, and the status of the communicator is an important contextual factor that gives credibility to a message. Younger fast-trackers will do fine in low-context cultures where “it’s the message that counts.”
- Because they tend to devalue cultural context, people from low-context cultures tend to favour very detailed business contracts. For them, the meaning is in the message itself. High-context cultures place less emphasis on lengthy contracts because the context in which the deal is sealed is critical.















Computer-Mediated Communication and Social Media

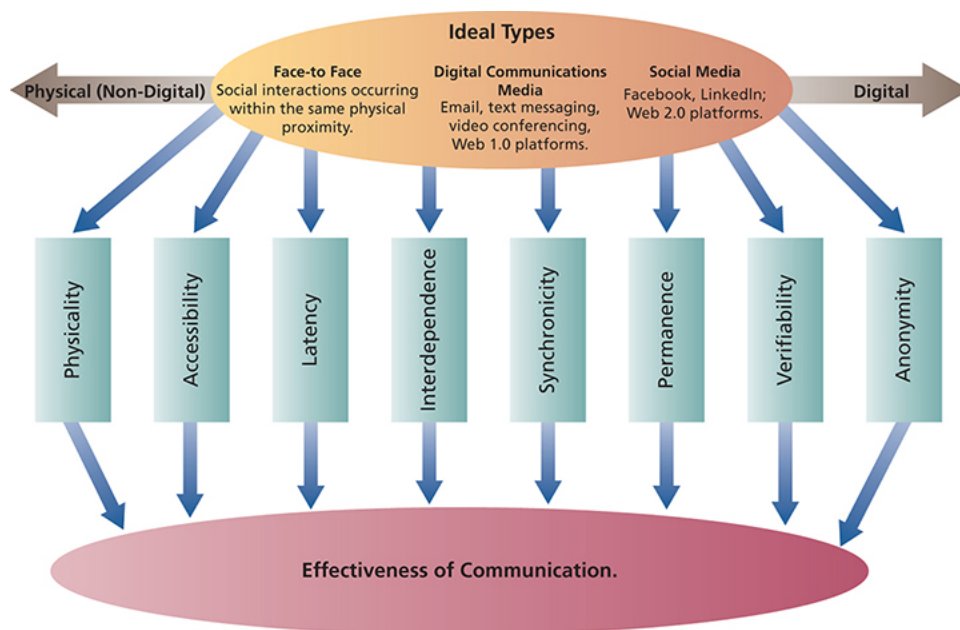
LO 10.7 Define *computer-mediated communication*, and highlight its strengths and weaknesses.

◀ Listen to the Audio


Does communicating digitally differ from communicating face to face? A good way to begin thinking about this issue is to consider information richness⁵⁶, the potential information-carrying capacity of a communication medium.⁵⁶ There are two dimensions of information richness: the degree to which information is synchronous between senders and receivers (two-way, in real time), and the extent to which both parties can receive non-verbal and para-verbal (e.g., tone of voice) cues.⁵⁷ A face-to-face conversation is very high in richness because the sender is personally present, audio and visual channels are synchronous, body language and verbal language are occurring, and feedback to the sender is immediate and ongoing. A phone conversation is also fairly rich, but it is limited to the audio channel, and it does not permit the observation of body language. On the low side of synchronization, memos, letters, and emails are essentially a series of one-way messages, although email and especially texting have the clear potential for speedy response. Non-verbal and para-verbal cues are essentially absent in text-based media. The chapter-opening vignette stresses the importance of rich face-to-face communication among researchers to create a synergy of ideas.

Exhibit 10.4 shows a continuum of communication media that range from face-to-face to digital and socially digital.⁵⁸ Digital media (i.e., Web 1.0) include email, texting, video conferencing, and various “chat”-type decision support systems. Social media (i.e., Web 2.0) include Facebook, LinkedIn, Twitter, YouTube, and various private company social media platforms. Web media are commonly classified as **computer-mediated communication (CMC)** in that they rely on computer technology to facilitate information exchange. These media permit discussion and decision making without employees having to be in the same location, potentially saving time, money, and travel hassles. The distinguishing features of social media are that they permit a large number of users to simultaneously create, manipulate, and distribute information, forming wide and interactive social networks that transcend formal organizational relationships. Importantly, compared with face-to-face and Web 1.0 media, social media are “socially transparent” in that they make one’s communications visible to co-workers.⁵⁹ Also, information is sent not knowing exactly who might receive it or how it might be transformed. As we will see, these features have both pros and cons.

Exhibit 10.4 Continuum of communication media.



Source: Adapted from McFarland, L. A., & Ployhart, R. E. (2015). Social media: A contextual framework to guide research and practice. *Journal of Applied Psychology, 100*, 1653–1677.

Exhibit 10.4  shows some specific factors that distinguish the various media shown on the continuum. In turn, these factors ultimately influence the effectiveness of communication for various purposes. For instance, face-to-face communication requires physical accessibility and has its limits in terms of the number of people that can be involved (i.e., limited interdependence). On the other hand, being highly synchronous and loaded with verbal and non-verbal cues, it is easy for misunderstandings to be sorted out. Face-to-face communication lacks a permanent trace, but it cannot be anonymous. In contrast, social media do not require physical access, and they can foster large networks, maximizing interdependence. In principle, social media messages are permanent, and they can be sent anonymously.

Much research has focused on “chat-type” group-decision support systems that rely on text-based computer conferencing to generate ideas and make decisions. Such systems do enhance the sheer number of ideas generated when brainstorming a problem, in part because computer memory means that people can “talk” at the same time.⁶⁰ Also, some systems permit the anonymous generation of ideas. This means that those who are shy may be less inhibited in offering suggestions. Also, anonymity can erase perceived or actual status differences. In one study of executives, men were five times more likely than women to offer an initial idea in a face-to-face meeting. In an electronic meeting, men and women were equally likely to offer the first idea.⁶¹ Despite this, people still exhibit some degree of accuracy in deducing whether a text-based message is sent by a man or a woman.⁶²

When they meet for only a single session, computer-mediated groups that are tasked with making a decision generally take more time, make less

effective decisions, and have less satisfied members than face-to-face groups.⁶³ However, time is relevant, and computer-mediated groups gradually develop increased trust and cooperation over repeated meeting sessions.⁶⁴ What accounts for the slow development of trust using text-based computer-mediated communication? For one thing, people are less likely to self-disclose personal information compared to face-to-face interaction.⁶⁵ Additionally, some observers have found that the detachment of electronic communication can give rise to rude, impulsive messages and to the expression of extreme views, so-called “flaming.” Also, electronic media elicit informal modes of expression that are prone to misinterpretation, especially when it comes to sarcasm. The frequent use of emotional icons (“emoticons”) such as the smiley face or the wink ;) show that people are aware of this problem and are trying to counteract it.⁶⁶ In addition, the lack of non-verbal cues may make it difficult to recognize subtle trends toward decision consensus.



Computer-mediated communication includes video conferencing.

Email is perhaps even more prone to miscommunication than chat formats and texting because it is less synchronous. Jason Kruger and colleagues found that people strongly overestimated their skill in both communicating and interpreting sarcasm, humour, and emotions via email. They concluded that people tend to be egocentric and exaggerate the extent to which others share their own perspective.⁶⁷ Other research suggests that people may interpret some emails as more emotionally negative than they really are.⁶⁸


Social Media

◀ Listen to the Audio

As a form of computer-mediated communication, social media such as Facebook, Twitter, Instagram, and YouTube have some special properties that deserve our attention in addition to the limitations of text-based media noted previously. Although public social media sites are frequently used externally in support of marketing and public relations, the impact of such media on behaviour within organizations and at the interface between employees and their organizations has only recently received attention.

Observers have noted that social media pose both challenges and opportunities for organizations and their members. One challenge posed by social media is that they can be addictive to the extent that employees engage in “cyberloafing” while at work, updating their Facebook profiles rather than serving customers.⁶⁹ A large-scale study found that cyberloafers tended to be younger, extraverted, better-educated males. People with demanding and challenging jobs and those working in organizations with policies prohibiting social media use at work reported less cyberloafing.⁷⁰ Another problem is cyberbullying, repeatedly directing negative messages to co-workers ([Chapter 13](#)). The capacity for anonymous mass communication of such negativity distinguishes social media from less social digital vehicles such as email. Finally, social media tend to blur the distinction between the work and non-work domains, and senders may not be aware of just who receives their messages. Thus, employees have been fired for derogatory Facebook

postings about their employer, having been judged to have damaged the organization's reputation. Many organizations have formal social media policies about such matters, and employees should be familiar with them.

On the other side of the coin, there is growing recognition that social media can play a positive role in organizational communication, aiding in knowledge sharing, collaboration, and innovation and making employees feel more connected and engaged because such media facilitate voice. Some of the earliest applications were by interns and new university grads at firms such as Microsoft and IBM using public sites such as LinkedIn, Facebook, and Twitter to exchange information about work and co-workers. Various security concerns, such as losing information to competitors or blurring the distinction between work and personal life, have led many organizations to establish private **enterprise social media**  platforms that are restricted to organizational members.⁷¹ These platforms tend to mimic public sites such as Facebook in look and functionality, and they can feature blogs, wikis, and document sharing. In fact, Workplace by Facebook is aimed directly at the enterprise market and used by organizations such as Canadian Tire, Columbia Sportswear, and Save the Children. An essential feature of these platforms is the capacity to communicate with specific co-workers or to broadcast messages widely. Another is the ability to post, edit, record, store, and share ideas such that they can be accessed by all organizational members.⁷² Ideally, this user-generated content creates new social networks among employees and facilitates knowledge sharing, collaboration, and engagement. Your post a month ago may solve my problem today!

Red Bull, Disney, and Accenture are also among the many firms that have adopted enterprise social media. Telus, the telecommunications company based in Burnaby, British Columbia, employs a platform called TELUS Xchange, used to encourage a "media mindset and a culture of

collaboration."⁷³ A typical scenario: an employee encounters an unfamiliar problem when doing a custom home installation. She videos the issue, narrates the problem, and uploads it to Xchange. In 10 minutes, employees across the country advise her of potential solutions. The video is then tagged, archived, and available to others with an easy search. This is what is meant by knowledge sharing and collaboration. Research suggests that the most important features of such platforms are the opportunity to (1) post (seeking or giving help), (2) search, (3) comment, and (4) evaluate others' ideas. It also shows that using these features contributes to job performance and job satisfaction.⁷⁴

To conclude, a good rule to follow is that less routine communication requires richer communication media.⁷⁵ Reports and emails are fine for recurrent, non-controversial, impersonal communication in which information is merely being disseminated. Important decisions, intended changes, controversial messages, and emotional issues generally call for richer (i.e., face-to-face, Skype, video) media. The non-routine nature of scientific discovery prompted the Sick Kids Hospital to opt for an architectural design that would encourage rich face-to-face interaction. Also, textual forms of communication are often emotionally ambiguous due to the lack of verbal, non-verbal, and para-verbal cues. You should be especially alert for accidental conflicts that begin via text formats and avoid trying to resolve conflicts using text. Textual media are not rich enough for this purpose.















Personal and Organizational Approaches to Improving Communication

LO 10.8 Review personal strategies and organizational initiatives aimed at enhancing communication.

◀ Listen to the Audio

People are learning that developing their communication skills is just as important as developing their accounting skills, their computer skills, or anything else that will give them an edge in the job market. When you communicate well, people generally respond to you in a positive way, even if they are not totally happy with your message. Poor communication can provoke a negative response that leads to even *poorer* communication. This happens when the other party becomes resistant, defensive, deceptive, or hostile.

Basic Principles of Effective Communication

◀ Listen to the Audio

Let's consider some basic principles of effective face-to-face communication.⁷⁶

Take the Time

Good communication takes time. Managers in particular have to devote extra effort to developing good rapport with employees. Not taking adequate time often leads to the selection of the wrong communication medium. One of your authors has seen a "don't do this" memo sent to 130 employees because two of them committed some offence. Of course, the memo irritated 128 people, and the two offenders really did not grasp the problem. The boss should have taken the time to meet face to face with the two people in question.

Be Accepting of the Other Person

Try to be accepting of the other person as an individual who has the right to have feelings and perceptions that may differ from your own. You can accept the person even if you are unhappy with something that he or she has done. Having empathy with others (trying to put yourself in their place and see things from their perspective) will increase your acceptance of them. Acting superior or arrogant works against acceptance.

Do Not Confuse the Person with the Problem

Although you should be accepting of others, it is generally useful to be problem oriented rather than person oriented. For example, suppose an employee does something that you think might have offended a client. It is probably better to focus on this view of the problem than to impute motives to the employee (“Don’t you care about the client’s needs?”). The focus should be on what the person did, not who the person is. Along these same lines, try to be more descriptive rather than evaluative. Again, focus on what exactly the employee did to the client, not how bad the consequences are.

Say What You Feel

More specifically, be sure that your words, thoughts, feelings, and actions exhibit congruence—that they all contain the same message. A common problem is soft-peddling bad news, such as saying that someone’s job is probably secure when you feel that it probably is not. However, congruence can also be a problem with positive messages. Some managers find it notoriously difficult to praise excellent work or even to reinforce routine good performance. Congruence can be thought of as honesty or authenticity, but you should not confuse it with brutal frankness or cruelty. Also, remember that in some high-context cultures, “saying what you feel” is done very indirectly. Still, the words and feelings are congruent in their own context.

Listen Actively

Effective communication requires good listening. People who are preoccupied with themselves or who simply hear what they expect to hear are not good listeners. Good listening improves the accuracy of your reception, but it also shows acceptance of the speaker and encourages

self-reflection on his or her part. Good listening is not a passive process. Rather, good communicators employ active listening to get the most out of an interaction. Techniques of active listening include the following:

- *Watch your body language.* Sit up, lean forward, and maintain eye contact with the speaker. This shows that you are paying attention and are interested in what the speaker is saying. (This is another aspect of congruence.)
- *Paraphrase what the speaker means.* Reflecting back what the speaker has said shows interest and ensures that you have received the correct message.
- *Show empathy.* When appropriate, show that you understand the feelings that the speaker is trying to convey. A phrase such as “Yes, that client has irritated me, too” might fill the bill.
- *Ask questions.* Have people repeat, clarify, or elaborate what they are saying. Avoid asking leading questions that are designed to pursue some agenda that *you* have.
- *Wait out pauses.* Do not feel pressured to talk when the speaker goes silent. This discourages him or her from elaborating.

Give Timely and Specific Feedback

When you initiate communication to provide others with feedback about their behaviour, do it soon and be explicit. Speed maximizes the reinforcement potential of the message, and explicitness maximizes its usefulness to the recipient. Say *what* was good about the person’s presentation to the client, and say it soon.

When in Rome . . .

◀ Listen to the Audio


You are off to a pretty good start in cross-cultural communication if you can do a careful job of applying the basic communication principles we discussed earlier. However, people's basic skills sometimes actually *deteriorate* when they get nervous about a cross-cultural encounter. Let's cover a few more principles for those situations.

Assume Differences Until You Know Otherwise

The material we presented earlier on cross-cultural communication and that in [Chapter 3](#) on workforce diversity should sensitize you to the general tendency for cross-cultural differences to exist. In a cross-cultural situation, caution dictates we should assume that such differences exist until we are proven wrong. Remember, we have a tendency to project our own feelings and beliefs onto ambiguous targets ([Chapter 3](#)), leading us to ignore differences. Be particularly alert when dealing with proficient English speakers from cultures that emphasize harmony and avoidance of conflict (e.g., Japan). Their good English will tempt you to think that they think like you do, and their good manners will inhibit them from telling you otherwise.

Recognize Differences within Cultures

Appreciating differences between cultures can sometimes blind us to the differences among people within a culture. This, of course, is what

stereotypes do (Chapter 3 ). Remember, your German employees will have as many different personalities, skills, and problems as your North American employees. Remember, too, that there are occupational and social class differences in other countries just like there are at home, although they can be harder to decipher. (This is why one of your authors once shook hands with the chef at a French business school, mistaking him for the dean!)

Watch Your Language (and Theirs)

Unless the person with whom you are communicating is very fluent in English, speak particularly clearly, slowly, and simply. Avoid clichés, jargon, and slang. Consider how mystifying phrases such as “I’m all ears,” “Let’s get rolling,” and “So long” must be.⁷⁷ By the same token, do not assume that those who can speak your language well are smarter, more skilled, or more honest than those who cannot.

Organizational Approaches to Improving Communication

◀ Listen to the Audio

Toronto's Sick Kids Hospital relied on innovative architecture to facilitate communication among medical researchers. In this section, we discuss some other organizational techniques that can improve communication.

Employer Branding

Effective communication should begin even before people join an organization. One way to accomplish this is through employer branding. The goal of **employer branding**⁷⁸ is to promote a clear and consistent image of the positive and distinctive features of an organization as an employer.⁷⁸ Branding is first and foremost used to attract and recruit new employees, but it can also be effective in retaining existing employees by reinforcing their commitment to the organization. Branding is meant to convey the values of the organization and emphasize why it is an attractive place to work. Good communication practices enhance the strength, awareness, and reputation of the employer brand. Effective branding conveys both tangible and more symbolic aspects of the employment experience. Tangible factors might include pay, location, responsibilities, learning opportunities, status as a start-up, or a wide variety of perks. As appropriate, symbolic factors might stress an employer's prestige, innovation, informal culture, or social responsibility to the community or environment.

Although conventional print recruiting advertisements can be used, there is consensus that richer communication media are more appropriate to convey employer branding. Well-tailored organization websites have been the tool of choice, but social media presence on platforms such as Facebook, Glassdoor, and LinkedIn have become increasingly important. Many firms use their appearance in various employer rankings (e.g., Canada's Top 100 Employers) as part of their branding campaigns.

Done correctly, branding gets the right information to the right people, encouraging those who will be a good fit to join the organization and reminding current employees why they should stay there. Conveying inaccurate information will lead to poor hires and create cynicism among existing employees.

Provision of Explanations

Organizations sometimes have to enact controversial policies that have the potential to spark much employee resistance. Examples might involve restructuring, layoffs, pay rollbacks, or affirmative action programs. Often, there are good reasons for the introduction of such policies. However, in line with the mum effect, many organizations simply announce such policies with little or no explanation, evidently fearing to dwell on negative news or provoke lawsuits. This is a bad idea, and there are communication approaches that can greatly improve the perceived fairness of controversial policies. Notions of procedural and interactional fairness (Chapter 4) underlie such effective communication.

Two factors are critical to the perceived fairness of controversial policies: the adequacy of the explanation and the style in which it is delivered.⁷⁹ Adequate explanations are specific and detailed, highlighting the reasons for the policy, how the decision was made, and the benefits that will accrue from it. Equally important, the message should be truthful, sincere,

respectful, and sensitive. When appropriate, the communicator should express sincere remorse for having to implement the policy (e.g., a pay rollback) and acknowledge any suffering that the policy might cause. All of this requires the use of a rich communication medium, such as a personal appearance by the CEO. A research review concluded that an adequate explanation for a policy decision reduced employees' tendency to retaliate by 43 percent and that an inadequate explanation is seen as less fair than no explanation at all.⁸⁰

360-Degree Feedback

Traditionally, employee performance appraisal has been viewed as an exercise in downward communication in which the boss tells the employee how he or she is doing. More recently, performance appraisal has become a two-way communication process in which employees are also able to have upward impact concerning their appraisal. Most recently, some firms have expanded the communication channels in performance appraisal to include not only superior and self-ratings but also ratings by subordinates, peers, and clients or customers. This is called *multisource* or 360-degree feedback.⁸¹ Firms that use it include Air Canada and Bell Canada.

The 360-degree system usually focuses on required behavioural competencies rather than bottom-line performance. It is usually used for employee development rather than salary determination. It is possible that the various sources of feedback could contradict each other, and ratees may need some assistance in putting all this input together. However, in a well-designed 360-degree system, the various information sources ideally should provide unique data about a person's performance. Research shows that 360-degree feedback leads to subsequent performance improvements.⁸¹

Employee Surveys and Survey Feedback

Surveys of the attitudes and opinions of current employees can provide a useful means of upward communication. Since surveys are usually conducted with questionnaires that provide for anonymous responses, employees should feel free to voice their genuine views. A good **employee survey**^① contains questions that reliably tap employee concerns and also provide information that is useful for practical purposes. Survey specialists must summarize (encode) results in a manner that is easily decoded by management. Surveys are especially useful when they are administered periodically. In this case, managers can detect changes in employee feelings that may deserve attention.

When survey results are fed back to employees, along with management responses and any plans for changes, this feedback should enhance downward communication. Survey feedback shows employees that management has heard and considered their comments. Plans for changes in response to survey concerns indicate a commitment to two-way communication.⁸² In **Chapter 15**[□], you will learn more about employee surveys.

Suggestion Systems

Suggestion systems^① are designed to enhance upward communication by soliciting ideas for improved work operations from employees. They represent a formal attempt to encourage useful ideas and prevent their filtering through the chain of command. The simplest example of a suggestion system involves the use of an electronic suggestion box into which employees put written ideas for improvements (usually anonymously). This simple system is usually not very effective, since there is no tangible incentive for making a submission and no clear mechanism to show that management has considered a submission.

Much better are programs that *reward* employees for suggestions that are actually adopted and provide feedback as to how management evaluated each suggestion. For simple suggestions, a flat fee is usually paid (perhaps \$500). For complex suggestions that might result in substantial savings to the firm, a percentage of the anticipated savings is often awarded (perhaps several thousand dollars). An example might be how to reduce paper use and promote environmental sustainability. When strong publicity follows the adopted suggestions (such as explaining them in the organization's online media), downward communication is also enhanced, since employees receive information about the kind of innovations desired.

One problem with paid suggestion systems is that they seem at odds with the free-flowing knowledge sharing and innovation climate that enterprise social media platforms are meant to encourage. Paid systems can motivate secrecy rather than sharing.

Telephone Hotlines and Webcasts

Many organizations have adopted *telephone hotlines* to further communication. Some hotlines use a news format to present company information. Such hotlines prove especially valuable at times of crisis, such as during storms or strikes.⁸³ Other hotlines serve as query systems, in that employees can call in for answers to their questions, either by using an automated attendant or by talking live to support personnel (e.g., Human Resources). In many instances, companies use hotlines so that employees can report unethical or illegal behaviour. These hotlines can support anonymous reporting, and they are required by law for publicly traded U.S. firms. Unfortunately, many employees are unaware of such services or reticent to use them. When Fox News dismissed Bill O'Reilly for sexual harassment, it noted that there had been no hotline complaints about his conduct.⁸⁴

Corporate webcasting constitutes a rich communication medium that can reach employees located anywhere in the world. Multi-point webcasting allows for a number of presenters who can be located in multiple cities. This medium is especially good for general information sessions, training, and new product introductions. The synchronous, interactive nature of webcasts supports audience engagement either through written questions, audio questions, or, where possible, video interaction. Employees who missed the original webcast or want to review what they learned can watch the webcast at their leisure.

Management Training

Managers face a fundamental challenge in balancing social-emotional and task demands in their communication with employees, but vague lectures about the importance of good communication do not tell them how to communicate better. Rather, isolating specific communication *skills* and giving the boss an opportunity to practise these skills will have positive effects. Managers who have confidence in how to handle delicate matters should be better able to handle the balance between social-emotional and task demands. Of particular value is showing how to convey empathy for subordinates when delivering negative feedback.⁸⁵

Effective training programs often present videotaped models correctly handling a typical communication problem. Managers then role-play the problem and are reinforced by the trainers when they exhibit effective skills. At General Electric, for example, typical communication problems that this kind of training addresses have included discussing undesirable work habits, reviewing work performance, and discussing salary changes.⁸⁶ North Carolina's Center for Creative Leadership incorporates 360-degree feedback data from peers, superiors, and subordinates into its training.















Summary: Communication

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 10.

10.1 Define *communication*, and explain why communication by the strict chain of command is often ineffective.

Communication is the process by which information is exchanged between a sender and a receiver. Effective communication involves getting the right information to the right people in a timely manner. Although much routine communication can occur via the chain of command, the chain tends to be slow and prone to filtering. It also ignores informal communication.

10.2 Explain the factors that contribute to *voice* versus *silence*.

10.3 Explain the organizational *grapevine*, and discuss its main features.

10.4 Review the role of verbal and *non-verbal communication* at work.

10.5 Discuss gender differences in communication, and identify how a failure to recognize these differences can cause communication problems.

10.6 Discuss challenges relating to *cross-cultural communication*, and identify useful strategies to deter miscommunication.

10.7 Define *computer-mediated communication*, and highlight its strengths and weaknesses.

10.8 Review personal strategies and organizational initiatives aimed at enhancing communication.

Key Terms

Start Over

Swap

0/22 REVIEWED · 0 MASTERED

Non-verbal communication



Previous

Next

Got It!



* On-The-Job Challenge Question

Dress Code Changes at Starbucks and Earl's

For many years, coffee mega-chain Starbucks had a strict dress and grooming code that dictated (along with the ubiquitous green apron) black pants or skirts and black or white shirts. Hair colour was to be within the “natural” range. A couple of years ago, the firm relaxed its code to permit employees to sport piercings, modest tattoos (not on face or neck), and black denim. More recently, muted shirt colours were permitted, and any hair colour now goes. As for headwear, fedoras and newsboys are ok, but baseball caps with sports logos are not. And no hoodies! The changes were made to boost morale and encourage more individuality. At about the same time, several Canadian-based casual dining establishments, most notably Earls, eliminated implied requirements for female servers and bartenders to wear short skirts and high heels, following a series of media exposes about the practice.

To what extent do organizations have the right to dictate how employees dress at work? Should this vary according to the nature of the job? What are the advantages to having some kind of a dress and grooming code in place?

Sources: Aubrey, A. (2016, July 26). Starbucks' new dress code: Purple hair and fedoras ok, but hoodies forbidden. *National Public Radio*. <https://www.npr.org/sections/thesalt/2016/07/26/487365625/starbucks-new-dress-code-purple-hair-and-fedoras-ok-but-hoodies-forbidden>; Evans, P. (2016, March 9). Earls restaurants change dress code in wake of CBC report on sexism concern. *CBC News*. <http://www.cbc.ca/news/business/marketplace-dress-codes-earls-1.3483432>.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Communication Technology and Social Media Dilemmas

The advent of new forms of communication technology and associated social media have benefited organizations and their employees in many ways, but they have also led to an assortment of problems and conflicts. Several themes are apparent in the scenarios presented in this exercise. For one thing, contemporary communication media have blurred the distinction between the work and non-work domains. Second, the scenarios suggest communication contradictions—Facebook postings could be grounds for firing, but the medium can also facilitate work-related communication. Third, much contemporary communication occurs in a context in which one is not sure just who the receiver might be.

The exercise can be conducted in several ways: Students can independently prepare their reflections on the scenarios for class discussion. Alternatively, learning teams can discuss one or more scenarios and report their reflections to the class. Finally, the instructor might organize a debate around each scenario. In any case, use your imagination when reflecting on the scenarios. How would you feel if you were an employee in the scenario? How would you feel if you were a manager?

1. The American Lifeguard Association has recorded a notable increase in complaints concerning lifeguards texting on the job, and some drowning tragedies have reportedly occurred at pools

where such texting occurred. Many lifeguards are students who evidently feel the need to “stay connected” when at work, even though lifeguard training specifies vigilant 10-second scanning cycles of the water. Incidents of lifeguards concealing forbidden cellphones have been reported. Of course, it can be pretty boring sitting up there in a lifeguard’s chair all day! What do you think about this issue?

2. A survey of Canadian companies found that 57 percent block access to online sites for shopping. Others reported keeping tabs on the frequency of use of such sites by their employees. On one hand, it seems reasonable to insist that workers do their personal shopping on their own time. On the other hand, many people are so overwhelmed by dual career juggling, child-care logistics, and taking assignments home that a few spare minutes at work might be their only opportunity to shop. What’s wrong with hitting eBay or Amazon during your break?
3. Would you hire BlazinWeedClown@mail.com? In a study of 15 000 online job applications for distribution centre positions, 3 percent of email addresses were judged anti-social (referencing insanity, sex, drugs, or meanness, e.g., insanekid33) and 22 percent were judged otherwise unprofessional (referencing hobbies, immaturity, popular culture, or nerdiness, e.g., cyborg22). The study also found that observers readily made attributions about the intelligence, professionalism, and conscientiousness of these email applicants. Such judgments could, of course, affect an applicant’s chances of being hired. But should they?
- *4. Two employees were fired by British Columbia’s West Coast Mazda for making postings on their personal Facebook pages that were critical of the company and its management. Although the general public did not have access to the postings, nearly 500 Facebook friends, including former and current West Coast

employees, did so. The comments, some lewd and others hinting at workplace violence, were deemed “offensive, insulting, and disrespectful” by an arbitration board, which upheld the dismissals as indicative of insubordination. Was this just natural, private grumbling about the workplace, or was it grounds to be fired?

5. PhoneDog, a web-based company that provides news, reviews, and advice concerning mobile phones and service providers, sued a former employee for taking his 17 000 Twitter followers with him when he changed jobs. The company contended that the followers comprised a customer database and that they had invested substantial resources to leverage social media to enhance awareness of their brand. Hence, the list was their “property.” Is this list of followers some proprietary trade secret, or is it a list of people with too much time on their hands? And who “owns” it?
6. Atos, a European IT services firm with 74 000 employees in 42 countries, announced that it would put in place a “zero email policy” for internal communications, claiming that email contains too much (90 percent) time-wasting trivia. Instead, its CEO touted the advantages of communicating in person, by phone, by text, or via various real-time social media such as Facebook or business collaboration software. Supporters of the plan noted that younger people had already deserted email for more social media and texting. Critiques asserted that people will “waste” time communicating no matter what media or technology are used, as it’s just human nature. What do you say? And is email passé for internal business communications?
7. Do U txt @ wrk? Some members of the police SWAT team in Ontario, California, did, and it got them into hot water. The officers were given department-issued pagers and were permitted to use them for personal texting if they reimbursed the

department. Fed up with doing the accounting to get reimbursement and surprised by the volume of personal texts (in a month, only 57 out of one officer's 456 texts were work related), the department accessed the texts via the mobile carrier. They contained a good bit of sexually explicit content. The department had a formal policy to monitor emails but had not explicitly mentioned pagers. The officers and a lower-level court claimed that this was a violation of privacy rights. Under appeal, the U.S. Supreme Court was unanimous that the employer was within its rights to access the texts. Many employees are issued pagers, mobile phones, and so on for the convenience of the employer. Should employees expect some privacy if they use them occasionally for personal purposes?

8. A Quebec IBM employee on long-term disability leave for major depression was surprised when the company's insurance company terminated her benefits and declared her fit to work. It appeared that their decision was partly influenced by photos on her Facebook page showing her cavorting on a beach, enjoying a birthday celebration, and visiting a male strip bar. Is it fair game to use this social media source as evidence concerning a medical claim? Did the poster use good judgment?
9. Writer Bob Green puts it succinctly: In the days before cellphones, would an employer permit an employee to install a personal land line in the office to make personal calls at will? Certainly not, but the advent of cellphones has effectively led to an analogous situation. Green recounts a series of complaints from store managers, restaurant proprietors, and factory bosses, some of whom have instituted no-cell policies. Especially worrisome are reports of extensive cell use by hospital staff, even in the operating room. Of course, as Green notes, some of these same employers see nothing unusual about texting or calling employees after work hours or on the weekend, expecting 24-7

responses. How big of an issue is this? Should personal cellphone use at work be prohibited or restricted in any way?

10. Writer and teacher Mary Jane Copps (“the telephone lady”) argues that extensive reliance on texting, social media, and email has led to a situation in which many people are incapable of making coherent business telephone calls. She claims that some new graduates are “terrified” of having to call business clients for the first time. Do you think there is any truth to this? In a business setting, would you feel more confident using text or voice?
11. Jeffrey Treem and colleagues studied the introduction of an enterprise social media platform in a financial services company. They found that younger employees and those who used public social media sites extensively were skeptical about the work platform and resisted using it, while older employees and those with little non-work use of social media were optimistic about its usefulness. How do you explain this counterintuitive finding?
12. Australian Border Force Commissioner Roman Quaedvlieg was fired for helping his girlfriend obtain a job with the force while not revealing his romantic interest. During the investigation, it was determined that he had sent her 14 000 texts over the course of a year on his official government-issued phone. This works out to about 38 messages a day, every day of the year. He defended this practice as normal. What do you say?

Sources: Exercise prepared by Gary Johns. (1) Tedeschi, B. (2010, September 10). Texts from lifeguard chair are raising concerns over safety. *The New York Times*, A21; (2) Simons, P. (2011, December 11). Personal browsing a workplace issue. *The Gazette* (Montreal), D20; (3) Blackhurst, E., Congemi, P., Meyer, J., & Sachau, D. (2011). Should you hire BlazinWeedClown@Mail.Com? *The Industrial-Organizational Psychologist*, 49(2), 27–37; (4) Ringseis, E. (2011). Careful what you write when you LOL. *The Canadian Industrial-Organizational Psychologist*, 27(2), 6–7; (5) Booth, R. (2011, December 28). Company sues ex-worker for Twitter followers. *The Globe and Mail*, B10; (6) Staff. (2011, December 16). Work: Life without email. *THE WEEK*; (7) Groscup, J. (2010, May). RU txtng at wrk? *Monitor on Psychology*, 22; Vicini, J. (2010, June 17). Court allows search of text messages on pager. Reuters, www.reuters.com; (8) Staff. (2009, November 21). Depressed woman loses benefits over Facebook photos. CBC News, www.cbc.ca/news; (9) Green, B. (2012, January 7). Is 2012 the year to hang up the phone? *CNN Opinion*, CNN.com; (10) Eichler, L. (2016, March 12). The lost art of making a business call. *The Globe and Mail*, B15; (11) Treem, J. W., Dailey, S. L., Pierce, C. S., & Leonardi, P. M. (2015). Bringing technological Frames to work: How previous experience with social media shapes the technology’s meaning in an organization. *Journal of Communication*, 65, 396–422; Yaxley, L. (2018, March 15). Sacked Border Force boss Roman

Quaedvlieg sent 14,000 texts to girlfriend he helped get a job. *ABC News*. <http://www.abc.net.au/news/2018-03-16/quaedvlieg-defends-sending-14,000-texts-to-girlfriend/9554462>.

* Question 4 is also assignable in Writing Space.

Case Incident

Bilingual Confusion

A representative of a Canadian mobile phone accessory company was finishing up negotiations with a Chinese manufacturer over the purchase of 10 000 accessory sets, when he mentioned one final detail: all product labelling should be in English and French. This news caused the Chinese Managing Director concern as his company lacked French-language expertise and could only work with Chinese and English, but he did not want to admit this to the buyer. The Chinese Managing Director replied with a smile, "I am afraid that supplying labels in French and English will be a bit difficult," and continued, "This question will require further study." The Canadian manager politely repeated that bilingual French/English labels were required by Canadian import regulations. His counterpart replied with a smile: "We will give your request serious consideration. It will be quite difficult. We will do our best to solve the problem." Relieved to have settled this final detail, the Canadian manager signed the contract and returned home to Canada. Three months later, the 10 000 sets arrived from China with bilingual labels in English and Chinese.

1. How does the concept of cultural context apply to the events that transpired?
- *2. If you were a culturally aware Canadian executive doing the negotiating here, how would you have proceeded to avoid the costly misunderstanding that occurred?

Source: Excerpted from Adair, W. L., Buchan, N. R., Chen, X-P., & Liu, D. (2016). A model of communication context and measure of context dependence. *Academy of Management Discoveries*, 2, 198–217, p. 201. Anecdote attributed to Gesteland, R. R. (1999). *Cross-cultural business behavior*:

Marketing, negotiating, and managing across cultures. Copenhagen: Copenhagen Business School Press.

* Question 2 is also assignable in Writing Space.

Case Study

Facebook (A)

Miranda Shaw was stymied. She had been on the verge of hiring a highly talented recent business school graduate, Rick Parsons, as a senior analyst for her project team. It had been a choice between Parsons and Deborah Jones, another very promising hire. Both Parsons and Jones had graduated from the same highly ranked business school that Shaw had attended, had the appropriate work backgrounds, and had performed well in their multiple rounds of interviews. From their conversations, Shaw believed either one would be a good choice for the company. While she had had a hard time deciding, she was leaning toward hiring Parsons because of his leadership skills and his reputation for tireless energy and great communication skills. Before making her final decision, Shaw—almost in desperation, because she needed to submit her recommendation to human resources immediately—had “Googled” both of the candidates. What she had discovered about Parsons both in her Google search results and on Facebook, while not necessarily a deal breaker, was disturbing enough that she had to rethink her opinion.

Shaw was a manager at a leading consulting firm. She had worked her way up from intern after four years and was on the fast track to making partner. Her company was a special place, and, as she had seen over the past few years, it took a special type of consultant to work there. She remembered plenty of cases where new hires had left the company in the first few months because they did not fit in with the high-energy and high- commitment work environment. She had seen several projects delayed or worse because of personnel issues. This high turnover was not good for the company, because it invested significant time, energy, and funds to train and mentor new hires. Shaw believed in the adage that “you are only as good as the people who work for you,” and she knew that making the right hiring decisions was critical to her success at the

firm. Shaw had to take these factors into consideration as she decided between two equally qualified candidates for the position.

In her web search, Shaw was initially impressed with Parsons. He was obviously very involved in non-profit work and had won a number of community service awards. But she then discovered his Facebook page and found herself quite dismayed. There were several pictures of Parsons with his fraternity brothers; in most, they were drinking, smoking cigarettes, and—in his own words—“smokin’ blunts.” This term, Shaw learned after a little research, meant smoking cigars hollowed out and stuffed with marijuana.

She then turned her Google efforts to Jones. She did not discover any personal information about Jones, nor did she find Jones on Facebook. There were only work-related sites that listed Jones as an effective project member.

Shaw sighed in dismay. She had been poised, only an hour earlier, to submit her recommendation to hire Parsons. Now she was not sure what to do.

Questions

- *1. Discuss how the web and new media such as Facebook have (a) aided and (b) complicated organizational communication. Be sure to consider the implications of sending a message when you do not know whom the receiver might be.
2. Suppose that Miranda had just heard a rumour about Rick’s activities as opposed to seeing them on Facebook. Would her reaction have been the same? Incorporate the concept of media richness in framing your answer.

3. Do the prominence of Rick on the web and the relative absence of Deborah reflect gender differences in communication?
4. What should Miranda do?

Facebook (B)

Based on her Google search and the Facebook photographs, Miranda Shaw concluded that Rick Parsons would not fit in with the professional work environment at the company and of the team in particular. She knew how much time and money could be wasted on hiring the wrong person. She concluded that she should offer the position to Deborah Jones.

While she was mostly proud of her resourcefulness, Shaw was a little uneasy about her decision. Although information on the internet was public and people controlled what they posted online, Shaw was not certain that it was fair to use web information in her hiring decision. After all, the candidate had not offered it willingly, and Shaw had not told Parsons or Jones that she would be researching them online. She did not, however, have either the time or resources to waste on hiring another bad fit. She was sure that most employers used Google and other internet sources in hiring, though few admitted it. Nonetheless, she was not comfortable with her research methods and wondered how long this discomfort would last.

Source: This case was prepared by Bidhan Parmar (MBA, '07), Jenny Mead, Senior Ethics Research Associate, and R. Edward Freeman, Elis & Signe Olsson Professor of Business Ethics. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2008 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved.

Questions

5. Was it ethical for Miranda to avail herself of these indirect, web-based sources of communication to find out about the job applicants?

6. If Miranda hires Deborah, should she explain to Rick the issue that damaged his chances? Why or why not?
7. If Miranda does tell Rick, how should she do so? In answering, consider the chapter sections **Basic Principles of Effective Communication** and **Provision of Explanations**.

* Question 1 is also assignable in Writing Space.













































Chapter 11

Decision Making

◀ Listen to the Audio



Learning Objectives

After reading Chapter 11, you should be able to:

- 11.1 Define *decision making*, and differentiate well-structured and ill-structured problems.
- 11.2 Compare and contrast perfectly *rational decision making* with decision making *under bounded rationality*.
- 11.3 Discuss the impact of *framing* and *cognitive biases* on the decision process.
- 11.4 Explain the process of *escalation of commitment* to an apparently failing course of action.
- 11.5 Consider how emotions and mood affect decision making.
- 11.6 Summarize the pros and cons of using groups to make decisions, with attention to the *groupthink* phenomenon and risk assessment.
- 11.7 Discuss contemporary approaches to improving organizational decision making.

The Phoenix Payroll System Fiasco

It seemed like a good idea at the time. In 2009, the Government of Canada began a two-part plan to centralize much of its payroll system and update the existing 40-year-old system employed by 101 departments and agencies. Canada dispensed an annual payroll of \$22 billion to 290 000 federal employees, and the new system took seven years to initiate and cost \$310 million to implement. The idea was that it would then save about \$70 million a year owing to automation, staff reductions, and reduced duplication of effort. Prior to the change, each department and agency had its own payroll system, supported by about 2000 pay advisors who processed pay and made changes and corrections essentially manually. With the revision, the payroll system for 46 of the largest units was centralized in Miramichi, New Brunswick, with considerable reduction in staffing. On the other front, the government hired IBM to install the PeopleSoft pay system to automate many of the manual procedures, striving for increased efficiency across the board. However, government pay systems are complex owing to a wide range of job titles and employment statuses (e.g., full time, contract work, and student replacement). In addition, 105 collective agreements with public service unions had to be accommodated. Consequently, about 80 000 pay rules had to be incorporated into the system that Public Services and Procurement Canada dubbed Phoenix. In turn, this required the complex addition of 200 custom programs to the base PeopleSoft system.

Soon after the rollout of the new pay system, in early 2016, it was clear that there were problems. Despite this, the government implemented the second phase of the system. The flaws in the system led to people being overpaid, underpaid, or not paid at all, sometimes for months on end. For instance, Karen Clarke-Vay was overpaid for several months for doing her federal government job in Alberta and then not paid at all

for months when she began a new federal job in British Columbia. Reports of mortgage and car loan defaults were common, as were stories of maxed-out credit cards and cut-off cell phones. Many students who took government jobs for the summer to pay for their university studies received no pay at all.

In late 2017, the auditor general of Canada published an Independent Auditor's Report on the Phoenix payroll problems. The report cited 494 500 outstanding requests concerning pay issues since the inception of the program and \$520 million in outstanding pay errors. In one pay period, 51 percent of employees were estimated to have errors in their paycheques, and at the time of the audit, 49 000 employees had waited over a year to have their compensation requests dealt with. The auditor general expressed dismay that no comprehensive governance structure had been put in place to discover the root causes of the problems even 16 months after they arose. In contrast, he cited Queensland Health, an Australian government entity that did this within four months when faced with strikingly similar payroll integration issues. He also questioned the government's estimate that the Phoenix problems could be rectified by spending an additional \$540 million, given that Queensland had spent well over \$1 billion, despite fast action.



Bad decision making led to the Phoenix payroll system fiasco.

Lester Balajadia/Shutterstock

The Liberal government in place blamed the former Conservative government for initiating Phoenix, and the Conservatives blamed the Liberals for improperly implementing the system. The New Democratic Party blamed the use of executive bonuses pegged to rolling out the system on schedule despite early signals of problems with implementation. The Public Service Alliance of Canada union questioned why bonuses were offered to managers for simply doing their job. IBM claimed that it had delivered the payroll system as contracted.¹

In the Phoenix payroll fiasco, how could so many people misjudge the risks and make such a series of apparently bad decisions? We will find out in this chapter. First, we will define decision making and present a model of a rational decision-making process. Working through this model, we will highlight the practical limitations of rationality. After this, we will look at the use of groups to make decisions. Finally, the chapter closes with some contemporary techniques to improve decision making.

Arguably, the decision terrain for organizations has become more uncertain due the pace of technological and social change. Thus, carmakers are busy perfecting electric cars and developing autonomous cars, all the while wondering how the rise of car sharing and Uber will affect the demand for such vehicles. And ad agencies are rethinking their role in light of free or low-cost social influence campaigns available on Facebook, Instagram, and YouTube.

What Is Decision Making?

◀ Listen to the Audio

LO1 Define *decision making*, and differentiate well-structured and ill-structured problems.

Consider the following questions that might arise in a variety of organizational settings:

- How much inventory should our store carry?
- Where should we locate the proposed community mental health centre?
- Should I remain at this job or accept another?
- How many classes of Philosophy 200 should our department offer next semester?
- Should our diplomats attend the summit conference?

Common sense tells us that someone is going to have to do some decision making to answer such questions. Decision making¹ is the process of developing a commitment to some course of action.² Three things are noteworthy about this definition. First, decision making involves making a *choice* among several action alternatives—the store can carry more or less inventory, and the mental health centre can be located at the north or south end of town. Second, decision making is a *process* that involves more than simply the final choice among alternatives—if you decide to accept the offer of a new job, we want to know *how* this decision was reached. Finally, “commitment” refers to the dedication of

resources such as time, money, or personnel—if the store carries a large inventory, it will tie up cash.

We can also describe decision making as a process of problem solving.³ A **problem** exists when a gap is perceived between some existing state and some desired state. For example, the chairperson of the philosophy department might observe that there is a projected increase in university enrolment for the upcoming year and that his course schedule is not completed (existing state). In addition, he might wish to adequately service the new students with Philosophy 200 classes and at the same time satisfy his dean with a timely, sensible schedule (desired state). In this case, the decision-making process involves the perception of the existing state, the conception of the desired state, and the steps that the chairperson takes to move from one state to the other.

Well-Structured Problems

◀ Listen to the Audio

For a well-structured problem, the existing state is clear, the desired state is clear, and how to get from one state to the other is fairly obvious. Intuitively, these problems are simple, and their solutions arouse little controversy. This is because such problems are repetitive and familiar.

- Assistant bank manager: Which of these ten car loan applications should I approve?
- Welfare officer: How much assistance should this client receive?
- Courier: Which delivery route should I use?

Because decision making takes time and is prone to error, organizations (and individuals) attempt to program the decision making for well-structured problems. A program is simply a standardized way of solving a problem. As such, programs short-circuit the decision-making process by enabling the decision maker to go directly from problem identification to solution.

Programs usually go under labels such as *rules*, *routines*, *standard operating procedures*, or *rules of thumb*. Some programs come from experience and exist only “in the head.” Other programs are more formal. Thus, routine loan applications are “scored” by banks according to a fixed formula that takes into account income, debt, previous credit, and so on. At UPS, delivery drivers’ routes are programmed to avoid left-hand turns so that

they do not idle waiting for oncoming traffic to clear. In one year, this saves between \$300 and \$400 million in fuel, wages, and running costs.⁴

Programmed decision making provides a useful means of solving well-structured problems. However, programs are only as good as the decision-making process that led to the adoption of the program in the first place. In computer terminology, "garbage in" will result in "garbage out." In the United States, judges in some states use computer algorithms that predict propensity to reoffend to aid in the sentencing of people convicted of crimes. In part, these programs have been mandated to curtail possible biases (e.g., due to race or gender) on the part of judges. However, critics argue that the algorithms are inherently biased due to the use of historical data that itself reflects past bias. Critics also assert that such programming precludes individualized sentencing that is often warranted.⁵ In essence, they are arguing that sentencing prisoners is an ill-structured problem, not a well-structured one.

Ill-Structured Problems

◀ Listen to the Audio

The extreme example of an **ill-structured problem** [Ⓟ] is one in which the existing and desired states are unclear and the method of getting to the desired state (even if clarified) is unknown. For example, a vice president of marketing might have a vague feeling that the sales of a particular product are too low. However, she might lack precise information about the product's market share (existing state) and the market share of its most successful competitor (ideal state). In addition, she might be unaware of exactly how to increase the sales of this particular product.

Ill-structured problems are often unique; that is, they are unusual and have not been encountered before. In addition, they tend to be complex and involve a high degree of uncertainty. As a result, they frequently arouse controversy and conflict among the people who are interested in the decision. For example, consider the following:

- Should we vaccinate the population against a new flu strain when the vaccination may have some bad side effects?
- Should we implement a risky attempt to rescue political hostages?
- In which part of the country should we build a new design centre?

Ill-structured problems such as these cannot be solved with programmed decisions. Rather, the decision makers must resort to non-programmed decision making. This means that they are likely to try to gather more information and be more self-consciously analytical in their approach. Ill-

structured problems can entail high risk and stimulate strong political considerations, as seen in the Phoenix payroll case. Although actually paying people their due salaries is a structured problem, putting into place the system to do this was an unstructured problem, due to the complexities given in the Phoenix vignette. We will concentrate on ill-structured problems in this chapter.


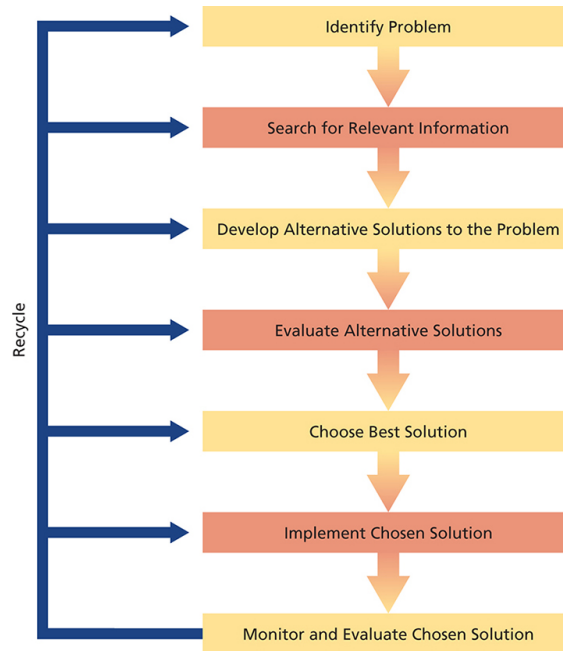
Exhibit 11.1  presents a model of the decision process that a rational decision maker might use. When a problem is identified, a search for information is begun. This information clarifies the nature of the problem and suggests alternative solutions. These are carefully evaluated, and the best is chosen for implementation. The implemented solution is then monitored over time to ensure its immediate and continued effectiveness. If difficulties occur at any point in the process, repetition or recycling may be affected. Research shows intuition is good for generating alternatives but that the more reflective decision style illustrated in the model is associated with overall good decision-making performance.⁶ Before we discuss the specific steps of the model in detail, let's contrast two forms of rationality.

Exhibit 11.1 The rational decision-making process.



Well-Structured and Ill-Structured Problems

Study the list of well-structured and ill-structured problems, then “Check Your Understanding” to review.

Well-Structured Problems	Ill-Structured Problems
Which of these ten car loan applications should I approve?	In which part of the country should we build a new design centre?
Which delivery route should I use?	Should we vaccinate the population against a new flu strain when the vaccination may have some bad side effects?
How much assistance should this client receive?	Should we implement a risky attempt to rescue political hostages?

Check Your Understanding















The Compleat Decision Maker—A Rational Decision-Making Model

◀ Listen to the Audio

- LO2 Compare and contrast perfectly *rational decision making* with decision making *under bounded rationality*.
- LO3 Discuss the impact of *framing* and *cognitive biases* on the decision process.
- LO4 Explain the process of *escalation of commitment* to an apparently failing course of action.
- LO5 Consider how emotions and mood affect decision making.

Perfect versus Bounded Rationality

The prototype for perfect rationality [Ⓟ] is the familiar Economic Person (formerly Economic Man), whom we meet in the first chapter of most introductory textbooks in economics. Economic Person is the perfect, cool, calculating decision maker. More specifically, he or she has the following traits:

- He or she can gather information about problems and solutions without cost and is thus completely informed.
- He or she is perfectly logical: if solution A is preferred over solution B, and B is preferred over C, then A is necessarily preferable to C.

- He or she has only one criterion for decision making: economic gain.

While Economic Person is useful for theoretical purposes, the perfectly rational characteristics embodied in Economic Person do not exist in real decision makers. Nobel Prize winner Herbert Simon recognized this and suggested that managers use **bounded rationality** rather than perfect rationality.⁷ That is, while they try to act rationally, they are limited in their capacity to acquire and process information. In addition, time constraints and political considerations (such as the need to please others in the organization) act as bounds to rationality.

Framing and cognitive biases both illustrate the operation of bounded rationality, as does the impact of emotions and mood on decisions.

Framing refers to the (sometimes subtle) aspects of the presentation of information about a problem that are assumed by decision makers.⁸ A frame could include assumptions about the boundaries of a problem, the possible outcomes of a decision, or the reference points used to determine if a decision is successful.⁹ As we shall see, how problems and decision alternatives are framed can have a powerful impact on resulting decisions.

Cognitive biases are tendencies to acquire and process information in a particular way that is prone to error. These biases constitute assumptions and shortcuts that can improve decision-making efficiency, but they frequently lead to serious errors in judgment. Complicating matters, intelligence does not counteract biases, and both more and less smart people are equally prone to them.¹⁰ We will see how biases work in the following pages. For now, consider *Applied Focus: Decision Errors Lead to Target's Failure in Canada*.

After we work through the rational decision-making model, we will consider how emotions and mood affect decisions.

Applied Focus

Decision Errors Lead to Target's Failure in Canada

Target's foray into Canada was seen as a natural expansion for the U.S. retailer that for years had been a magnet for Canadians, attracting hordes of shoppers across the border. But nearly two years after its much hyped and heralded launch, Target threw in the towel, a victim, some analysts say, of bad management, poor planning, and misguided and overambitious expectations. Having lost nearly \$1 billion in its first year in Canada, and facing more multimillion-dollar losses, Target announced it would discontinue its operations in Canada and close its 133 stores.

"I think it's a multifaceted failure," said Doug Stephens, retail analyst and author of *The Retail Revival: Re-Imagining Business for The New Age of Consumerism*. "The plan that they undertook was imperilled and overly ambitious from the beginning."

"When you open a retail store, the first three months are vital. You're trying to connect with your consumers, and they did not connect," said Brian Sozzi, CEO and chief equities strategist of Belus Capital Advisors. "And they've been trying to play catchup ever since. It's been downhill since they opened the first store."

"They overestimated the size of the potential market for them, for their business," said Antony Karabus, analyst and president of Hilco Retail Consulting. "They underestimated the fierceness of the competition and the loyalty to existing retailers," which included Walmart, Canadian Tire, and Home Depot. "You can

only unseat an incumbent if you bring something better. That's the fundamental issue. They didn't bring something better."

Target also signed a costly "trainwreck" of a deal in which it inherited the leases and locations of Zellers stores across the country, said Sozzi. While Target would save money on building costs, most of its Canadian stores would not be based on their U.S. models, which had been so successful. As well, the Canadian stores were not in "Triple A locations," and many were not big enough, nor did they fit nicely with Target's brand, Stephens said. "In the U.S. when you walk in the front door of a Target, you know exactly where to go. The floor plan is predictable, you know where to go for what you want," Karabus said. "So you're not getting the frustration of running around the store trying to find what you want. [In Canada], you didn't know where to go."

Then there was the issue of stock, or lack of it. "I recall going into one of their grand openings in Aurora, Ont., and seeing hundreds of linear feet of empty shelving. I was astonished," Stephens said. "It became a thing. People began to ask, 'Why is there so much empty space? Where are the products?'" Target admitted it had supply chain issues but promised to fix them. Instead, the problems persisted, even into the holiday season.

But Target also failed to acquire the sales history of the Zellers stores, meaning they were "essentially flying blind" upon their launch. "They had no idea what they would sell, what they should stock, how much of it. So Day 1, when they opened their stores, they had no clue," Stephens said. Meanwhile, the stock they did have failed to excite consumers. "I went to [Target] a number of times in Canada and I didn't see a lot worth buying whereas when I would go to Target in the U.S. . . . there's

always a treasure hunt,” Karabus said. “There’s always something.”

Pricing was another issue. Many consumers, used to the deals in the United States, complained that Canadian prices were just too high. “They did not drive that right balance of great assortment and appropriate pricing,” Sozzi said. “It wasn’t until this holiday season where they tried to get much more aggressive on pricing, tried to be much more price competitive. But by then, the customer was already turned off by them.”

Source: Excerpted from Gollom, M. (2015, January 16). Target’s launch into Canada a multifaceted failure. *CBC News*, <http://www.cbc.ca/news/business/target-s-launch-into-canada-a-multifaceted-failure-1.2901789>.

Problem Identification and Framing

◀ Listen to the Audio

You will recall that a problem exists when a gap occurs between existing and desired conditions. Such gaps might be signalled by dissatisfied customers or vigilant employees. Similarly, the press might contain articles about legislation or ads for competing products that signal difficulties for the organization. The perfectly rational decision maker, infinitely sensitive and completely informed, should be a great problem identifier. Bounded rationality, however, can lead to the following difficulties in problem identification:¹¹

- *Perceptual defence.* In [Chapter 3](#), we pointed out that the perceptual system may act to defend the perceiver against unpleasant perceptions. For example, Ottawa bureaucrats might have been unconsciously motivated not to “see” signals of the inadequacy of the proposed Phoenix pay system.
- *Problem defined in terms of functional specialty.* Selective perception can cause decision makers to view a problem as being in the domain of their own specialty even when some other perspective might be warranted. For example, employees with a marketing background might fixate on a marketing solution to poor sales even though the problem resides in bad design.
- *Problem defined in terms of solution.* This form of jumping to conclusions effectively short-circuits the rational decision-making process. Assuming their menus need a “new look,” restaurateurs frequently replace beloved dishes with culinary experiments, only

irritating their loyal customers. Not having been a market success, the original Google Glass seems to have been motivated by the idea that “we can put smartphone technology in glasses” rather than a careful assessment of consumer needs and desires.¹²

- *Problem diagnosed in terms of symptoms.* “What we have here is a morale problem.” While this might be true, a concentration on surface symptoms will provide the decision maker with few clues about an adequate solution. The real problem here involves the cause of the morale problem. Low morale due to poor pay suggests different solutions than does low morale due to boring work.

When a problem is identified, it is necessarily framed in some way. Consider how different it is to frame a \$10 000 expenditure as a cost (something to be avoided) versus an investment (something to be pursued). Or consider how different it is to frame a new product introduction as a military campaign against competitors versus a crusade to help customers. In each case, the facts of the matter might be the same, but the different decision frames might lead to very different decisions.

Rational decision makers should try to be very self-conscious about how they have framed problems (“We have assumed that this is a product innovation problem”). Also, they should try out alternative frames (“Let’s imagine that we don’t need a new product here”). Finally, decision makers should avoid overarching, universal frames (corporate culture gone wild). While it is a good idea to “put customers first,” we do not want to frame every problem as a customer service problem.¹³

Information Search

◀ Listen to the Audio

As seen in [Exhibit 11.1](#), once a problem is identified, a search for information is instigated. This information search may clarify the nature or extent of the problem and begin to suggest alternative solutions. Again, our perfectly rational Economic Person is in good shape at this second stage of the decision-making process. He or she has free and instantaneous access to all information necessary to clarify the problem and develop alternative solutions. Bounded rationality, however, presents a different picture.

Too Little Information

Sometimes decision makers do not acquire enough information to make a good decision. Several cognitive biases contribute to this. For one thing, people tend to be mentally lazy and use whatever information is most readily available to them. Often, this resides in the memory, and we tend to remember *vivid recent* events.¹⁴ Although such events might prove irrelevant in the context of the current problem, we curtail our information search and rely on familiar experience. The executive who remembers that “the last time we went to an outside supplier for parts, we got burned” may be ignoring the wisdom of contracting out a current order.

Another cognitive bias that contributes to an incomplete information search is the well-documented tendency for people to be overconfident in their decision making.¹⁵ Such overconfidence led experts to mispredict

the election of Donald Trump and the “Brexit” of the U.K. from the European Union, and it is magnified by **confirmation bias**, the tendency to seek out information that conforms to one’s own definition of or solution to a problem. According to one expert, this ceremonial information search leads to “decision-based evidence making” rather than evidence-based decision making!¹⁶ Critics of the U.S. invasion of Iraq cited both overconfidence and confirmation bias. Another sort of inadequate information was apparent in the Phoenix payroll disaster. The modifications to the payroll plan were so complex that managers were unable to envision the risk entailed in implementing the system.

A final cause of inadequate information acquisition is the **not-invented-here bias**, the tendency to ignore or harbor negative attitudes toward ideas from outside one’s own organization or project team.¹⁷ This bias has been implicated in costly and inefficient duplication of organizational efforts, such as the failure to reuse existing software developed by outside sources.¹⁸ For example, Nokia continued to develop its own cellphone software in spite of the existence of a good open-source option.¹⁹ The bias can also lead to serious failures to innovate. Although Sony pioneered early innovations in music and gaming, its failure to incorporate ideas from rivals led to decisions that damaged its competitiveness.²⁰ In the Phoenix payroll debacle, the failure of the government to learn from a similar fiasco in Australia is evidence of the bias.

Too Much Information

While the bounds of rationality often force us to make decisions with incomplete or imperfect information, *too much* information can also damage the quality of decisions. **Information overload** is the reception of more information than is necessary to make effective decisions. Information overload can lead to errors, omissions, delays, and cutting corners.²¹ In addition, decision makers facing overload often attempt to

use all the information at hand, then get confused and permit low-quality information or irrelevant information to influence their decisions.²²

Perhaps you have experienced this when writing a term paper—trying to incorporate too many references and too many viewpoints into a short paper can lead to a confusing, low-quality end product. More is not necessarily better. Consider the situation at Amazon:

To prod employees, Amazon has a powerful lever: more data than any retail operation in history. Its perpetual flow of real-time, ultradetailed metrics allows the company to measure nearly everything its customers do. Amazon employees are held accountable for a staggering array of metrics, a process that unfolds in what can be anxiety-provoking sessions called business reviews, held weekly or monthly among various teams. A day or two before the meetings, employees receive printouts, sometimes up to 50 or 60 pages long, several workers said. At the reviews, employees are cold-called and pop-quizzed on any one of those thousands of numbers.²³



Information overload can lead to errors, omissions, delays, and stress.

Blend images/M11/Brand X Pictures/Getty Images

Despite all of this, decision makers seem to *think* that more is better. Why? For one thing, even if decisions do not improve with additional

information, confidence in the decisions will increase.²⁴ Second, decision makers may fear being “kept in the dark” and associate the possession of information with power. One research review concludes that managers do the following:

- Gather much information that has little decision relevance
- Use information that they collected and gathered after a decision to justify that decision
- Request information that they do not use
- Request more information, regardless of what is already available
- Complain that there is not enough information to make a decision even though they ignore available information²⁵

It is interesting that “star” employees are prone to overload due to their many social connections.²⁶ Additionally, information search often involves seeking advice from various parties, including trade associations, government agencies, and consultants. Research reveals that people have a cognitive bias to value advice for which they have paid over free advice of equal quality.²⁷ No wonder there are so many consulting firms! It also shows that more abstract advice is seen as a signal of greater expertise and is more likely to be followed.²⁸

Alternative Development, Evaluation, and Choice

◀ Listen to the Audio

Perfectly informed or not, the decision maker can now list alternative solutions to the problem, examine the solutions, and choose the best one. For the perfectly rational, totally informed, ideal decision maker, this is easy. He or she conceives of all alternatives, knows the ultimate value of each alternative, and knows the probability that each alternative will work. In this case, the decision maker can exhibit maximization—that is, he or she can choose the alternative with the greatest expected value. Consider a simple example:

	Ultimate Value	Probability	Expected Value
Alternative 1	\$100 000 Profit	0.4	\$40 000 Profit
Alternative 2	\$ 60 000 Profit	0.8	\$48 000 Profit

Here, the expected value of each alternative is calculated by multiplying its ultimate value by its probability, and the perfectly rational decision maker would choose to implement the second alternative.

Unfortunately, things do not go so smoothly for the decision maker working under bounded rationality. He or she may not know all alternative solutions, and he or she may be ignorant of the ultimate values and probabilities of success of those solutions that he or she knows. Again, cognitive biases come into play. In particular, people are especially weak intuitive statisticians, and they frequently violate

standard statistical principles. This is illustrated by the following examples.²⁹

- People avoid incorporating existing data about the likelihood of events (“base rates”) into their decisions. For instance, firms continue to launch novelty food products (e.g., foods squeezed from tubes or foods developed by celebrities) even though they have a very high failure rate in the market.
- Large samples warrant more confidence than small samples. Despite this, data from a couple of (vivid) focus groups might be given more weight than data from a large (but anonymous) national survey.
- Decision makers often overestimate the odds of complex chains of events occurring—the scenario sounds sensible despite being less likely with every added link in the chain. During the 2008–2009 economic meltdown, it was unrealistically assumed that the economy would remain healthy *and* real estate prices would continue to rise *and* people would find a way to pay their escalating mortgages.
- People are poor at revising estimates of probabilities and values as they acquire additional information. A good example is the **anchoring effect**³⁰, which illustrates that decision makers do not adjust their estimates enough from some initial estimate that serves as an (often irrelevant) anchor. For example, real estate agents often allow the *asking price* of a house to unduly influence their *professional evaluation* of the house.³⁰ Similarly, executives acquiring other firms are unduly influenced by the acquisition premiums paid for the most recent acquisition in their industry.³¹ If someone else paid too much, they will be inclined to do the same. During the development of the iPhone, Apple was faced with a choice between a hard keyboard or a soft touchpad, and experts agree that the choice of the latter alternative was critical to the phone’s early success in the marketplace.³² A safe but incorrect choice would have been to anchor on the industry norm at the time and choose the hard keyboard.

It is possible to reduce some of these basic cognitive biases by making people more accountable for their decisions. This might include requiring reasoned reports, formal presentations of how the decision was reached, and so on. However, it is critical that this accountability be in place *before* a decision is reached. After-the-fact accountability often increases the probability of biases, as people try to protect their identity as good decision makers.³³ It is now clear that deregulation of the banking industry reduced accountability and contributed to the 2008–2009 economic meltdown.

The perfectly rational decision maker can evaluate alternative solutions against a single criterion: economic gain. The decision maker who is bounded by reality might have to factor in other criteria as well, such as the political acceptability of the solution to other organizational members: Will the boss like it? Since these additional criteria have their own values and probabilities, the decision-making task increases in complexity.

The bottom line here is that the decision maker working under bounded rationality frequently “satisfices” rather than maximizes.³⁴ Satisficing means that the decision maker establishes an adequate level of acceptability for a solution and then screens solutions until he or she finds one that exceeds this level. When this occurs, evaluation of alternatives ceases, and the solution is chosen for implementation. For instance, the human resources manager who feels that absenteeism has become too high might choose a somewhat arbitrary acceptable level (e.g., the rate one year earlier), and then accept the first solution that seems likely to achieve this level. Few organizations seek to *maximize* attendance.

Decision expert Paul Nutt found that the search for alternatives is often very limited in strategic decision making and that firms invest very little

money in exploring alternatives.³⁵ What this leads to is a kind of tunnel vision in which some hastily chosen option is viewed much too favourably.³⁶ Thus, the provision of information concerning alternatives is crucial to good decision making.³⁷ Successful consulting firms often fulfill this role.

Many students want to start their own companies, so you should be aware that entrepreneurs are especially prone to overconfidence, too much optimism, and other cognitive biases that cloud decision making.³⁸ These biases can threaten the survival of new firms.

Risky Business

◀ Listen to the Audio

Choosing between decision alternatives often involves an element of risk, and the research evidence on how people handle such risks is fascinating. Consider this scenario that decision researcher Max Bazerman developed. Which alternative would you choose?

Robert Davis, head of the legal staff of a Fortune 500 company, has delayed making one of the most critical recommendations in the organization's history. The company is faced with a class action suit from a hostile group of consumers. While the organization believes that it is innocent, it realizes that a court may not have the same perspective. The organization is expected to lose \$50 million if the suit is lost in court. Davis predicts a 50 percent chance of losing the case. The organization has the option of settling out of court by paying \$25 million to the "injured" parties. Davis's senior staff has been collecting information and organizing the case for over six months. It is time for action. What should Davis recommend?

Alternative A Settle out of court and accept a sure *loss* of \$25 million,

or

Alternative B Go to court expecting a 50 percent probability of a \$50 million loss.³⁹

Notice that these two solutions are functionally equivalent in terms of dollars and cents (50 percent of \$50 million = \$25 million). Nonetheless, you probably tended to choose alternative B—about 80 percent of students do. Notice also that alternative B is the riskier of the two alternatives in that it exposes the firm to a *potential* for greater loss.


Now, consider two further descriptions of the alternatives. Which solution would you choose?

Alternative C Settle out of court and *save* \$25 million that could be lost in court,

or

Alternative D Go to court expecting a 50 percent probability of *saving* \$50 million.

Again, these two solutions are functionally equivalent in monetary terms (and equivalent to options A and B). Yet, you probably chose solution C—80 percent of students do. Notice that this is the *less* risky alternative, in that the firm is not exposed to a potential \$50 million loss.

This is a graphic example of the power of framing. Alternatives A and B frame the problem as a choice between losses, while C and D frame it as a choice between gains or savings. Research by Daniel Kahneman and Amos Tversky shows that when people view a problem as a choice between losses, they tend to make risky decisions, rolling the dice in the face of a sure loss. When people frame the alternatives as a choice between gains, they tend to make conservative decisions, protecting the sure win.⁴⁰ It is very important to be aware of what reference point you are using when you frame decision alternatives. It is not necessarily wrong to frame a problem as a choice between losses, but this can contribute to a foolish level of risk taking. In addition to framing, other factors that stimulate managerial risk taking include compensation tied to the price of stock, poor relative organizational performance, abundant organizational resources, and various personality characteristics.⁴¹ For more on personality, see [Research Focus: How CEO Personality Affects Organizational Decision Making](#) .

Research Focus

How CEO Personality Affects Organizational Decision Making

Could a CEO's personality affect major corporate decisions? At first glance, this might seem unlikely. After all, all CEOs are constrained by the reality of market forces and boards of directors who are required by law to exercise due diligence over such decisions. And firms employ legions of MBAs schooled in strategic decision making and advanced analytic techniques. Is there any margin left for the CEO's personality to influence decisions? Shavin Malhotra and colleagues examined how CEO extraversion influenced organizational decisions concerning mergers with and acquisitions of other firms. Because high extroverts tend to be assertive, decisive, and socially engaged, they predicted and confirmed that more extraverted CEOs would be likely to make more and bigger acquisitions. Being extraverts, they did this in part by sitting on the boards of many other organizations, which gave them an extended network of business connections. Stockholders responded more positively to mergers and acquisitions announced by extraverted CEOs, either because they picked good targets or were better at convincing investors of their business acumen. However, CEO personality does not always have such a positive effect. Arijit Chatterjee and Donald Hambrick studied the impact of CEO narcissism on risky strategic decisions. Narcissists tend to have an inflated view of their self-importance and to crave continual affirmation of just how important and successful they are. The researchers found that highly narcissistic CEOs were fairly insensitive to objective indicators of their business performance but were very tuned in to media praise for their efforts. Narcissists who had been the

object of past media praise were inclined to engage in risky spending on R&D, capital expenditures, and acquisitions of other firms. They were also inclined to pay inflated premiums for acquisitions. Less narcissistic CEOs were less swayed by media attention and more likely to base risky decisions on objective firm performance.

Sources: Malhotra, S., Reus, T. H., Zhu, P., & Roelofsen, E. M. (2018). The acquisitive nature for extraverted CEOs. *Administrative Science Quarterly*, 63, 370–408; Chatterjee, A., & Hambrick, D. C. (2011). Executive personality, capability cues, and risk taking: How narcissistic CEOs react to their successes and stumbles. *Administrative Science Quarterly*, 56, 202–237.

Solution Implementation

◀ Listen to the Audio

When a decision is made to choose a particular solution to a problem, the solution must be implemented. The perfectly rational decision maker will have factored any possible implementation problems into his or her choice of solutions. Of course, the bounded decision maker will attempt to do the same when estimating probabilities of success. However, in organizations, decision makers are often dependent on others to implement their decisions, and it might be difficult to anticipate their ability or motivation to do so.

An example of implementation problems occurs when products are designed, engineered, and produced in a lengthy series of stages. For example, engineering might have to implement decisions made by designers, and production planning might have to implement decisions made by engineering. This sequential process frequently leads to confusion, conflict, and delay unless cross-functional teams are used during the decision-making process. When they work well, such teams are sensitive to implementation problems.

Solution Evaluation

◀ Listen to the Audio

When the time comes to evaluate the implemented solution, the decision maker is effectively examining the possibility that a new problem has occurred: Does the (new) existing state match the desired state? Has the decision been effective? For all the reasons we stated previously, the perfectly rational decision maker should be able to evaluate the effectiveness of the decision with calm, objective detachment. Again, however, the bounded decision maker might encounter problems at this stage of the process.

Justification

As we said earlier, people tend to be overconfident about the adequacy of their decisions. Thus, substantial dissonance can be aroused when a decision turns out to be faulty. One way to prevent such dissonance is to avoid careful tests of the adequacy of the decision. As a result, many organizations are notoriously lax when it comes to evaluating the effectiveness of expensive training programs or advertising campaigns. If the bad news cannot be avoided, the erring decision maker may devote his or her energy to trying to justify the faulty decision.

The justification of faulty decisions is best seen in the irrational treatment of sunk costs. **Sunk costs** ^① are permanent losses of resources incurred as the result of a decision.⁴² The key word here is *permanent*. Since these resources have been lost (sunk) due to a past decision, they should not

enter into future decisions. Psychologist Barry Staw has studied how, despite this, people often “throw good resources after bad,” acting as if they could recoup sunk costs. This process is escalation of commitment to an apparently failing course of action, in which the escalation involves devoting more and more resources to actions implied by the decision.⁴³ For example, suppose an executive authorizes the purchase of several new machines to improve plant productivity. The machines turn out to be very unreliable, and they are frequently out of commission for repairs. Perfect rationality suggests admitting to a mistake here. However, the executive might authorize an order for more machines from the same manufacturer to “prove” that he was right all along, hoping to recoup sunk costs with improved productivity from an even greater number of machines.

Dissonance reduction is not the only reason that escalation of commitment to a faulty decision may occur. A social norm that favours *consistent* behaviour by managers may also be at work.⁴⁴ Changing one’s mind and reversing previous decisions might be perceived as a sign of weakness, a fate to be avoided at all costs.

As seen in the Phoenix payroll saga, escalation sometimes happens even when the current decision maker is not responsible for previous sunk costs. For example, politicians might continue an expensive and perhaps unnecessary public works project that was begun by a previous administration. Here, dissonance reduction and the appearance of consistency are irrelevant, suggesting some other causes of escalation. For one thing, decision makers might be motivated to not appear wasteful.⁴⁵ (“Even though the airport construction is way over budget and flight traffic doesn’t justify a new airport, let’s finish the thing. Otherwise, the taxpayers will think we’ve squandered their money.”) The New Democratic Party government of British Columbia continued with the Site C hydroelectric dam megaproject, begun by the previous Liberal

government, despite the project being behind schedule, over budget, and of questionable need. Sunk costs were cited in the decision.⁴⁶

Also, escalation might be due to the way decision makers frame the problem once some resources have been sunk. Rather than seeing savings from reversing the decision, they may frame the problem as a decision between a sure loss of x dollars (which have been sunk) and an uncertain loss of $x + y$ dollars (maybe the additional investment will succeed). As noted earlier, when problems are framed this way, people tend to avoid the certain loss and go with the riskier choice, which in this case is escalation.⁴⁷ In addition to these situational causes, personality, moods, and emotions can affect escalation. For instance, people high on neuroticism and negative affectivity (Chapter 2 [□](#)) are *less* likely to escalate since they try to avoid stressful predicaments.⁴⁸

Escalation can occur in both competitive and non-competitive situations. A non-competitive example can be seen in the overvaluation of stocks by Wall Street analysts in advance of a market crash. Competitive, auction-like situations seem especially likely to prompt escalation, because they involve time pressure, rivalry, interested audiences, and the desire to be the first mover. These factors contribute to emotional arousal (discussed in the next section) and stimulate escalation.⁴⁹ The Vietnam and Iraq wars have been cited as prime examples of competitive escalation.

Are there any ways to prevent the tendency to escalate commitment to a failing course of action? Logic and research suggest the following:⁵⁰

- Be alert for excessive optimism or extremely positive media attention early in a project cycle. These good vibes have a way of blinding decision makers to subsequent signals of impending failure.
- Encourage continuous experimentation with reframing the problem to avoid the decision trap of feeling that more resources *have* to be

invested. Shift the frame to saving rather than spending.

- Set specific goals for the project in advance that must be met if more resources are to be invested. This prevents escalation when early results are “unclear.”
- Place more emphasis when evaluating managers on *how* they made decisions and less on decision outcomes. This kind of accountability is the sensible way to teach managers not to fear or hide failure.
- Separate initial and subsequent decision making so that individuals who make the initial decision to embark on a course of action are assisted or replaced by others who decide if a course of action should be continued. Banks often do this when trying to decide what to do about problem loans.

It may be tempting to think that using groups to make decisions will reduce the tendency toward escalation. However, groups are *more* prone than individuals to escalate commitment.⁵¹

Hindsight

The careful evaluation of decisions is also inhibited by faulty hindsight.

Hindsight^① refers to the tendency to review the decision-making process that was used to find out what was done right (in the case of success) or wrong (in the case of failure). While hindsight can prove useful, it often reflects a cognitive bias.

The classic example of hindsight involves the armchair quarterback who “knew” that a chancy intercepted pass in the first quarter was unnecessary because the team won the game anyway! The armchair critic is exhibiting the knew-it-all-along effect. This is the tendency to assume, after the fact, that we knew all along what the outcome of a decision would be. In effect, our faulty memory adjusts the probabilities that we estimated before making the decision to correspond to what actually happened.⁵²

This can prove quite dangerous. The money manager who consciously makes a very risky investment that turns out to be successful might revise her memory to assume that the decision was a sure thing. The next time, the now-confident investor might not be so lucky!

Another form of faulty hindsight is the tendency to take personal responsibility for successful decision outcomes while denying responsibility for unsuccessful outcomes.⁵³ Thus, when things work out well, it is because *we* made a careful, logical decision. When things go poorly, some unexpected *external* factor messed up our sensible decision!

How Emotions and Mood Affect Decision Making

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Thus far we have discussed decision making from a mainly cognitive perspective, focusing on the rational model and illustrating its limits. However, our coverage of decision justification and hindsight suggests an emotional component to many organizational decisions—people do not like to be wrong, and they often become emotionally attached to a failing course of action.

At the outset, it should be emphasized that emotionless decision making would be poor decision making, and the rational model is not meant to suggest otherwise. Some of the most graphic evidence for this comes from unfortunate cases in which people suffer brain injuries that blunt their emotions while leaving their intellectual functions intact. Such individuals often proceed to make a series of poor life decisions because they are unable to properly evaluate the impact of these decisions on themselves and others; they have no feeling.⁵⁴ During the NASA *Discovery* space mission, it was suggested that some of the caution-focused decisions, such as a delay in landing and a decision to set down in California, were made by mission control personnel still suffering emotional effects of the earlier *Columbia* tragedy. Strong emotions frequently figure in the decision-making process that corrects ethical errors, and whistle-blowers often report that they were motivated by emotion to protest decision errors. Strong (positive) emotion has also been implicated in creative decision making and the proper use of

intuition to solve problems. Such intuition can lead to the successful short-circuiting of the steps in the rational model when speed is of the essence.



Decision makers in a good mood can overestimate the likelihood of good events and use shortcut decision strategies.

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Despite these examples of how emotion can help decision making, there are many cases in which strong emotions are a hindrance. The folk saying “blinded by emotion” has some truth to it, as people experiencing strong emotions are often self-focused and distracted from the actual demands of the problem at hand. Most information about the impact of emotions on decisions is anecdotal because people are often reluctant to participate in field research about emotional issues and because it is not ethical to invoke strong emotions in lab research. However, stress and strong emotions are often intertwined, and there is plenty of evidence that stress contributes to poor and risky decisions.⁵⁵ Poor information search is one cause for this.⁵⁶

A clever field study documented how excessive pride led highly paid CEOs to pay too much for firms they were acquiring.⁵⁷ Other business-

press evidence implicates angry CEOs losing their heads in competitive bidding for acquisitions (escalation of commitment), and a common theme has been how excessive emotional conflict between business partners or family business members provokes questionable business decisions.

In contrast to strong emotions, there is much research on the impact of mood on decision making. You will recall from [Chapter 4](#) that moods are relatively mild, unfocused states of positive or negative feeling. The research on mood and decision making reveals some very interesting paradoxes. For one thing, mood is a pretty low-key state, and you might be inclined to think it would not have much impact. In fact, there is plenty of evidence that mood affects *what* and *how* people think when making decisions. Also, you might imagine that the impact of mood would be restricted to mundane, structured decision problems. In fact, mood has its greatest impact on uncertain, ambiguous decisions of the type that are especially crucial for organizations. Here are what research reveals:⁵⁸

- People in a positive mood tend to remember positive information. Those in a negative mood remember negative information.
- People in a positive mood tend to evaluate objects, people, and events more positively. Those in a negative mood provide more negative evaluations.
- People in a good mood tend to overestimate the likelihood that good events will occur and underestimate the occurrence of bad events. People in a bad mood do the opposite.
- People in a good mood adopt simplified, shortcut decision-making strategies, more likely violating the rational model. People in a negative mood are prone to approach decisions in a more deliberate, systematic, detailed way.
- Positive mood promotes more creative, intuitive decision making.

As you can see, it makes perfect sense to hope for your job interview to be conducted by a person in a good mood or to try to create a good mood on the part of your clients! Notice that the impact of mood on decision making is not necessarily dysfunctional. If the excesses of optimism can be controlled, those in a good mood can make creative decisions. If the excesses of pessimism can be controlled, those in a negative mood can actually process information more carefully and effectively. In a simulation, it was found that foreign currency traders in a good mood performed more poorly (by losing money) than those in bad or neutral moods. Those in a bad mood performed better but were rather conservative. Traders in a neutral mood did best, tolerating risk but not being overconfident.⁵⁹ Thus, the investment practitioners' advice to remain calm during turbulent markets has some validity.

A fine example of how mood and emotion can lead to faulty decision making can be seen in the "dot.com meltdown" that began in the late 1990s. In this era, hundreds of firms were formed to exploit the potential wealth of ecommerce. An economic boom, ready capital, advancing technology, and the model of a few overnight "internet millionaires" created a positive mood that led to overly intuitive decisions, false creativity, and exaggerated optimism. Mood is contagious, and many start-up firms, fearing to be left behind, were founded with vague goals and even vaguer business plans. Many consisted of little more than a website, and "hits" were confused with cash flow. The ensuing crash left those firms founded on careful business decision-making principles to enjoy the spoils of the technology revolution. It was exactly this kind of giddy emotion, fueled by big bonuses, which led Wall Street executives to ignore the coming subprime mortgage meltdown that occurred in 2008–2009.

Rational Decision Making—A Summary

◀ Listen to the Audio

The rational decision-making model in [Exhibit 11.1](#) provides a good guide for how many decisions *should* be made but offers only a partially accurate view of how they *are* made. For complex, unfamiliar decisions, such as choosing an occupation, the rational model provides a pretty good picture of how people actually make decisions.⁶⁰ Also, organizational decision makers often follow the rational model when they agree about the goals they are pursuing.⁶¹ On the other hand, there is plenty of case study evidence of short-circuiting the rational model, in part because of the biases we previously discussed.⁶² A study of 356 decisions in medium to large organizations found that half of them failed. These failures were primarily due to the use of poor tactics on the part of managers who impose solutions, limit the search for alternatives, and use power to implement their plans.⁶³ However, true experts in a field will often short-circuit the rational model, using their intuitive knowledge base stored in memory to skip steps logically.⁶⁴ [Exhibit 11.2](#) summarizes the operation of perfect and bounded rationality at each stage of the decision process. [Exhibit 11.3](#) summarizes the various cognitive biases we have covered.

Exhibit 11.2 Perfectly rational decision making contrasted with bounded rationality.

Stage	Perfect Rationality	Bounded Rationality
Problem Identification	Easy, accurate perception of gaps that constitute problems	Perceptual defence; jump to solutions; attention to symptoms rather than problems; mood affects memory
Information Search	Free; fast; right amount obtained	Slow; costly; reliance on flawed memory; obtain too little or too much
Development of Alternative Solutions	Can conceive of all	Not all known
Evaluation of Alternative Solutions	Ultimate value of each known; probability of each known; only criterion is economic gain	Potential ignorance of or miscalculation of values and probabilities; criteria include political factors; affected by mood
Solution Choice	Maximizes	Satisfies
Solution Implementation	Considered in evaluation of alternatives	May be difficult owing to reliance on others
Solution Evaluation	Objective, according to previous steps	May involve justification, escalation to recover sunk costs, faulty hindsight

Exhibit 11.3 Summary of cognitive biases in decision making.

- Decision makers tend to be overconfident about the decisions that they make.
 - Decision makers tend to seek out information that confirms their own problem definitions and solutions. (Confirmation bias)
 - Decision makers tend to remember and incorporate vivid, recent events into their decisions.
 - Decision makers fail to incorporate known existing data about the likelihood of events into their decisions.
 - Decision makers ignore sample sizes when evaluating samples of information.
 - Decision makers overestimate the odds of complex chains of events occurring.
 - Decision makers do not adjust estimates enough from some initial estimate that serves as an anchor as they acquire more information. (Anchoring effect)
 - Decision makers have difficulty ignoring sunk costs when making subsequent decisions.
 - Decision makers overestimate their ability to have predicted events after-the-fact, take responsibility for successful decision outcomes, and deny responsibility for unsuccessful outcomes. (Hindsight)
-















Group Decision Making

LO 11.6 Summarize the pros and cons of using groups to make decisions, with attention to the *groupthink* phenomenon and risk assessment.

 Listen to the Audio

Many, many organizational decisions are made by groups rather than individuals, especially when problems are ill structured. In this section, we consider the advantages and problems of group decision making.

Why Use Groups?

◀ Listen to the Audio

There are a number of reasons for employing groups to make organizational decisions.

Decision Quality

Experts often argue that groups or teams can make higher-quality decisions than individuals. This argument is based on the following three assumptions:

- Groups are *more vigilant* than individuals are—more people are scanning the environment.
- Groups can *generate more ideas* than individuals can.
- Groups can *evaluate ideas better* than individuals can.

At the problem identification and information search stages, vigilance is especially advantageous. For example, a member of the board of directors might notice a short article in an obscure business publication that has great relevance for the firm. In searching for information to clarify the problem suggested in the article, other members of the board might possess unique information that proves useful.

When it comes to developing alternative solutions, more people should literally have more ideas, if only because someone remembers something that others have forgotten. In addition, members with different backgrounds and experiences may bring different perspectives to the

problem. This is why undergraduate students, graduate students, faculty, and administrators are often included on university task forces to improve the library or course evaluation system.

When it comes to evaluating solutions and choosing the best one, groups have the advantage of checks and balances—that is, an extreme position or incorrect notion held by one member should be offset by the pooled judgments of the rest of the group.

These characteristics suggest that groups *should* make higher-quality decisions than individuals can. Shortly, we will find out whether they actually do.

Decision Acceptance and Commitment

As we pointed out in our discussion of participative leadership in [Chapter 9](#), groups are often used to make decisions on the premise that a decision made in this way will be more acceptable to those involved. Again, there are several assumptions underlying this premise:

- People wish to be involved in decisions that will affect them.
- People will better understand a decision in which they participated.
- People will be more committed to a decision in which they invested personal time and energy.

The acceptability of group decisions is especially useful in dealing with a problem described earlier: getting the decision implemented. If decision makers truly understand the decision and feel committed to it, they should be willing to follow through and see that it is carried out.

Diffusion of Responsibility

High quality and acceptance are sensible reasons for using groups to make decisions. A less admirable reason to employ groups is to allow for **diffusion of responsibility** across the members in case the decision turns out poorly. In this case, each member of the group will share part of the burden of the negative consequences, and no one person will be singled out for punishment. Of course, when this happens, individual group members often “abandon ship” and exhibit biased hindsight—“I knew all along that the bid was too high to be accepted, but they made me go along with them.”

Do Groups Actually Make Higher-Quality Decisions than Individuals?

◀ Listen to the Audio

Is the frequent use of groups to make decisions warranted by evidence? The answer is yes. One review concludes that “groups usually produce more and better solutions to problems than do individuals working alone.”⁶⁵ Another concludes that group performance is superior to that of the average individual in the group.⁶⁶ More specifically, groups should perform better than individuals when the following is true:

- The group members differ in relevant skills and abilities, as long as they do not differ so much that conflict occurs.
- Some division of labour can occur.
- Memory for facts is an important issue.
- Individual judgments can be combined by weighting them to reflect the expertise of the various members.⁶⁷

Equal weighting of opinions and averaging are inappropriate when some group members have more expertise concerning a particular problem, and it is critical for decision success that such expertise be recognized by the group. However, if several group members share the same view about a problem, this shared view can prevail in spite of the knowledge held by a single expert.⁶⁸ Extensive discussion of the problem is one way that accurate but minority viewpoints can positively influence decisions.⁶⁹ To summarize, groups can be wiser than individuals when independent thinking is encouraged and those with more knowledge are accorded

more influence. Let's look at some factors that work against these contributors to good decisions.

Disadvantages of Group Decision Making

◀ Listen to the Audio

Although groups have the ability to develop high-quality, acceptable decisions, there are a number of potential disadvantages to group decision making.

Time

Groups seldom work quickly or efficiently compared with individuals. This is because of the process losses ([Chapter 7](#)) involved in discussion, debate, and coordination. The time problem increases with group size. When the speed of arriving at a solution to a problem is a prime factor, organizations should avoid using groups.

Conflict

Participants in group decisions may have their own personal axes to grind or their own resources to protect. When this occurs, decision quality may take a back seat to political wrangling and infighting. In general, groups will make better decisions when their members feel psychologically safe.

Domination

The advantages of group decision making will seldom be realized if meetings are dominated by a single individual or a small coalition. Even if a dominant person has good information, this style is not likely to lead to

group acceptance and commitment. If the dominant person is particularly misinformed, the group decision is very likely to be ineffective.

Groupthink

Have you ever been involved in a group decision that you knew was a “loser” but that you felt unable to protest? Perhaps you thought you were the only one who had doubts about the chosen course of action. Perhaps you tried to speak up, but others criticized you for not being on the team. Maybe you found yourself searching for information to confirm that the decision was correct and ignoring evidence that the decision was bad. What was happening? Were you suffering from some strange form of possession? Mind control?

In [Chapter 8](#), we discussed the process of conformity, which can have a strong influence on the decisions that groups make. The most extreme influence is seen when groupthink occurs. This happens when group pressures lead to reduced mental efficiency, poor testing of reality, and lax moral judgment.⁷⁰ In effect, unanimous acceptance of decisions is stressed over quality of decisions.

Psychologist Irving Janis, who developed the groupthink concept, felt that high group cohesiveness was at its root. It now appears that other factors are more important.⁷¹ These include strong identification with the group, concern for their approval, and the isolation of the group from outside sources of information. However, the promotion of a particular decision by the group leader appears to be the strongest cause.⁷² Janis provides a list of groupthink symptoms:

- *Illusion of invulnerability.* Members are overconfident and willing to assume great risks. They ignore obvious danger signals.

- *Rationalization*. Problems and counterarguments that members cannot ignore are “rationalized away.” That is, seemingly logical but improbable excuses are given.
- *Illusion of morality*. The decisions the group adopts are not only perceived as sensible; they are also perceived as *morally* correct.
- *Stereotypes of outsiders*. The group constructs unfavourable stereotypes of those outside the group who are the targets of their decisions.
- *Pressure for conformity*. Members pressure each other to fall in line and conform with the group’s views.
- *Self-censorship*. Members convince themselves to avoid voicing opinions contrary to the group.
- *Illusion of unanimity*. Members perceive that unanimous support exists for their chosen course of action.
- *Mindguards*. Some group members may adopt the role of “protecting” the group from information that goes against its decisions.⁷³

We can see groupthink in the early decision making concerning NASA’s Hubble Space Telescope, where an aberration in the primary mirror was the source of astronomical repair costs.⁷⁴ A dominant leader in charge of the internal mirror tests isolated the mirror project team from outside sources of information. At least three sets of danger signals that the mirror was flawed were ignored or explained away (illusion of invulnerability and rationalization); an outside firm was dismissed as too incompetent to test the mirror (stereotype of outsiders); the consultant who suggested that firm received bitter criticism but still felt he did not protest enough (mindguarding and self-censorship); and the defence of the isolated working methods was viewed as more “theological” than technical (illusion of morality).

What can prevent groupthink? Leaders must be careful to avoid exerting undue pressure for a particular decision outcome and concentrate on good decision processes. Also, leaders should establish norms that

encourage and even reward responsible dissent, and outside experts should be brought in from time to time to challenge the group's views.⁷⁵

Stimulating and Managing Controversy

◀ Listen to the Audio

Full-blown conflict among organizational members is hardly conducive to good decision making. Individuals will withhold information, and personal or group goals will take precedence over developing a decision that solves organizational problems. On the other hand, a complete lack of controversy can be equally damaging, since alternative points of view that may be very relevant to the issue at hand will never surface. Such a lack of controversy is partially responsible for the groupthink effect, and it also contributes to many cases of escalation of commitment.

One interesting method of controversy stimulation is the appointment of a devil's advocate [🔗] to challenge existing plans and strategies. The advocate's role is to challenge the weaknesses of the plan or strategy and state why it should not be adopted. For example, a bank might be considering offering an innovative kind of account. Details to be decided include interest rate, required minimum balance, and so on. A committee might be assigned to develop a position paper. Before a decision is made, someone would be assigned to read the paper and "tear it apart," noting potential weaknesses. Thus, a decision is made in full recognition of the pros and cons of the plan. The controversy promoted by the devil's advocate improves decision quality.⁷⁶ However, to be effective, the advocate must present his or her views in an objective, unemotional manner.

How Do Groups Handle Risk?

◀ Listen to the Audio

Almost by definition, problems that are suitable for group decision making involve some degree of risk and uncertainty. This raises a very important question: Do groups make decisions that are more or less risky than those of individuals? Or will the degree of risk assumed by the group simply equal the average risk preferred by its individual members?

Consider the following scenario:

An accident has just occurred at a nuclear power plant. Several corrections exist, ranging from expensive and safe to low-cost but risky. On the way to an emergency meeting, each nuclear engineer formulates an opinion about what should be done. But what will the group decide?

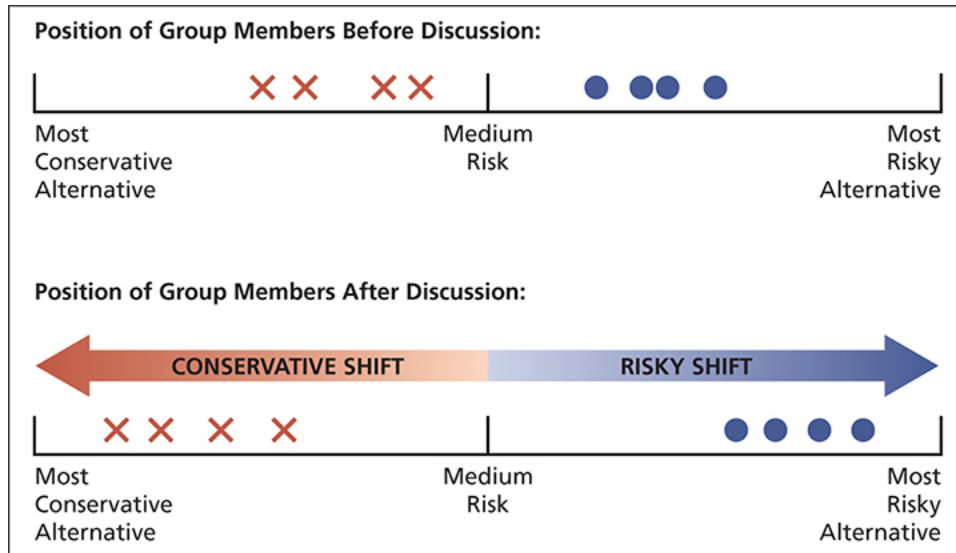
Conventional wisdom provides few clear predictions about what the group of engineers will decide to do. It is sometimes argued that groups will make riskier decisions than individuals because there is security in numbers—that is, diffusion of responsibility for a bad decision encourages the group to take greater chances. On the other hand, it is often argued that groups are cautious, with the members checking and balancing each other so much that a conservative outcome is sure to occur. Just contrast the committee-laden civil service with the swashbuckling style of independent operators such as Richard Branson and Elon Musk!

Given this contradiction of common sense, the history of research into group decision making and risk is instructive. A Massachusetts Institute of Technology student, J. A. F. Stoner, reported in a master's thesis that he had discovered clear evidence of a risky shift in decision making.⁷⁷

Participants in the research reviewed hypothetical cases involving risk, such as those involving career choices or investment decisions. As individuals, they recommended a course of action. Then they were formed into groups that discussed each case and came to a joint decision. The groups tended to advise riskier courses of action than the average risk initially advocated by their members. This is the risky shift. As studies were conducted by others to explore the reasons for its causes, things got more complicated. For some groups and some decisions, **conservative shifts** were observed. In other words, groups came to decisions that were *less* risky than those of the individual members before interaction.

It is now clear that both risky and conservative shifts are possible and that they occur in a wide variety of real settings, including investment and purchasing decisions. But what determines which kind of shift occurs? A key factor appears to be the initial positions of the group members before they discuss the problem. This is illustrated in [Exhibit 11.4](#). As you can see, when group members are somewhat conservative before interaction (the Xs), they tend to exhibit a conservative shift when they discuss the problem. When group members are somewhat risky initially (the dots), they exhibit a risky shift after discussion. In other words, *group discussion seems to polarize or exaggerate the initial position of the group.*⁷⁸ Returning to the nuclear accident, if the engineers initially prefer a somewhat conservative solution, they will likely adopt an even more conservative strategy during the meeting. This exact polarization process has been demonstrated for boards of directors deciding how much to pay for an acquisition target—high individual judgments result in an even higher average offer after group deliberation, and vice versa for low judgments.⁷⁹

Exhibit 11.4 The dynamics of risky and conservative shifts for two groups.



Why do risky and conservative shifts occur when groups make decisions?
 Evidence indicates two main factors:⁸⁰

- Group discussion generates ideas and arguments that individual members have not considered before. This information naturally favours the members' initial tendency toward risk or toward conservatism. Since discussion provides "more" and "better" reasons for the initial tendency, the tendency ends up being exaggerated.
- Group members try to present themselves as basically similar to other members but "even better." Thus, they try to one-up others in discussion by adopting a slightly more extreme version of the group's initial stance.

In summary, managers should be aware of the tendency for group interaction to polarize initial risk levels. If this polarization results from the sensible exchange of information, it might actually improve the group's decision. However, if it results from one-upmanship, it might lead to low-quality decisions.















Contemporary Approaches to Improving Decision Making

LO 11.7 Discuss contemporary approaches to improving organizational decision making.

◀ Listen to the Audio

Good decisions are vital for organizational success, and decisions can be improved if decision makers are encouraged to adhere to the rational model shown in [Exhibit 11.1](#). This should help preclude the various biases and errors that we have alluded to earlier. Each of the contemporary approaches discussed in this section has this goal, and several themes are apparent in what follows. In particular, managers have to be more mindful of the quality of the *evidence* they are using to make decisions. Also, managers have to be open to new and improved *sources* of evidence. Finally, they may have involved an array of *new people* in the decision-making process.

Evidence-Based Management

◀ Listen to the Audio

At its core, **evidence-based management**⁸¹ is “making decisions through the conscientious, explicit, and judicious use of the best available evidence from multiple sources.”⁸¹ Wishful thinking and intuition are no substitute for high-quality evidence. The practice has its roots in evidence-based medicine, a movement that summarizes the results of thousands of medical studies to provide solid evidence for good clinical practice.⁸² Unfortunately, much of what passes for decision making in organizations consists of guessing what the boss favours, indiscriminately copying competitors (defended as “benchmarking”), or buying canned consulting packages, none of which passes the test for the best available evidence.

What is good evidence?⁸³ If available for a particular problem, scientifically conducted peer-reviewed research is the gold standard. This is especially true when multiple independent research studies are summarized in a systematic review using a technique called meta-analysis. If you look at the References section at the back of this resource, you will see that we rely on many meta-analyses to support our writing. Much social science research is underappreciated by managers, but it can be a source of competitive advantage in decisions concerning human resources, strategy, and marketing. Data generated by or for a specific organization can also constitute reasonable evidence. Traditional customer and employee surveys (if professionally constructed), financial data, and human resources data can all be valuable sources of

information. In addition, as discussed in the next section, new sources of data are coming into vogue, including seeking the views of the masses (crowdsourcing) and mining the massive wealth of archived internet traffic. Finally, the views of experts and professionals with profound experience in a particular domain can constitute evidence.

Speaking very generally, harder sources of evidence (scientific research and company data) are most useful at the information search and solution evaluation stages of the decision cycle shown in [Exhibit 11.1](#).⁸⁴ Expert and professional judgment tend to be most valuable in identifying the problem and mid-process—when developing, choosing, and implementing solutions. Even the highest-quality evidence does not speak for itself, and context is important in applying evidence in a particular setting.⁸⁴

As a student of organizational behaviour, you should develop an evidence-based mindset. Always ask yourself: What is the precise evidence being brought to bear concerning this decision? How high is the quality of this evidence? Can we obtain higher quality evidence?⁸⁵

Crowdsourcing

◀ Listen to the Audio


Crowdsourcing⁸⁶ involves “outsourcing” aspects of a decision process to a large collection of people.⁸⁶ In essence, it is meant to capitalize on the merits of group decision making that were discussed earlier, but on a large scale. In terms of the rational decision model ([Exhibit 11.1](#)), crowdsourcing can be used to develop alternative solutions to a problem, to choose the best solution, or both. Usually, the crowd in question is outside of the organization in which a decision is being made, although a large organization might open a decision process up to all of its employees, using internal crowdsourcing.⁸⁷ Crowdsourcing is not contracting with outside experts, such as in a consulting relationship. Rather it is a much more open and organic process in which expertise is sought among the masses, which might range from everyday people to experts in their fields. One familiar application of crowdsourcing is employed by Wikipedia, the online encyclopedia. As you may know, Wikipedia entries are created, edited, and reviewed by volunteers who have an interest (and, one hopes, expertise) in a particular domain.

Crowdsourcing has been applied to solving diverse problems. On the less serious side, Doritos used its 10-year “Crash the Super Bowl” campaign to crowdsource consumer-generated TV ads to run during the big game, bypassing the input of mainstream ad agencies. More profoundly, Harvard Medical School used it to find new treatments and potential cures for Type 1 diabetes. The winning proposals contained innovative ideas from a retired dentist, an undergrad chemistry student, a

geophysicist, and a famous genetics researcher. Goldcorp, a Vancouver-based mining company, made its geological data publicly available on the firm's website and established the Goldcorp Challenge, offering a \$575 000 prize for finding gold in Ontario. Over 1000 people from 50 nations participated, bringing to bear disciplines such as geology, physics, computer graphics, and intelligent systems. New sources rich in gold were identified, transforming the company into a major player in precious metals mining.⁸⁸

Two basic ideas underpin the effective use of crowdsourcing for decision making. One is that the information required to make a particular decision is not available to those charged with making that decision. That is, in evidence-based management terms, evidence is needed, but it is not available in house. For example, a team of 50-year-old male apparel executives is unlikely to have much insight into what colour preferences preteen girls will have next summer. The other is that a large collection of diverse individuals is likely to contain either a single superior solution to a problem or, on average, the collection will be correct. Single superior solutions usually involve technical problems such as finding gold or perfecting an app. Averages of a large number of opinions usually work best for problems dealing with style or taste. Thus, the fashion business relies heavily on crowdsourcing. Threadless, a Chicago design company and artists' community, provides design tools, such as templates for T-shirts, backpacks, and laptop cases, to encourage a wide range of solutions from diverse designers. Then, it has its online community give feedback and vote on which designs they like. Threadless executives use this information to make final production decisions.⁸⁹

Low-cost information technology and the rise of social media have contributed to the growth of crowdsourcing as a decision aid. It is best employed when in-house expertise is lacking, the nature of the problem can be clearly stated, and a large, diverse crowd is both knowledgeable

and motivated to participate. Concerning motivation, much crowdsourcing has relied on enthusiastic volunteers. However, as illustrated by Goldcorp, contests involving considerable prizes have been used for high-payoff problems. In this case, organizations must cultivate trust that good ideas will not be unfairly taken without compensation. Many companies have used InnoCentive, a reputable innovation contest platform, to serve as an intermediary in such circumstances.⁹⁰ Before continuing, check out [You Be the Manager: LEGO's Dilemma](#) .

You Be the Manager: Lego's Dilemma

The LEGO Group, one of the world's largest producers of play materials, is a privately owned family business headquartered in Billund, Denmark. The company is best known for its colourful moulded plastic LEGO bricks that can be used to construct a wide variety of fanciful toys, including cars, spaceships, and architectural wonders. Such play can promote problem solving, teach spatial relations, and stimulate creativity. Thus, in addition to being fun, LEGO products are viewed and promoted as being educational. Although many adults are fascinated with LEGO, the company had traditionally framed its strategy as catering to children and young people under the age of 18. As befits a successful modern global company, the firm gradually diversified into clothing, retail outlets, video games, and LEGOLAND family theme parks.

For many years, the popularity of the LEGO brand was unparalleled, fostering high customer loyalty, and the firm has consistently enjoyed a high corporate reputation among industry experts. Despite these successes, beginning in 1998, the company suffered a series of financial losses and missed financial targets that required substantial downsizing. Observers attributed these problems to the advent of electronic games, competition from new market entrants, and a proliferation of new products that were not always well received in the marketplace.

LEGO had long pursued a product-focused rather than customer-focused strategy in that it designed products in house and submitted them to the market with limited consumer input. In fact, the firm had a policy of not pursuing unsolicited product design ideas sent in by LEGO enthusiasts, many of whom were adults. Could LEGO capitalize on the collective ideas of its large fan base, including a number of internet-based adult LEGO user groups, to both design and create a demand for innovative products?

Reset

Next

Krisnan, M. S. (2013). *LEGO Products: Building customer communities through technology*. Ann Arbor, MI: WDI Publishing, Ross School of Business, University of Michigan; Antorini, Y. M., Muñiz, A. M. Jr., & Askildsen, T. (2012, Spring). Collaborating with customer communities: *Lessons from the Lego Group*. *MIT Sloan Management Review*, 53, 73–79; Kohler, T. (2015, Summer). Crowdsourcing-based business models: How to create and capture value. *California Management Review*, 57, 63–84; Schl

Analytics and Big Data

◀ Listen to the Audio

Like crowdsourcing, analytics and big data are other facets of evidence-based management. **Analytics** ⁹⁰ concerns finding meaningful patterns in large datasets using conventional statistics, mathematical modeling, and various techniques to represent data visually. In some cases, the revealed patterns show that problems are more well structured than was thought. An interesting example of analytics can be found in the bestselling book *Moneyball* by Michael Lewis. Lewis recounts how the general manager of the Oakland Athletics major league baseball team used an array of new performance statistics to evaluate players and implement tactics during games. The interesting thing about these analytic applications is that they showed that many intuitive and time-honoured decision rules used by managers (e.g., telling players to steal a base) were statistically incorrect. Using analytics enabled the Athletics to field highly competitive teams while paying comparatively modest salaries.⁹¹

Much of the sports establishment has remained hostile toward analytics, revering intuition and folklore over data-based decision making. Less so in business, where Netflix uses analytics based on an algorithm generated in a \$1-million crowdfunding contest to recommend movies to its clients. Amazon, HBO, and Spotify employ similar analytics.⁹² One company strongly identified with the use of analytics is General Electric. Despite being a giant conglomerate, it has instilled a data-driven analytics culture into its various divisions.⁹³

The term **big data** ⁹⁴ is not exactly a technical term. Rather, it refers loosely to copious amounts of information that are often collected in real time and can come from a wide variety of sources, particularly digital. ⁹⁴ You can remember these qualities as the three Vs—high volume, velocity, and variety. ⁹⁵ Data sources can include messages and images from social media, blog postings, cellphone data (including GPS), online shopping records, news articles, and data captured by sensors in cars and machinery. Such data tend to be fairly unstructured and not easily incorporated into standard databases.

Google and Facebook are two companies that have profited greatly from applying sophisticated analytics to big data to facilitate decisions about targeted advertising. Amazon knows what books online customers considered, what reviews they examined, and what they bought, enabling them to make recommendations for further reading. Acceptance or rejection of these suggestions allows them to refine future suggestions, all in real time. Health researchers have used aggregated Google search data concerning the flu to predict hospital visits in advance of flu alerts from the Centers for Disease Control. ⁹⁶

Privacy concerns have certainly been raised concerning the rise of big data, but it is clear that such data will continue to fascinate organizational decision makers.















Summary: Decision Making

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 11.

11.1 Define *decision making*, and differentiate well-structured and ill-structured problems.

Decision making is the process of developing a commitment to some course of action. Alternatively, it is a problem-solving process. A problem exists when a gap is perceived between some existing state and some desired state. Some problems are well structured. This means that existing and desired states are clear, as is the means of getting from one state to the other. Well-structured problems are often solved with programs that simply standardize solutions. Programmed decision making is effective as long as the program is developed rationally and as long as conditions do not change. Ill-structured problems contain some combination of an unclear existing state, an unclear desired state, or unclear methods of getting from one state to the other. They tend to be unique and non-recurrent, and they require non-programmed decision making, in which the rational model comes into play.

11.2 Compare and contrast perfectly *rational decision making* with decision making *under bounded rationality*.

11.3 Discuss the impact of *framing* and *cognitive biases* on the decision process.

11.4 Explain the process of *escalation of commitment* to an apparently failing course of action.

11.5 Consider how emotions and mood affect decision making.

11.6 Summarize the pros and cons of using groups to make decisions, with attention to the *groupthink* phenomenon and risk assessment.

11.7 Discuss contemporary approaches to improving organizational decision making.

Key Terms

Start Over

Swap

0/27 REVIEWED · 0 MASTERED

Problem



Previous

Next

Got It!



* On-the-Job Challenge Question

Toronto Ritz-Carlton Nixes Poppies

It happens every year: A prominent organization bans a practice the public holds dear; an uproar ensues; the organization backs down in the face of bad publicity. So it happened at Toronto's posh Ritz-Carlton hotel. The hotel had issued a memo to employees forbidding the wearing of poppies as a reminder of Remembrance Day, November 11, which marks the end of the First World War and serves to honour all military veterans. In general, Ritz policy forbids the wearing of any ribbons, pins, or badges that make a statement or support a cause. After complaints and media attention, the poppy ban was withdrawn. A carbon copy of the Ritz events occurred at Air Canada, where a ban on flight crews wearing poppies was rescinded just hours after it was announced by the vice president of in-flight service.

Imagine the decision process that underpins the Ritz-Carlton policy against wearing ribbons, pins, or badges on one's uniform. What are some pros and some cons of such a policy? What does this story say about the role of rationality versus emotion in decision making? How do you account for the regularity with which managers reverse themselves on decisions like this?

Sources: Staff. (2011, November 10). Hotel rescinds poppy ban. *National Post*, A5; Hopper, T. (2016, November 8). Air Canada bans flight crews from wearing poppies, then immediately regrets the decision. *Montreal Gazette*.

<http://www.montrealgazette.com/news/national/canada+bans+flight+crews+from+wearing+poppies+then+immediately/12361699/story.html>.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

The New Truck Dilemma

Preparation for Role-Playing

The instructor will do the following:

1. Read the general instructions to the class as a whole.
2. Place data regarding name, length of service, and make and age of truck on the board for ready reference by all.
3. Divide the class into groups of six. Ask any remaining members to join one of the groups and serve as observers.
4. Assign roles to each person by handing out slips with the names Chris Marshall, Terry, Sal, Jan, Sam, and Charlie. Ask each person to read his or her own role only. Instructions should not be consulted once role-playing has begun.
5. Ask the Chris Marshalls to stand up when they have completed reading their instructions.
6. When all Chris Marshalls are standing, ask that each crew member display conspicuously the slip of paper with his or her role name so that Chris Marshalls can tell who is who.

The Role-Playing Process

1. The instructor will start the role-playing with a statement such as the following: "Chris Marshall has asked the crew to wait in the office. Apparently Chris wants to discuss something with the crew. When Chris sits down that will mean he or she has

returned. What you say to each other is entirely up to you. Are you ready? All Chris Marshalls please sit down.”

2. Role-playing proceeds for 25 to 30 minutes. Most groups reach agreement during this interval.

Collection of Results

1. Each supervisor in turn reports his or her crew’s solution. The instructor summarizes these on the board by listing the initials of each repair person and indicating with arrows which truck goes to whom.
2. A tabulation should be made of the number of people getting a different truck, the crew members considering the solution unfair, and the supervisor’s evaluation of the solution.

Discussion of Results

1. A comparison of solutions will reveal differences in the number of people getting a different truck, who gets the new one, the number dissatisfied, and so on. Discuss why the same facts yield different outcomes.
2. The quality of the solution can be measured by the trucks retained. Highest quality would require the poorest truck to be discarded. Evaluate the quality of the solutions achieved.
3. Acceptance is indicated by the low number of dissatisfied repair people. Evaluate solutions achieved on this dimension.
4. List problems that are similar to the new truck problem. See how widely the group will generalize.

General Instructions

This is a role-playing exercise. Do not read the following roles until assigned to do so by your instructor!

Assume that you are a repair person for a large utility company. Each day you drive to various locations in the city to do repair work. Each repair person drives a small truck, and you take pride in keeping yours looking good. You have a possessive feeling about your truck and like to keep it in good running order. Naturally, you would like to have a new truck, too, because a new truck gives you a feeling of pride.

Here are some facts about the trucks and the crew that reports to Chris Marshall, the supervisor of repairs:

Terry—17 years with the company, has a 2-year-old Ford

Sal—11 years with the company, has a 5-year-old Dodge

Jan—10 years with the company, has a 4-year-old Ford

Sam—5 years with the company, has a 3-year-old Ford

Charlie—3 years with the company, has a 5-year-old Chevrolet

Most of you do all your driving in the city, but Jan and Sam cover the jobs in the suburbs.

You will be one of the people mentioned previously and will be given some further individual instructions. In acting your part in role-playing, accept the facts as well as assume the attitude supplied in your specific role. From this point on, let your feelings develop in accordance with the events that transpire in the role-playing process. When facts or events arise that are not covered by the roles, make up things that are consistent with the way it might be in a real-life situation.

When the role-playing begins, assume that Chris Marshall called the crew into the repair office.

Role for Chris Marshall, Supervisor

You are the supervisor of a repair crew, each of whom drives a small service truck to and from various jobs. Every so often you get a new truck to exchange for an old one, and you have the problem of deciding which one of your crew gets the new truck. Often there are hard feelings because each person seems to feel entitled to the new truck, so you have a tough time being fair. As a matter of fact, it usually turns out that whatever you decide, most of the crew consider it wrong. You now have to face the issue again because a new truck has just been allocated to you for assignment. The new truck is a Chevrolet.

To handle this problem, you have decided to put the decision up to the crew themselves. You will tell them about the new truck and will put the problem in terms of what would be the fairest way to assign the truck. Do not take a position yourself because you want to do what the crew thinks is fairest. However, be sure that the group reaches a decision.

Role for Terry

When a new Chevrolet truck becomes available, you think you should get it because you have most seniority and do not like your present truck. Your own car is a Chevrolet, and you prefer a Chevrolet truck such as you drove before you got the Ford.

Role for Sal

You feel you deserve a new truck. Your present truck is old, and since the more senior crew member has a fairly new truck, you should get the next one. You have taken excellent care of your present Dodge and have kept it looking like new. People deserve to be rewarded if they treat a company truck like their own.

Role for Jan

You have to do more driving than most of the other crew because you work in the suburbs. You have a fairly old truck and feel you should have a new one because you do so much driving.

Role for Sam

The heater in your present truck is inadequate. Since Charlie backed into the door of your truck, it has never been repaired to fit right. The door lets in too much cold air, and you attribute your frequent colds to this. You want a warm truck since you have a good deal of driving to do. As long as it has good tires, brakes, and is comfortable, you do not care about its make.

Role for Charlie

You have the poorest truck in the crew. It is five years old, and before you got it, it had been in a bad wreck. It has never been good, and you have put up with it for three years. It is about time you got a good truck to drive, and you feel the next one should be yours. You have a good accident record. The only accident you had was when you sprung the door of Sam's truck when he opened it as you were backing out of the garage. You hope the new truck is a Ford, since you prefer to drive one.

Source: Maier, N. R. F., & Verser, G. C. (1982). *Psychology in industrial organizations* (5th ed.).

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Case Incident

The Restaurant Review

After emigrating from New Orleans to his adopted city of Vancouver, Christophe Touché had worked as head chef at a neighbourhood pub for five years while saving money and planning to open his own restaurant. At the pub, he perfected several Cajun specialties that would form the core of the menu of his new restaurant, Cajun Sensation. After his restaurant had been open for two months, Christophe was delighted to receive a phone call from a local food critic who had dined anonymously at the restaurant the previous evening and was calling to verify some of the ingredients and techniques he used in his cooking. Two days later, delight turned to dismay as Christophe read the restaurant review. Although the critic praised the inventiveness of some dishes, others were described as “heavy handed.” The staff was described as “charming but amateurish.” And the wine list was described as “well chosen but overpriced.” The review concluded, “In sum, this very new restaurant has both problems and promise.” It was customary to post reviews on the restaurant website and at the restaurant entrance to capture walk-by trade. At a staff meeting, opinions varied about what to do. One member suggested posting the review, as it noted that the new establishment had been open only two months. Another suggested posting only favourable excerpts from the review. A third offered to write an angry letter to the paper’s editor. Christophe wasn’t sure what to do.

- *1. What are some of the factors that might lead Christophe to make a poor decision about the review?
2. What would you do in this situation, and why?

* Question 1 is also assignable in Writing Space.

Case Study

The Admissions Dilemma

Having just returned from a lengthy meeting with the dean of Birdwood Business School and the director of its development office, Janel Lehman sat down at her desk to gather her thoughts. As Birdwood's director of admissions, Lehman knew her recommendation to admit the daughter of a trustee and prominent businessman would not only have an immediate impact on the future of two applicants, but also might affect the capital campaign Birdwood had recently initiated. Additionally, Lehman realized that her decision would set a precedent upon which future admissions criteria could be based.

Birdwood Business School

Birdwood Business School had long been regarded as one of the premier business schools in the country. Like other top programs, the school relied heavily on the generous financial contributions of its alumni and other wealthy patrons to help finance the program and its continued development. To maintain its strong academic reputation and its elite status among business school programs, Birdwood attracted top faculty and provided cutting-edge resources and classes to its students. These efforts came at a hefty price, but they set Birdwood apart and allowed it to attract the best applicants and a long list of corporate recruiters year after year. To build and maintain a top program was expensive, and tuition alone did not cover a substantial part of the overall program cost.

To effectively cultivate the necessary contributions to finance a top-tier program, Birdwood maintained a development office that staffed four full-time and four part-time employees. The office kept a database of both personal and professional information on all graduates dating back to the

first graduating class in 1957. This information was used to develop relationships with current and potential donors. For the wealthiest alumni, the office kept personal files, the contents of which reflected years of fundraising efforts. Birdwood believed this detailed and long-term commitment to fundraising resulted in the largest donations. During the previous capital campaign, the department's efforts brought in several \$10 million commitments, which helped build a new library and computer centre and funded several full scholarships for outstanding applicants. Coincidentally, several recipients of this scholarship would graduate from Birdwood in the spring.

A year earlier, Birdwood had initiated a highly publicized multiyear capital campaign. One of the most-talked-about alumni within the development office was Joseph Lipscomb, class of 1970. After graduating from Birdwood, Joseph had started LipCo, one of the largest oil services companies in the world. At the company's stock price of \$70, Joseph had a net worth estimated to be \$800 million. Birdwood's development office had been courting him for the past year and had made significant strides toward securing a potentially sizable donation. He had been invited to join the board of trustees two years earlier and had taken an active role on the policy committee. In a private conversation that followed one of these meetings, Birdwood's dean had learned Joseph wanted his daughter Caroline to follow in his footsteps and attend Birdwood. Caroline had been working at LipCo since her graduation from Yale three years prior, and Joseph hoped that one day she would have the interest and skill set to take over control of the company.

The Dean's "Watch List"

At the request of the dean and the director of development, Lehman pulled Caroline Lipscomb's application from the pile of packets that made up the "Dean's Watch List" and began reading through it once again.

Similar to its peer institutions, Birdwood maintained a list of candidates who were personally sponsored by distinguished alumni, faculty members, and influential outside patrons. This list, known within the office as the “Dean’s Watch List,” was handled with extreme sensitivity. While some of the candidates on this list met the school’s academic standards for admission, many did not. This latter group of candidates posed a dilemma for the office each year. For various reasons, Birdwood had historically admitted several candidates from this list, often applicants who would not have been accepted based upon their academic merit. If an applicant from this list were denied admission, the dean would make a personal phone call to the applicant’s sponsor about the decision and the reasoning behind it. From Birdwood’s perspective, greater communication with the sponsor might mitigate any damage to the school’s relationship with that person.

Birdwood’s application process was highly competitive. The school received roughly 3000 applications annually for just 300 spots. So far, this year’s applicants had been extremely competitive on all fronts. Historically, those admitted to Birdwood averaged a 3.5 GPA, a 690 GMAT score, and four years of work experience and were quite active in their communities. There were subsets of candidates within the applicant pool, which helped add context to the evaluation process. This process was typical for most business schools. The basis for these subsets could include gender, ethnicity, cultural background, and previous work experience. The disparity between the average grades and test scores of the different groups could often be significant, so the school made an effort to recruit the top candidates from each subset. While the admissions office might find it easy to fill a class with “white male bankers” or “Indian engineers,” the goal was to deliver a class of candidates that would best contribute to the program’s rich diversity and academic excellence. Falling short in either area would undermine the

school's effort to provide its students with a rich and well-rounded experience.

3.0 GPA/580 GMAT

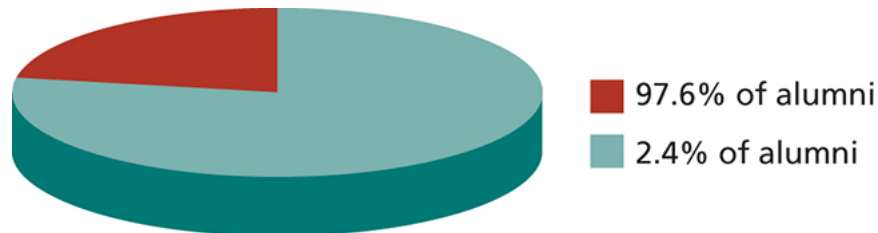
Caroline Lipscomb's 3.0 GPA at Yale University and her 580 GMAT score were below both the school average and that of the admitted females in the class. On the positive side, Caroline had played field hockey at Yale and served as vice-president of her sorority for two years. Caroline was also active in her community and, according to her references, had outperformed her peers during her three years at LipCo. Clearly, Caroline was intelligent and driven, two essential qualities in all Birdwood students. Yet while Caroline's application was good, given the strong current class of applicants, she fell short of being admitted based upon her own merit.

As Lehman sipped her coffee, she thought about Birdwood's relationship with LipCo and how it had weakened over the past few years after the company had stopped recruiting at Birdwood in favour of other top programs. Lehman could not avoid thinking about the \$10 million donation Joseph Lipscomb had made to Yale when Caroline graduated in 2002, a gift that funded the Yale Center for Investment Management.

Lehman was well aware of the importance of large donors in any capital campaign and had seen Birdwood's capital campaign goals. These goals were based upon widely used fundraising statistics that showed that during a typical capital campaign, roughly 2.4 percent of a school's graduates provided 78 percent of the funding. (See [Exhibit 1](#).)

Exhibit 1 The Admissions Dilemma

Percentage of Alumni	Percentage of Goal
0.08%	40.0%
0.41%	56.7%
0.79%	66.0%
2.39%	78.0%
5.32%	83.3%



Alumni Contribution Data and Forecast

(a) Percentage of Alumni Who Contribute and Percentage of Goal They Provide

(b) Expected Breakout of Capital Campaign

Source: Created by case writer.

Taking her thoughts one step further, Lehman wondered if she could consider admitting Caroline through the perspective of diversity. The “subset” of legacy applicants with wealthy families and a higher (and in some cases known) propensity to donate large sums of money was quite small. Clearly, the school relied upon a small group of alumni to provide a disproportionate amount of the school’s funding. If her office were to

maintain a unique set of standards by which females, African-Americans, Europeans, and even bankers were to be evaluated, should applicants similar to Caroline also be evaluated separately? The decision would not be easy, but it had to be made soon. The school was sending out its admittance letters the next day.

This case was prepared by Jonathan England (MBA '06) under the supervision of Andrew C. Wicks, Associate Professor of Business Administration, and Jenny Mead, Senior Researcher. It was written as a basis for class discussion rather than to illustrate effective or ineffective handling of an administrative situation. Copyright © 2010 by the University of Virginia Darden School Foundation, Charlottesville, VA. All rights reserved. *To order copies, send an email to sales@dardenbusinesspublishing.com. No part of this publication may be reproduced, stored in a retrieval system, used in a spreadsheet, or transmitted in any form or by any means—electronic, mechanical, photocopying, recording, or otherwise—without the permission of the Darden School Foundation.*

Questions

- 1 Is selecting applicants for business school a well-structured or an ill-structured problem? Explain your reasoning.
- 2 Is it possible to program the decision to select applicants for admission for business school? Is it advisable? Explain your answers.
- 3 Does Janel Lehman have enough information to make an appropriate decision? Does she have too much?
- 4 Explain how mood and emotion might affect decision making in this case.
- 5 Give an example of how hindsight might apply to the forthcoming decision.
- 6 Is this a decision that is appropriate for a group to make?
- *7 What are the ethical issues raised by this case?

* Question 7 is also assignable in Writing Space.













































Chapter 12

Power, Politics, and Ethics

◀ Listen to the Audio



Learning Objectives

After reading Chapter 12, you should be able to:

- 12.1 Define *power*, and review the bases of individual power.
- 12.2 Explain how people obtain power in organizations.
- 12.3 Discuss the concept of *empowerment*.
- 12.4 Provide a profile of power seekers.
- 12.5 Explain *strategic contingencies*, and discuss how subunits obtain power.
- 12.6 Define *organizational politics*, and discuss its various forms.
- 12.7 Define *ethics*, and review the ethical dilemmas that managers and employees face.
- 12.8 Define *sexual harassment*, and discuss what organizations can do to prevent it and how they should respond to allegations.

TD Bank and Wells Fargo

It began with TD Bank. The Go Public team at CBC News reported that TD retail banking employees were being severely pressured to meet sales targets. In turn, this pressure had led to a number of unethical, and often illegal, practices, many of which were done without the knowledge or consent of trusting customers. These included increasing lines of credit, issuing unsolicited credit cards, raising credit card limits, switching accounts to those with higher fees, and exposing customers to overly risky investments. Subsequent investigation revealed that the practice of forging customers' signatures on documents was rampant, for instance to add fees for unrequested insurance on loans and credit cards. Seniors were frequently reported to be the victims of these tactics. In short order, other banks, including RBC, CIBC, BMO, and Scotiabank were implicated as engaging in similar practices. The TD Bank CEO, as well as other CEOs, denied a widespread problem, cited bank ethical guidelines, and insisted that the bank's culture did not condone such practices. However, hundreds of former and current bank employees (both frontline staff and financial advisers) had contacted Go Public after the stories aired to confirm extreme pressure and intimidation to meet sales goals that made following the bank's code of ethics virtually impossible. Tellers even reported being reprimanded for simply advising clients to try to reduce their credit card debt.

Bad as it is, the situation at the Canadian banks seems tame compared to that seen at the U.S. bank Wells Fargo. Over a period of years, the company established approximately 3.5 million false bank accounts and credit card accounts. In addition, over 500 000 people were enrolled in online bill payment schemes without their approval, and 800 000 borrowers were charged for unneeded car loan insurance. It was estimated that 20 000 of the latter consequently had their cars repossessed. Wells Fargo is famous for its perfection of cross-selling, the practice whereby a client with an existing bank account or product, say a credit card, is induced to sign on to other accounts or services. On

average, customers hold six Wells Fargo financial products, and the stated goal was to get this to eight, the "Gr-eight initiative." As with the Canadian banks, stunningly optimistic sales targets were at the root of the unethical behaviour. Employees reported pressuring friends and family members to open unnecessary bank and credit card accounts in response to having their sales performance audited four times a day. They also reported delaying opening accounts until the following day if they had already met their sales quotas.

For its sins, Wells Fargo paid \$185 million in fines to the City and County of Los Angeles and to federal regulators, and its CEO stepped down, only to be replaced by the president and COO who had also been in charge during the scandal. As in the Canadian case, the former and new CEOs both denied the notion of an unethical corporate culture. The company also terminated its sales quota performance management system. In addition, 5300 employees were fired, although it is unclear how many of these were actually whistle-blowers who had complained about the bank's sales abuses in the past. A number of employees who were fired or forced to resign after complaining found out that Wells Fargo had filed a negative U5 (Uniform Termination Notice for Securities Industry Registration) document on them that made it almost impossible to find other jobs in banking.¹



Ethical violations by banks have been in the spotlight.

Andrew Cline/Alamy Stock Photo

This story illustrates how organizations can abuse power and create cultures that motivate unethical behaviour. In what follows, we will define power and discuss the bases of individual power. Then, we will examine how people get and use power and who seeks it. After this, we will explore how organizational subunits, such as particular departments, obtain power, define organizational politics, and explore the relationship of politics to power. Finally, we will look at ethics in organizations and sexual harassment.

What Is Power?

◀ Listen to the Audio

L01 Define *power*, and review the bases of individual power.

Power^① is the capacity to influence others who are in a state of dependence.² First, notice that power is the *capacity* to influence the behaviour of others. Power is not always perceived or exercised.³ For example, most professors hold a great degree of potential power over students in terms of grades, assignment load, and the ability to embarrass students in class. Under normal circumstances, professors use only a small amount of this power.

Second, the fact that the target of power is dependent on the power holder does not imply that a poor relationship exists between the two. For instance, your best friend has power to influence your behaviour and attitudes because you are dependent on him or her for friendly reactions and social support. Presumably, you can exert reciprocal influence for similar reasons.

Third, power can flow in any direction in an organization. Often members at higher organizational levels have more power than those at lower levels. However, in specific cases, reversals can occur. For example, the junior auditor who obtains compromising information about the CEO may find himself in a powerful position if the CEO wishes to maintain his or her reputation in the organization!


Finally, power is a broad concept that applies to both individuals and groups. On the one hand, an individual marketing manager might exert considerable influence over the staff who report to her. On the other hand, the marketing department at XYZ Foods might be the most powerful department in the company, able to get its way more often than other departments. But from where do the marketing manager and the marketing department obtain their power?

The Bases of Individual Power

◀ Listen to the Audio

If you wanted to marshal some power to influence others in your organization, where would you get it? As psychologists John French and Bertram Raven have explained, power can be found in the *position* that you occupy in the organization or the *resources* that you are able to command.⁴ The first base of power—legitimate power—is dependent on one’s position or job. The other bases (reward, coercive, referent, and expert power) involve the control of important resources.



Legitimate Power

Legitimate power  derives from a person’s position or job in the organization. It constitutes the organization’s judgment about who is formally permitted to influence whom, and it is often called “authority.” As we move up the organization’s hierarchy, we find that members possess more and more legitimate power. In theory, organizational equals (e.g., all vice presidents) have equal legitimate power. Of course, some people are more likely than others to *invoke* their legitimate power —“Look, I’m the boss around here.”


Organizations differ greatly in the extent to which they emphasize and reinforce legitimate power. At one extreme is the military, which has many levels of command, differentiating uniforms, and rituals (e.g., salutes), all designed to emphasize legitimate power. On the other hand, the academic hierarchy of universities tends to downplay differences in the legitimate power of lecturers, professors, chairpeople, and deans.

When legitimate power works, it often does so because people have been socialized to accept its influence. Experiences with parents, teachers, and law enforcement officials cause members to enter organizations with a degree of readiness to submit to (and exercise) legitimate power. In fact, employees consistently cite legitimate power as a major reason for following their boss's directives, even across various cultures.⁵ This is one reason why juries often fail to believe that top executives are "out of the loop" in ethical scandals.

Reward Power

Reward power  means that the power holder can exert influence by providing positive outcomes and preventing negative outcomes. In general, it corresponds to the concept of positive reinforcement discussed in [Chapter 2](#) . Reward power often backs up legitimate power. That is, managers are given the chance to recommend raises, do performance evaluations, and assign preferred tasks to employees. Of course, *any* organizational member can attempt to exert influence over others with praise, compliments, and flattery, which also constitute rewards. Strong reward power coupled with coercive power was at the heart of the problems at TD bank and Wells Fargo.

Coercive Power

Coercive power  is available when the power holder can exert influence using punishment and threat. Like reward power, it is often a support for legitimate power. Managers might be permitted to dock pay, assign unfavourable tasks, or block promotions. In the Royal Canadian Mounted Police (RCMP), some more senior male officers have abused their legitimate power and engaged in sexual coercion. However, coercive power is not perfectly correlated with legitimate power. Lower-level organizational members can also apply their share of coercion. For example, consider work-to-rule campaigns that slow productivity by

strictly adhering to organizational procedures. Cohesive work groups are especially skillful at enforcing such campaigns.

In [Chapter 2](#), we pointed out that the use of punishment to control behaviour is very problematic because of emotional side effects. Thus, it is not surprising that when managers use coercive power, it is generally ineffective and can provoke considerable employee resistance.⁶ This is what happened at TD bank and Wells Fargo.

Referent Power

Referent power[Ⓟ] exists when the power holder is *well liked* by others. It is not surprising that people we like readily influence us. We are prone to consider their points of view, ignore their failures, seek their approval, and use them as role models. In fact, it is often highly dissonant to hold a point of view that is discrepant from that held by someone we like.⁷

Referent power is especially potent for two reasons. First, it stems from *identification* with the power holder. Thus, it represents a truer or deeper base of power than reward or coercion, which may stimulate mere compliance to achieve rewards or avoid punishment. In this sense, charismatic leaders ([Chapter 9](#)) have referent power. Second, *anyone* in the organization may be well liked, irrespective of his or her other bases of power. Thus, referent power is available to everyone from the janitor to the president.


Friendly interpersonal relations often permit influence to extend across the organization, outside the usual channels of legitimate authority, reward, and coercion. For example, a production manager who becomes friendly with the design engineer through participation in a task force might later use this contact to ask for a favour in solving a production problem.

Expert Power

A person has expert power ^① when he or she has special information or expertise that the organization values. In any circumstance, we tend to be influenced by experts or by those who perform their jobs well. However, the more crucial and unusual this expertise, the greater the expert power available. Thus, expert power corresponds to difficulty of replacement. Consider the business school that has one highly published professor who is an internationally known scholar and past federal cabinet minister. Such a person would obviously be difficult to replace and should have much greater expert power than an unpublished lecturer.

One of the most fascinating aspects of expert power occurs when lower-level organizational members accrue it. Many administrative assistants have acquired expert power through long experience in dealing with clients, keeping records, or sparring with the bureaucracy. Frequently they have been around longer than those they serve. In this case, it is not unusual for bosses to create special titles and develop new job classifications to reward their expertise and prevent their resignation.

Of all the bases of managerial power, expertise is most consistently associated with employee effectiveness.⁸ Also, research shows that employees perceive women managers as more likely than male managers to be high in expert power.⁹ Women often lack easy access to more organizationally based forms of power, and expertise is free for self-development. Thus, being “better” than their male counterparts is one strategy that women managers have used to gain influence.

Exhibit 12.1  summarizes likely employee responses to various bases of managerial power. As you can see, coercion is likely to produce resistance and lack of cooperation. Legitimate power and reward power are likely to produce compliance with the boss’s wishes. Referent and expert power

are most likely to generate true commitment and enthusiasm for the manager's agenda.

Exhibit 12.1 Employee responses to bases of power.



Source: Steers, Richard M. *Introduction Organizational Behaviour*, 4th ed. ©1991. Printed and Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

The Bases of Individual Power

Click each base of power to learn more about it, then click "Check Your Understanding" to review.

- Legitimate Power
- Reward Power
- Coercive Power
- Referent Power
- Expert Power

Check Your Understanding













How Do People Obtain Power?

◀ Listen to the Audio

L02 Explain how people obtain power in organizations.

Now that we have discussed the individual bases of power, we can turn to the issue of how people *get* power. Rosabeth Moss Kanter has provided a succinct recipe: Do the right things, and cultivate the right people.¹⁰

Doing the Right Things

◀ Listen to the Audio

According to Kanter, some activities are “righter” than others for obtaining power. She argues that activities lead to power when they are extraordinary, highly visible, and especially relevant to the solution of organizational problems.

Extraordinary Activities

Excellent performance of a routine job might not be enough to obtain power. What one needs is excellent performance in *unusual* or *non-routine* activities. In the large company that Kanter studied, these activities included occupying new positions, managing substantial changes, and taking great risks. For example, consider the manager who establishes and directs a new customer service program. This is a risky, major change that involves the occupancy of a new position. If successful, the manager should acquire substantial power.

Visible Activities

Extraordinary activities will fail to generate power if no one knows about them. People who have an interest in power are especially good at identifying visible activities and publicizing them. The successful marketing executive whose philosophy is profiled in *Fortune* will reap the benefits of power. Similarly, the innovative surgeon whose techniques are reported in the *New England Journal of Medicine* will enhance his influence in the hospital.

Relevant Activities

Extraordinary, visible work may fail to generate power if no one cares. If nobody sees the work as relevant to the solution of important organizational problems, it will not add to one's influence. The English professor who wins two Pulitzer Prizes will probably not accrue much power if his small college is financially strapped and hurting for students. He would not be seen as contributing to the solution of pressing organizational problems. In another college, these extraordinary, visible activities might generate considerable influence.

Cultivating the Right People

◀ Listen to the Audio

An old saying advises, “It’s not what you know, it’s *who* you know.” In reference to power in organizations, there is probably more than a grain of truth to the latter part of this statement. Kanter explains that developing informal relationships with the right people can prove a useful means of acquiring power.

Outsiders

Establishing good relationships with key people outside one’s organization can lead to increased power within the organization. Sometimes this power is merely a reflection of the status of the outsider, but all the same, it may add to one’s internal influence. The assistant director of a hospital who is friendly with the president of the Canadian Medical Association might find herself holding power by association. Cultivating outsiders may also contribute to more tangible sources of power. Organizational members who are on the boards of directors of other companies might acquire critical information about business conditions that they can use in their own firms.

Subordinates

At first blush, it might seem unlikely that power can be enhanced by cultivating relationships with subordinates. However, as Kanter notes, an individual can gain influence if she is closely identified with certain up-and-coming subordinates—“I taught her everything she knows.” In

academics, some professors are better known for the brilliant PhD students they have supervised than for their own published work. Of course, there is also the possibility that an outstanding subordinate will one day become one's boss! Having cultivated the relationship earlier, one might then be rewarded with special influence.

Cultivating subordinate interests can also provide power when a manager can demonstrate that he or she is backed by a cohesive team. The research director who can oppose a policy change by honestly insisting that "My people won't stand for this" knows that there is strength in numbers.

Peers

Cultivating good relationships with peers is mainly a means of ensuring that nothing gets in the way of one's *future* acquisition of power. As one moves up through the ranks, favours can be asked of former associates, and fears of being "stabbed in the back" for a past misdeed are precluded. Organizations often reward good "team players" with promotions on the assumption that they have demonstrated good interpersonal skills. On the other side of the coin, people often avoid contact with peers whose reputation is seen as questionable.

Superiors

Liaisons with key superiors probably represent the best way of obtaining power through cultivating others. As we discussed in [Chapter 8](#), such superiors are often called *mentors* or *sponsors* because of the special interest they show in a promising subordinate. Mentors can provide power in several ways. Obviously, it is useful to be identified as a protégé of someone higher in the organization. More concretely, mentors can provide special information and useful introductions to other "right people."

Although cultivating others can add to one's power base, associates of people who have power sometimes develop an exaggerated and illusory sense of their own power, status, and influence. This phenomenon seems much more prevalent among men than women.¹¹ Celebrity hangers-on and political staff personnel (e.g., aides to prime ministers and senators) can be classic examples of this illusory power by association.













Empowerment and Influence Tactics

◀ Listen to the Audio

L03 Discuss the concept of *empowerment*.

L04 Provide a profile of power seekers.

Early organizational scholars treated power as a fixed quantity: an organization had so much, the people on the top had a lot, and lower-level employees had a little. Our earlier analysis of the more informal sources of power (such as being liked and being an expert) hints at the weakness of this idea. Thus, contemporary views of power treat it less as a fixed-sum phenomenon. This is best seen in the concept of **empowerment**¹², which means giving people the authority, opportunity, and motivation to take initiative to solve organizational problems.¹²

Empowerment—Putting Power Where It Is Needed

◀ Listen to the Audio

In practice, having the authority to solve an organizational problem means having legitimate power. This might be included in a job description, or a boss might delegate it to a subordinate.

Having opportunity usually means freedom from bureaucratic barriers and other system problems that block initiative. In a service encounter, if you have ever heard “Sorry, the computer won’t let me do that” or “That’s not my job,” you have been the victim of limited opportunity. Opportunity also includes any relevant training and information about the impact of one’s actions on other parts of the organization.

The motivation part of the empowerment equation suggests hiring people who will be intrinsically motivated by power and opportunity and aligning extrinsic rewards with successful performance. Also, leaders who express confidence in subordinates’ abilities and foster conditions that facilitate the sharing of power (see transformational and empowering leadership, [Chapter 9](#)) can contribute to empowerment.¹³ A good example occurred when a naysaying union shop steward, doubting General Electric’s commitment to changing its corporate culture, explained a recurrent problem with a supplier’s component. His manager, sensing he was correct, chartered a plane, and the subordinate left that same night to visit the supplier and solve the problem.¹⁴ It goes without

saying that managers have to be tolerant of occasional mistakes from empowered employees.

People who are empowered have a strong sense of self-efficacy ([Chapter 2](#)), the feeling that they are capable of doing their jobs well and “making things happen.” Empowering frontline employees can be critical in service organizations, where providing customers with a good initial encounter or correcting any problems that develop can be essential for repeat business. The Nordstrom chain of stores is one firm that is known for empowering sales personnel to make on-the-spot adjustments or search out merchandise at other stores. Customers have even had enthusiastic store personnel change flat tires. Under its Power to Please program, staff at Canada’s Delta Hotels have the authority to handle special guest requests without seeking manager approval, deal with customer complaints on the spot, and have input on how they fulfill their tasks. For example, staff can handle requests for extra towels or more coffee directly, housekeepers have input on the type of cleaning products the hotel uses, and front desk staffers can take it upon themselves to send up a platter from room service following a guest complaint.¹⁵ Another service firm that actively practices empowerment is Southwest Airlines.



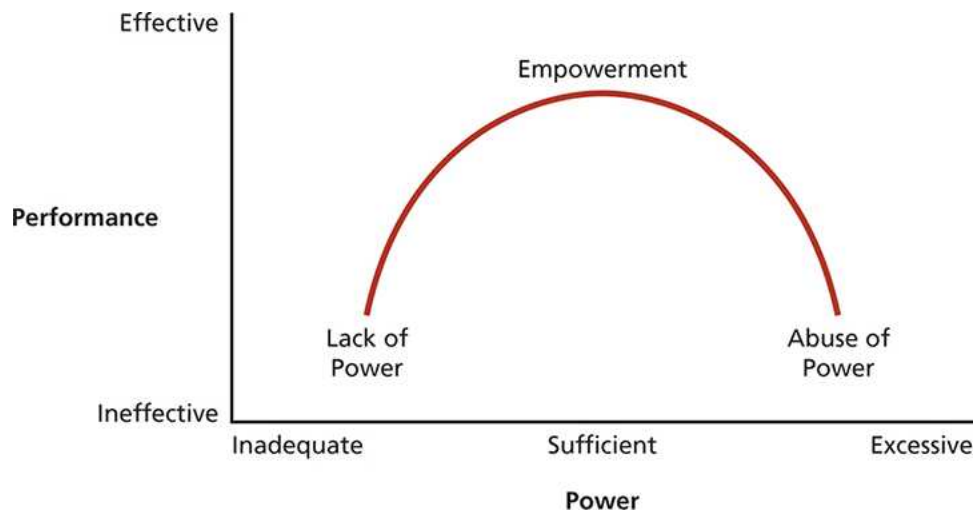
Delta Hotels focuses on empowerment.

David Cooper/Toronto Star/Getty Images

Empowerment fosters job satisfaction, organizational commitment, organizational citizenship behaviour, and high performance.¹⁶ However, empowerment does not mean providing employees with a maximum amount of unfettered power. Rather, used properly, empowerment puts power where it is *needed* to make the organization effective. This depends on organizational strategy and customer expectations. The average Taco Bell customer does not expect highly empowered counter personnel who offer to adjust the posted menu—a friendly, fast, efficient encounter will do. On the other hand, the unempowered waiter in a fancy restaurant who is fearful of accommodating reasonable adjustments and substitutions can really irritate customers. Speaking generally, service encounters predicated on high volume and low cost need careful engineering. Those predicated on customized, personalized service need more empowered personnel.¹⁷

You might wonder whether organizational members could have *too much* power. [Exhibit 12.2](#) nicely illustrates the answer. People are empowered, and should exhibit effective performance, when they have sufficient power to carry out their jobs. Earlier, we mainly contrasted empowerment with situations in which people had inadequate power for effective performance. However, as the exhibit shows, excessive power can lead to abuse and ineffective performance.¹⁸ One is reminded of the recurrent and inappropriate use of government aircraft by political bigwigs. Excessive power tends to make power holders inattentive to others, insensitive to their emotions, and unable to appreciate their perspectives, and this is not a recipe for constructive social interactions.¹⁹

Exhibit 12.2 Relationship between power and performance.



Source: Whetten, David A. *Developing Management Skills*, 3rd ed. ©1995. Printed and Electronically reproduced by permission of Pearson Education, Inc., Upper Saddle River, New Jersey.

For an example of empowerment, see [You Be the Manager: Empowerment at the Veterans Health Administration](#).

You Be the Manager: Empowerment at the Veterans Health Administration

In 2010, the U.S. Veterans Health Administration began implementing system-wide efforts to improve long-term disease management and timely primary care delivery by creating patient-centered medical homes called Patient Aligned Care Teams. VHA team members historically worked in a traditional bureaucratic structure with distributed expertise and clearly differentiated power and status. With the reorganization, primary care staff were reorganized from loosely coupled silos of workers organized by professional role (e.g., nursing, clerical) to tightly coupled interdisciplinary teams that integrate staff across professional roles. At the VHA, each primary care team ideally consists of four individuals: a primary care provider, a care manager, a clinical associate, and an administrative associate. The team leader role is filled by primary care providers, who themselves are medical professionals with a range of clinical licensures with differing skill level and status, including not only medical doctors and doctors of osteopathy but also nurse practitioners and physician assistants.

As part of team-based empowerment, each team aims to meet the individual needs and preferences of each patient in their assigned panel through proactive care coordination and tailored services. This approach of assigning specific patients to teams is designed not only to serve a greater number of patients but also to provide each of those patients with high-quality customized care. Transferring tasks to other members who are capable of handling them frees primary care provider time to focus on tasks that only the primary care provider is qualified to do. This aims to help overcome primary care provider labor shortages. In addition, having other team members perform the same tasks primary care providers were doing before is expected to reduce overall labor costs, as salaries for other team members are lower than for primary care providers. In order for this to be effective, the primary care provider must empower others by delegating tasks and sharing responsibility with team members.

Reset

Next

Source: Excerpted from Stewart, G. L., Astrove, S. L., Reeves, C. J., Crawford, E. R., & Solimeo, S. L. (2017). Those with the most find it hardest to share: Exploring leader resistance to the implementation of team-based empowerment. *Academy of Management Journal*, 60, 2266–2291.

Influence Tactics—Putting Power to Work

◀ Listen to the Audio

As we discussed earlier, power is the potential to influence others. But exactly how does power result in influence? Research has shown that various **influence tactics**¹⁹ convert power into actual influence. These are specific behaviours that people use to affect others and manage other's impressions of themselves.²⁰ These tactics include the following:

- *Assertiveness*: ordering, nagging, setting deadlines, and verbally confronting others
- *Ingratiation*: using flattery; acting friendly, polite, or humble; opinion conformity
- *Self-promotion*: touting one's accomplishments, image enhancement, name-dropping
- *Rationality*: using logic, reason, planning, and compromise
- *Exchange*: doing favours or offering to trade favours
- *Upward appeal*: making formal or informal appeals to organizational superiors for intervention
- *Coalition formation*: seeking united support from other organizational members

What determines which influence tactics you might use? For one thing, your bases of power.²¹ Other things being equal, someone with coercive power might gravitate toward assertiveness, someone with referent power might gravitate toward ingratiation, and someone with expert

power might try rationality or self-promotion. Of course, rationality or its appearance is a highly prized quality in organizations, and its use is viewed positively by others. Thus, surveys show that people report trying to use rationality very frequently.

The use of influence tactics is also dependent on just whom you are trying to influence—subordinates, peers, or superiors. Subordinates are more likely to be the recipients of assertiveness than peers or superiors. Despite the general popularity of rationality, it is most likely to be directed toward superiors, as is ingratiation. Self-promotion seems universally employed.

Which influence tactics are most and least effective? Particularly ineffective is a “shotgun” style that is high on all tactics with particular emphasis on assertiveness and exchange.²² Most research has been done on self-promotion and ingratiation, and both of these tactics are effective in job search (i.e., interview) situations. However, both tactics have been shown to have mixed effects on job performance ratings, suggesting that great care must be employed not to overdo them.²³ One study showed that top managers who used ingratiation with their CEOs were inclined to receive appointments to corporate boards with whom the CEO was connected.²⁴ Thus, flattery and opinion conformity work even at the very top of organizations. However, this comes at a price, as ingratiating managers come to resent CEOs who necessitate such behaviour and subsequently badmouth them in the press!²⁵

Who Wants Power?

◀ Listen to the Audio

Who wants power? At first glance, the answer would seem to be everybody. After all, it is both convenient and rewarding to be able to exert influence over others. Power whisks celebrities to the front of movie lines, gets sports stars the best restaurant tables, and enables executives to shape organizations in their own image. Actually, there are considerable individual differences in the extent to which individuals pursue and enjoy power. On television talk shows, we occasionally see celebrities recount considerable embarrassment over the unwarranted power that public recognition brings.

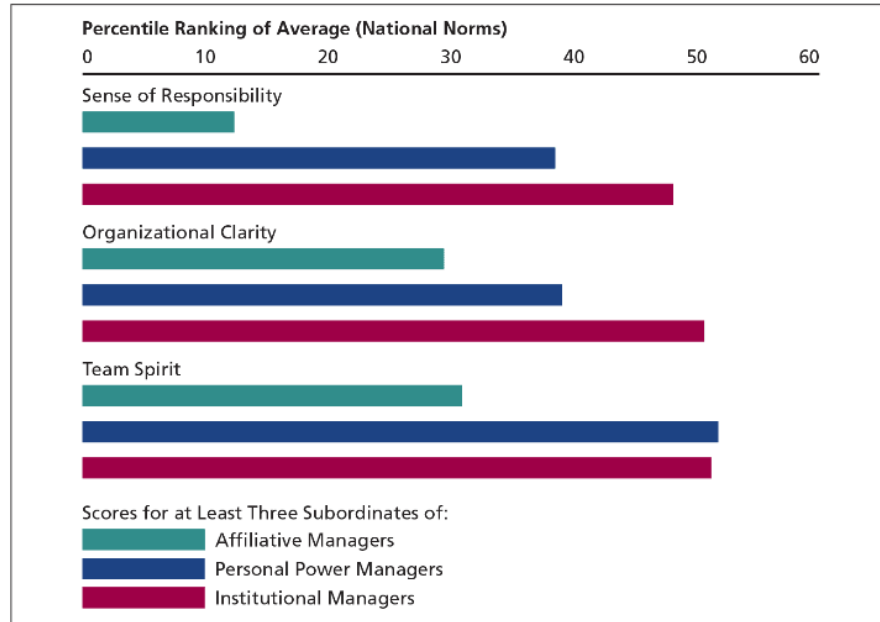
Earlier we indicated that some people consider power a manifestation of evil. This is due, in no small part, to the historic image of power seekers that some psychologists and political scientists have portrayed. This is that power seekers are neurotics who are covering up feelings of inferiority, striving to compensate for childhood deprivation, or substituting power for lack of affection.²⁶ There can be little doubt that these characteristics do apply to some power seekers. Underlying this negative image of power seeking is the idea that some power seekers feel weak and resort primarily to coercive power to cover up, compensate for, or substitute for this weakness. Power is sought for its own sake and is used irresponsibly to hurt others. Adolf Hitler comes to mind as an extreme example.

But can one use power responsibly to influence others? Psychologist David McClelland says yes. In [Chapter 5](#), we discussed McClelland's research on need for power (*n* Pow). You will recall that *n* Pow is the need to have strong influence over others. This need is a reliable personality characteristic—some people have more *n* Pow than others.²⁷ Also, just as many women have high *n* Pow as men.²⁸ People who are high in *n* Pow in its “pure” form conform to the negative stereotype depicted earlier—they are rude, sexually exploitative, abuse alcohol, and show a great concern with status symbols. However, when *n* Pow is responsible and controlled, these negative properties are not observed.²⁹ Specifically, McClelland argues that the most effective managers have the following attributes:

- Have high *n* Pow
- Use their power to achieve organizational goals
- Adopt a participative or “coaching” leadership style
- Are relatively unconcerned with how much others like them

McClelland calls such managers *institutional managers* because they use their power for the good of the institution rather than for self-aggrandizement. They refrain from coercive leadership and do not play favourites, since they are not worried about being well liked. His research reveals that institutional managers are more effective than *personal power managers* (who use their power for personal gain) and *affiliative managers* (who are more concerned with being liked than with exercising power). [Exhibit 12.3](#) shows that institutional managers are generally superior in giving subordinates a sense of responsibility, clarifying organizational priorities, and instilling team spirit.³⁰ We can conclude that the need for power can be a useful asset, as long as it is not a neurotic expression of perceived weakness.

Exhibit 12.3 shows that institutional managers are generally superior in giving subordinates a sense of responsibility, clarifying organizational priorities, and instilling team spirit. Click on the circles below to learn more about institutional managers, personal power managers, and affiliative managers.



Source: McClelland, D. C., & Burnham, D. H. (1976, March/April). Power is the great motivator. *Harvard Business Review*. Copyright © 1976 by the President and Fellows of Harvard College; all rights reserved. Reprinted by permission.

Research has shown that CEOs who are very powerful relative to their top management team tend to pursue extreme strategies, with big successes or failures. However, a powerful board of directors can temper these extremes and promote successful strategic outcomes.³¹















Controlling Strategic Contingencies —How Subunits Obtain Power

LO 12.5 Explain *strategic contingencies*, and discuss how subunits obtain power.

◀ Listen to the Audio

Thus far, we have been concerned with the bases of *individual* power and how individual organizational members obtain influence. In this section, we shift our concern to subunit power. Most straightforwardly, the term *subunit* applies to organizational departments. In some cases, subunits could also refer to particular jobs, such as those held by software engineers or environmental lawyers.

How do organizational subunits acquire power—that is, how do they achieve influence that enables them to grow in size, get a bigger share of the budget, obtain better facilities, and have greater impact on decisions? In short, they control strategic contingencies, which are critical factors affecting organizational effectiveness. This means that the work *other* subunits perform is contingent on the activities and performance of a key subunit. Again, we see the critical role of *dependence* in power relationships. If some subunits are dependent on others for smooth operations (or their very existence), they are susceptible to influence. We turn now to the conditions under which subunits can control strategic contingencies.

Scarcity

◀ Listen to the Audio

Differences in subunit power are likely to be magnified when resources become scarce.³² When there is plenty of budget money or office space or support staff for all subunits, they will seldom waste their energies jockeying for power. If cutbacks occur, however, differences in power will become apparent. For example, well-funded quality-of-work-life programs or organizational development efforts might disappear when economic setbacks occur because the subunits that control them are not essential to the firm's existence.

Subunits tend to acquire power when they are able to *secure* scarce resources that are important to the organization as a whole. One study of a large American state university found that the power of academic departments was associated with their ability to obtain funds through consulting contracts and research grants. This mastery over economic resources was more crucial to their power than was the number of undergraduates taught by the department.³³

Uncertainty

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Organizations detest the unknown. Unanticipated events wreak havoc with financial commitments, long-range plans, and tomorrow's operations. The basic sources of uncertainty exist mainly in the organization's environment: government policies might change, sources of supply and demand might dry up, or the economy might take an unanticipated turn. Subunits that are most capable of coping with uncertainty will tend to acquire power.³⁴ By the same token, uncertainty promotes confusion, which permits *changes* in power priorities as the organizational environment changes. Those functions that can provide the organization with greater control over what it finds problematic and can create more certainty will acquire more power.³⁵

Changes in the sources of uncertainty frequently lead to shifts in subunit power. Thus, HR departments gained power when government legislation regarding employment opportunity was first passed, and departments concerned with environmental impact have gained power with the current interest in "green" organizations. Units dealing with business ethics or environmental concerns gain or lose power in response to the latest scandal or the newest piece of legislation involving clean air or water.

Centrality

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Other things being equal, subunits whose activities are most central to the mission or workflow of the organization should acquire more power than those whose activities are more peripheral.³⁶ A subunit's activities can be central in at least three senses. First, it may influence the work of most other subunits. The finance or accounting department is a good example here—its authority to approve expenses and make payments affects every other department in the firm.

Centrality also exists when a subunit has an especially crucial impact on the quantity or quality of the organization's key product or service. This is one reason for the former low power of human resources departments—their activities were then seen as fairly remote from the primary goals of the organization. In car companies, units concerned with autonomous vehicles have gravitated from the fringe to the core as the potential of "driverless" cars has emerged.

Finally, a subunit's activities are more central when their impact is more immediate. As an example, consider a large city government with a fire department, a police department, and a public works department. The impact of a lapse in fire or police services will be felt more immediately than a lapse in street repairs. This gives the former departments more potential for power acquisition.

Substitutability

◀ Listen to the Audio

A subunit will have relatively little power if others inside or outside the organization can perform its activities. If the subunit's staff is non-substitutable, however, it can acquire substantial power.³⁷ One crucial factor here is the labour market for the specialty performed by the subunit. A change in the labour market can result in a change in the subunit's influence. For example, the market for scientists and engineers is notoriously cyclical. When jobs are plentiful, these professionals command high salaries and high influence in organizations. When jobs are scarce, this power wanes. Precisely in line with the strategic contingencies idea, a shortage of scientists and engineers provided real opportunities for women and members of minorities to move into positions of power from which they were excluded when there were plenty of white male engineers and scientists to go around.³⁸

If work can be contracted out, the power of the subunit that usually performs these activities is reduced. Typical examples include temporary office help and contracted maintenance, laboratory, and security services. The subunits that control these activities often lack power because the threat of "going outside" can counter their influence attempts. Changes in how work is accomplished can also affect substitutability. For instance, increased use of crowdsourcing ([Chapter 11](#)) and more open forms of innovation mean that internal R&D units, used to high levels of secrecy, may lose power.³⁹ Some of their work may now be performed by outsiders, and even competitors.













Organizational Politics—Using and Abusing Power

LO 12.6 Define *organizational politics*, and discuss its various forms.

◀ Listen to the Audio

In the previous sections, we have avoided using the terms “politics” or “political” in describing the acquisition and use of power. This is because not all uses of power constitute politics.

The Basics of Organizational Politics

Organizational politics ⁴⁰ is the pursuit of self-interest within an organization, whether or not this self-interest corresponds to organizational goals.⁴⁰ Frequently, politics involves using means of influence that the organization does not sanction or pursuing ends or goals that it does not sanction.⁴¹

Political activity is self-conscious and intentional. This separates politics from ignorance or lack of experience with approved means and ends. Also, we can conceive of politics as either individual activity or subunit activity. Either a person or a whole department could act politically. Finally, it is possible for political activity to have beneficial outcomes for the organization, even though these outcomes are achieved by questionable tactics.

We can explore organizational politics using the means/ends matrix in [Exhibit 12.4](#). It is the association between influence means and influence ends that determines whether activities are political and whether these activities benefit the organization.

Exhibit 12.4 The dimensions of organizational politics.

		Influence Ends	
		Organizationally Sanctioned	Not Sanctioned by Organization
Influence Means	Organizationally Sanctioned	Nonpolitical job behaviour I	Organizationally dysfunctional political behaviour II
	Not Sanctioned by Organization	Political behaviour potentially functional to the organization III	Organizationally dysfunctional political behaviour IV

Source: Mayes, B. T., & Allen, R. T. (1977). Toward a definition of organizational politics, *Academy of Management Review*, 2, 672–678.

- I. *Sanctioned means/sanctioned ends.* Here, power is used routinely to pursue agreed-on goals. Familiar, accepted means of influence are employed to achieve sanctioned outcomes. For example, a manager agrees to recommend a raise for an employee if she increases her net sales by 30 percent in the next six months. There is nothing political about this.
- II. *Sanctioned means/not-sanctioned ends.* In this case, acceptable means of influence are abused to pursue goals that the organization does not approve of. For instance, a head nurse agrees to assign a subordinate nurse to a more favourable job if the nurse agrees not to report the superior for stealing medical supplies. While job assignment is often a sanctioned means of influence, covering up theft is not a sanctioned end. This is dysfunctional political behaviour.

- III. *Not-sanctioned means/sanctioned ends*. Here, ends that are useful for the organization are pursued through questionable means. For example, although Qatar officials were pursuing a sanctioned end—the 2022 World Cup of soccer—the alleged use of bribery and vote buying as a means of influence were not sanctioned tactics.
- IV. *Not-sanctioned means/not-sanctioned ends*. This quadrant may exemplify the most flagrant abuse of power, since disapproved tactics are used to pursue disapproved outcomes. For example, to increase his personal power, the head of an already overstuffed legal department wishes to increase its size. He intends to hire several of his friends in the process. To do this, he falsifies workload documents and promises special service to the accounting department in exchange for the support of its manager.

We have all seen cases in which politics have been played out publicly to “teach someone a lesson.” More frequently, though, politicians conceal their activities with a “cover story” or “smokescreen” to make them appear legitimate.⁴² Such a tactic will increase the odds of success and avoid punishment from superiors. A common strategy is to cover non-sanctioned means and ends with a cloak of rationality. For example, employees who hide information from co-workers often claim ignorance of the material, cite extenuating circumstances, or blame others.⁴³ And CEOs often disguise excessive compensation as perks, bypassing complacent boards of directors.⁴⁴

Do political activities occur under particular conditions or in particular locations in organizations? Research suggests the following:⁴⁵

- Managers report that most political manoeuvring occurs at middle and upper management levels rather than at lower levels.

- Some subunits are more prone to politicking than others. Clear goals and routine tasks (e.g., production) might provoke less political activity than vague goals and complex tasks (e.g., research and development).
- Some issues are more likely than others to stimulate political activity. Budget allocation, reorganization, and personnel changes are likely to be the subjects of politicking. Setting performance standards and purchasing equipment are not.
- In general, scarce resources, uncertainty, and important issues provoke political behaviour.

Highly political climates result in lowered job satisfaction, commitment, and organizational citizenship, and increased stress and turnover intentions.⁴⁶ When it comes to performance, politics take a toll on older workers but not on younger workers, perhaps due to stress factors.⁴⁷

The Facets of Political Skill

◀ Listen to the Audio

It is one thing to engage in organizational politics, but it is another thing to do it skillfully, because pursuing self-interest can encounter resistance. Gerald Ferris and colleagues define **political skill** [Ⓢ] as “the ability to understand others at work and to use that knowledge to influence others to act in ways that enhance one’s personal or organizational objectives.”⁴⁸ Notice that this definition includes two aspects—comprehending others and translating this comprehension into influence. There are four facets to political skill:

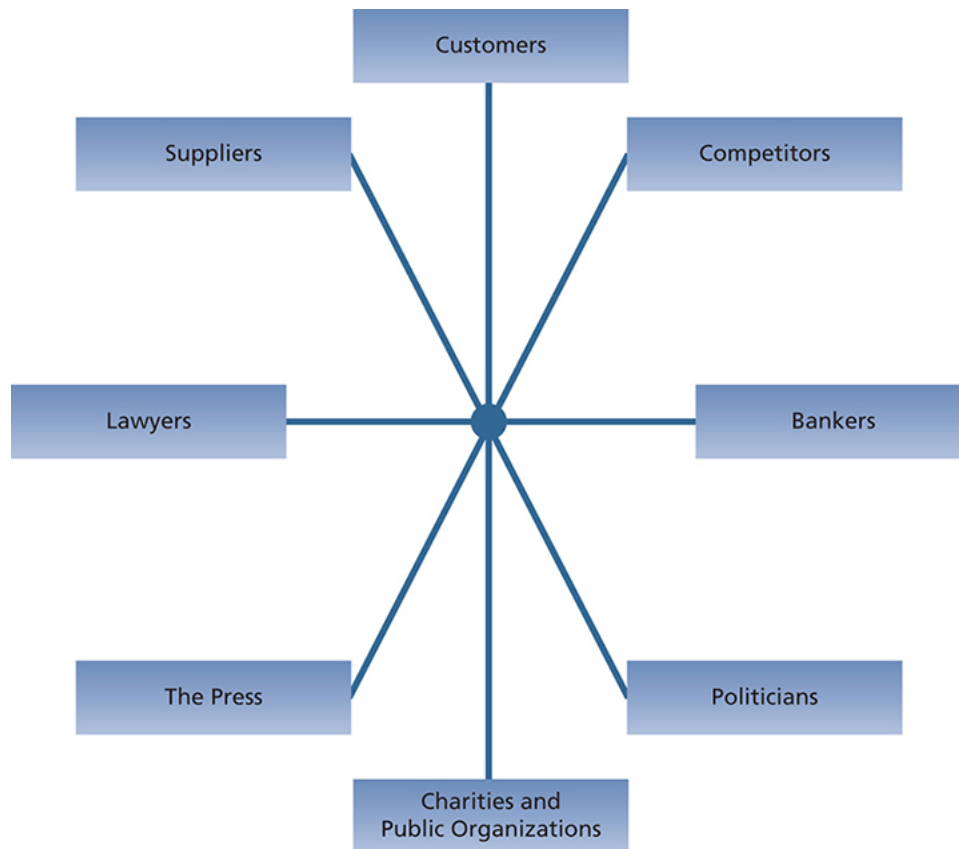
- *Social astuteness.* Good politicians are careful observers who are tuned in to others’ needs and motives. They can “read” people and thus possess emotional intelligence, as discussed in [Chapter 5](#) [□]. They are active self-monitors ([Chapter 2](#) [□]) who know how to present themselves to others.
- *Interpersonal influence.* The politically skilled have a convincing and persuasive interpersonal style but employ it flexibly to meet the needs of the situation. They put others at ease.
- *Apparent sincerity.* Influence attempts will be seen as manipulative unless they are accompanied by sincerity. A good politician comes across as genuine and exhibits high integrity.
- *Networking ability.* **Networking** [Ⓢ] involves establishing good relations with key organizational members or outsiders to accomplish one’s goals. Networks provide a channel for favours to be asked for and

given. An effective network enhances one's organizational reputation, thus aiding influence attempts.

Political skill, as measured by these four facets, is positively related to individual job performance, job satisfaction, and career success.⁴⁹ And teams that have members with elevated political skill tend to be more cohesive and perform better.⁵⁰

Because networking is such a critical aspect of power acquisition and political success, let's examine it in more detail. In essence, networking involves developing informal social contacts to enlist the cooperation of others when their support is necessary. Upper-level managers often establish very large political networks both inside and outside the organization ([Exhibit 12.5](#)). Lower-level organizational members might have a more restricted network, but the principle remains the same. One study of general managers found that they used face-to-face encounters and informal small talk to bolster their political networks. They also did favours for others and stressed the obligations of others to them. Personnel were hired, fired, and transferred to bolster a workable network, and the managers forged connections among network members to create a climate conducive to goal accomplishment.⁵¹

Exhibit 12.5 A typical upper-level manager's external network.



Monica Forret and Thomas Dougherty determined that there are several aspects to networking:⁵²

- *Maintaining contacts*: giving business cards, sending gifts, thank-you notes, birthday wishes
- *Socializing*: playing golf, participating in company sports leagues, having drinks after work
- *Engaging in professional activities*: giving a workshop, accepting a speaking engagement, teaching, publishing, appearing in the media
- *Participating in community activities*: being active in civic groups, clubs, church events
- *Increasing internal visibility*: accepting high-profile work projects, sitting on important committees and task forces

The authors found that those high in self-esteem and extraversion ([Chapter 2](#)) were more likely to engage in networking behaviours. They also found that engaging in professional activities and increasing internal visibility were most associated with career success (e.g., compensation, promotions, and perceived success).⁵³ However, this applied only to men, despite the fact that men and women engaged in networking equally, except for socializing, where men perhaps had the edge.



Networking is an effective way to develop informal social contacts.

Kzenon/Shutterstock

Being central in a large network provides power because you have access to considerable resources, such as knowledge. This is especially true if the network is diverse (the people you know do not know each other) and consists of those who themselves hold power.⁵⁴ One study in a leading bank revealed that those who were promoted most quickly to senior vice president had very different networks from regular vice presidents. Their networks bridged the bank, cutting across different divisions and regions

and including people of diverse tenure and functional expertise. In turn, these networks were used to make up for the limitations of formal organizational structure.⁵⁵

Forret and Dougherty emphasize that networking has increased in importance as people become more self-reliant and less reliant on organizations to plot their careers. This is why many MBA and executive MBA programs employ social media such as LinkedIn, Facebook, and Twitter to maintain trusted networks among their alumni. However, Ko Kuwabara and colleagues argue that networking is a bit like exercising, in that we know how to do it and we know it can be good for us, but there is a gap between what we know and what we actually do. They assert that many tend to view networking as futile, see it as awkward or humiliating, or even assume that it is immoral or unethical.⁵⁶ These views, however, seem at odds with the proven value of having a good support network and the socially positive nature of the political and networking skills listed earlier.

Machiavellianism—The Harder Side of Politics

◀ Listen to the Audio

Have you ever known people who had the following characteristics?

- Act very much in their own self-interest, even at the expense of others
- Appear cool and calculating, especially when others get emotional
- Manifest high self-esteem and self-confidence
- Form alliances with powerful people to achieve their goals

These are characteristics of individuals who are high on a personality dimension known as Machiavellianism. **Machiavellianism** [📖] is a set of cynical beliefs about human nature, morality, and the permissibility of using various tactics to achieve one's ends. The term derives from the 16th-century writings of the Italian civil servant Niccolò Machiavelli, who was concerned with how manipulative people achieve social influence.

Machiavellianism is a stable personality trait. Compared with “low Machs,” “high Machs” are more likely to advocate the use of lying and deceit to achieve desired goals and to argue that morality can be compromised to fit the situation in question. In addition, high Machs assume that many people are excessively gullible and do not know what is best for themselves. Thus, in social situations, the high Mach acts in an exceedingly practical manner, assuming that the ends justify the means. Not surprisingly, high Machs tend to be convincing liars and good at

“psyching out” competitors by creating diversions. Furthermore, they are quite willing to form coalitions with others to outmanoeuvre or defeat people who get in their way.⁵⁷ In summary, high Machs are likely to be enthusiastic organizational politicians.

Do high Machs feel guilty about the social tactics they utilize? Since they are cool and calculating rather than emotional, high Machs seem to be able to insulate themselves from the negative social consequences of their tactics. You might wonder how successful high Machs are at manipulating others and why others would tolerate such manipulation. After all, the characteristics detailed earlier are unlikely to win a popularity contest, and you might assume that targets of a high Mach’s tactics would vigorously resist such manipulation. Again, the high Mach’s rationality seems to provide an answer. Put simply, high Machs are able to accurately identify situations in which their tactics will work. Such situations have the following characteristics:

- The high Mach can deal face to face with those he or she is trying to influence.
- The interaction occurs under fairly emotional circumstances.
- The situation is fairly unstructured, with few guidelines for appropriate forms of interaction.⁵⁸

In combination, these characteristics reveal a situation in which the high Mach can use his or her tactics because emotion distracts others. High Machs, by remaining calm and rational, can create a social structure that facilitates their personal goals at the expense of others. Thus, high Machs are especially skilled at getting their way when power vacuums or novel situations confront a group, department, or organization. For example, imagine a small family business whose president dies suddenly without any plans for succession. In this power vacuum, a high Mach vice president would have an excellent chance of manipulating the choice of a

new president. The situation is novel, emotion provoking, and unstructured, since no guidelines for succession exist. In addition, the decision-making body would be small enough for face-to-face influence and coalition formation.

Despite sometimes being able to get their own way, research shows that high Machs are unlikely to be high performers. In fact, they are inclined toward counterproductive behaviours such as sabotage and theft.⁵⁹

Defensiveness—Reactive Politics

◀ Listen to the Audio

So far, our discussion of politics has focused mainly on the proactive pursuit of self-interest. Another form of political behaviour, however, is more reactive in that it concerns the defence or protection of self-interest. The goal here is to reduce threats to one's own power by avoiding actions that do not suit one's own political agenda or avoiding blame for events that might threaten one's political capital. Blake Ashforth and Ray Lee describe some tactics for doing both.⁶⁰

Astute organizational politicians are aware that sometimes the best action to take is no action at all. A number of defensive behaviours can accomplish this mission:

- *Stalling*. Moving slowly when someone asks for your cooperation is the most obvious way of avoiding taking action without actually saying no. With time, the demand for cooperation may disappear. The civil service bureaucracy is infamous for stalling on demands from acting governments.
- *Overconforming*. Sticking to the strict letter of your job description or to organizational regulations is a common way to avoid action. Of course, the overconformer may be happy to circumvent his job description or organizational regulations when it suits his political agenda.
- *Buck passing*. Having someone else act is an effective way to avoid doing it yourself. Buck passing is especially dysfunctional politics

when the politician is best equipped to do the job but worries that it might not turn out successfully (“Let’s let the design department get stuck with this turkey”).

Another set of defensive behaviours is oriented around the motto “If you can’t avoid action, avoid blame for its consequences.” These behaviours include the following:

- *Buffing*. Buffing is the tactic of carefully documenting information showing that an appropriate course of action was followed. Getting “sign-offs,” authorizations, and so on are examples. Buffing can be sensible behaviour, but it takes on political overtones when doing the documenting becomes more important than making a good decision.
- *Scapegoating*. Blaming others when things go wrong is classic political behaviour. Scapegoating works best when you have some power behind you. A study found that when organizations performed poorly, more powerful CEOs stayed in office and the scapegoated managers below them were replaced; less powerful CEOs were dismissed.⁶¹

The point of discussing these defensive political tactics is not to teach you how to do them. Rather, it is to ensure that you recognize them as political behaviour. Many of the tactics are quite mundane. However, viewing them in context again illustrates the sometimes subtle ways that individuals pursue political self-interest in organizations.













Ethics in Organizations

LO 12.7 Define *ethics*, and review the ethical dilemmas that managers and employees face.

LO 12.8 Define *sexual harassment*, and discuss what organizations can do to prevent it and how they should respond to allegations.

◀ Listen to the Audio

In 2017, the Canadian Federal Court approved the first-ever gender-based workplace class action sexual harassment settlement between the RCMP and its women employees.⁶² The suit, estimated to result in over \$100 million in compensation, detailed a 40-year history of such harassment directed at up to 20 percent of civilian and sworn women members of the force. It emerged after Corporal Catherine Galliford, the spokesperson for the RCMP on several high-profile investigations, had earlier made public her allegations of sexual harassment against several superior officers and colleagues. In a 115-page complaint, she described how for almost two decades she was the target of harassment and bullying due to her gender.⁶³

What are the ethics of this story? For our purposes, ethics can be defined as systematic thinking about the moral consequences of decisions. Moral consequences can be framed in terms of the potential for harm to any stakeholders in the decision. Stakeholders are simply people inside or outside the organization who have the potential to be

affected by the decision. This could range from the decision makers themselves to “innocent bystanders.”⁶⁴

Researchers have conducted surveys to determine managers’ views about the ethics of decision making in business.⁶⁵ Some striking similarities across studies provide an interesting picture of the popular psychology of business ethics. First, far from being shy about the subject, a large majority agree that unethical practices occur in business. Furthermore, a substantial proportion (between 40 and 90 percent, according to this particular study) report that they have been pressured to compromise their own ethical standards when making decisions. Managers invariably tend to see themselves as having higher ethical standards than their peers and sometimes their superiors.⁶⁶ The unpleasant picture here is one in which unethical behaviour tempts managers, who sometimes succumb but feel that they still do better than others on moral grounds. This situation is not helped by the fact that top managers tend to see their organizations as being more ethical than do those lower in the hierarchy, as we saw in the banking saga that began the chapter.⁶⁷ This is not a recipe for ethical vigilance, and it contributes to the majority of ethical violations made by managers.⁶⁸

Among business students, undergraduates have been found to be more ethical than MBA students.⁶⁹ In fact, in a large survey, 56 percent of MBA students admitted to cheating during the past year, compared with 47 percent of non-business grad students.⁷⁰ Research indicates that women are marginally more ethical than men and that older people are marginally more ethical than the young. However, these associations are very small compared to those for personality (discussed in the next section).⁷¹

The Nature of Ethical Misconduct

◀ Listen to the Audio

What kinds of ethical misconduct occur in organizations? [Exhibit 12.6](#) shows the percentage of employees who reported having observed ethical misconduct in response to the *National Business Ethics Survey of the US Workforce*. As you can see, abusive behavior, lying to employees, and conflicts of interest topped the list, perhaps given the fact that they are mostly internal to the organization and thus more observable. Bribery, manipulating financial data, and falsifying expenses are reported less commonly, perhaps in part because they are easier to hide.

Exhibit 12.6 Issues covered in corporate codes of ethics.

Observed Ethical Misconduct	
OVERALL	41%*
Abusive behaviour or behaviour that creates a hostile work environment	18%
Lying to employees	17%
A conflict of interest—that is, behaviour that places an employee's interests over the company's interests	12%
Violating company policies related to internet use	12%
Discriminating against employees	12%
Violations of health or safety regulations	10%
Lying to customers, vendors, or the public	10%
Retaliation against someone who has reported misconduct	10%
Falsifying time reports or hours worked	10%
Stealing or theft	9%
Violating employee wage, overtime, or benefit rules	9%
Delivery of substandard goods or services	9%
Abusing substances, such as drugs or alcohol, at work	9%
Breaching employee privacy	8%
Improper hiring practices	7%
Sexual harassment	7%
Breaching customer or consumer privacy	5%
Violation of environmental regulations	4%
Misuse of company's confidential information	4%
Violating contract terms with customers or suppliers	4%
Falsifying invoices, books, and/or records	4%
Accepting inappropriate gifts or kickbacks from suppliers or vendors	4%
Offering anything of value (e.g., cash, gifts, entertainment) to influence a potential/existing client or customer	4%
Falsifying expense reports	4%
Falsifying and/or manipulating financial reporting information	3%
Improper use of competitor's proprietary information	3%
Offering anything of value (e.g., cash, gifts, entertainment) to influence a public official	2%
Making improper political contributions to officials or organizations	2%

*Percentages refer to the percent of survey respondents who observed the ethical misconduct.

Source: Adapted from Ethics Resource Center. (2014). *National business ethics survey of the US workforce*. Arlington, VA: Author. Used by permission.

Ethical issues are often occupationally specific. Let's consider the ethical dilemmas faced by the subspecialties of marketing.⁷² Among market researchers, telling research participants the true sponsor of the research has been an ongoing topic of debate. Among purchasing managers, where to draw the line in accepting favours (e.g., sports tickets) from vendors poses ethical problems. Among product managers, issues of

planned obsolescence, unnecessary packaging, and differential pricing (e.g., charging more in the inner city) raise ethical concerns. When it comes to salespeople, how far to go in enticing customers and how to be fair in expense account use have been prominent ethical themes. Finally, in advertising, the range of ethical issues can (and does) fill books. Consider the decision to use sexual allure to sell a product.

In contrast to these occupationally specific ethical dilemmas, what are the common themes that run through ethical issues that managers face? A study of an occupationally diverse group of managers discovered seven themes that defined their moral standards for decision making.⁷³ Here are those themes and some examples of associated ethical behaviour:

- *Honest communication.* Evaluate subordinates candidly; advertise and label honestly; do not slant proposals to senior management.
- *Fair treatment.* Pay equitably; respect the sealed bid process; do not give preference to suppliers with political connections; do not use lower-level people as scapegoats.
- *Special consideration.* The “fair treatment” standard can be modified for special cases, such as helping out a long-time employee, giving preference to hiring the disabled, or giving business to a loyal but troubled supplier.
- *Fair competition.* Avoid bribes and kickbacks to obtain business; do not fix prices with competitors.
- *Responsibility to organization.* Act for the good of the organization as a whole, not for self-interest; avoid waste and inefficiency.
- *Corporate social responsibility.* Do not pollute; think about the community impact of closures and downsizing; show concern for employee health and safety.
- *Respect for law.* Legally avoid taxes—do not evade them; do not bribe government inspectors; follow the letter and spirit of labour laws.

Causes of Unethical Behaviour

◀ Listen to the Audio

Clearly, there are “bad apples” who will engage in unethical activity in almost any situation, and in the paragraphs that follow, we consider some personality factors associated with poor ethics. However, more interesting and arguably more important is the power of sometimes strong and sometimes subtle situational factors to make basically good people do bad things or to entrap people in unethical spirals of action. A useful concept here is **bounded ethicality**⁷⁴, the psychological process by which people come to engage in behaviour that violates their own ethical standards.⁷⁴ Similar to how bounded rationality can challenge good decision making (Chapter 11[□]), people operating under bounded ethicality would probably act differently with more active reflection.

Bounded ethicality means that people are prone to ethical blind spots.⁷⁵ Thus, they fail to see, focus on, or process information that signals that a course of action might be inappropriate. For instance, people tend to be insensitive to their own conflicts of interest or to how showing favouritism to people like themselves (e.g., in hiring) might unfairly damage the interests of minorities. Also, big ethical failures, such as Volkswagen’s emissions software tampering (which cost \$26 billion in fines and more in buybacks), often begin with small ethical lapses that are barely discernable but lead to a “slippery slope” of escalating misdeeds. Finally, if things seem to be going well, we are disinclined to be alert for ethical violations. This is why it took so long for major league baseball to recognize steroid use among star players. In short, bounded ethicality sets

the stage for the following factors to have a negative influence on ethical behaviour.

Personality

Are certain types of personalities more prone to unethical decisions? In fact, the cynical and those with external locus of control ([Chapter 2](#)) are less tuned in to ethical matters. Also, people with a high need for personal power (especially Machiavellians) may be prone to make unethical decisions, using this power to further self-interest rather than for the good of the organization.⁷⁶ Finally, people with strong economically oriented values are more likely to behave unethically.⁷⁷

More broadly, there are marked individual differences in the degree of sophistication that people use in thinking about moral issues.⁷⁸ Some people are morally disengaged, rejecting responsibility for their actions and using euphemistic labelling to obscure moral issues.⁷⁹ For example, a broken political promise might be described as a “non-core promise” to deflect censure. Other people are morally attentive, spotting moral issues and thinking about moral matters.⁸⁰ Research shows that less disengagement and more attentiveness is associated with more ethical behaviour.⁸¹

Remember that we tend to exaggerate the role of dispositional factors, such as personality, in explaining the behaviour of others ([Chapter 3](#)). Thus, when we consider unethical behaviour, we should be alert for the situational factors discussed next.

Gain

Although the point might seem mundane, it is critical to recognize the role of temptation in unethical activity. The anticipation of healthy


reinforcement for following an unethical course of action, especially if the ego is involved, should promote unethical decisions.⁸² Consider Bernie Madoff, who received a 150-year prison sentence as the architect of a \$65 billion investment Ponzi scheme. Notably, Madoff's investments returns were impossibly high, a fact that should have been discerned by sophisticated advisors who pushed clients to Madoff.

Madoff started borrowing from his investors' capital to pay out those solid returns. The returns, false though they were, were their own advertisement. New money started pouring in, saving him in the near term. And this was a different sort of money, the kind that came from bankers who wouldn't have given Madoff the time of day earlier in his career. "The chairman of Banco Santander came down to see me, the chairman of Credit Suisse came down, chairman of UBS came down; I had all of these major banks . . . It is a head trip. [Those people] sitting there, telling you, 'You can do this.' It feeds your ego. All of a sudden, these banks which wouldn't give you the time of day, they're willing to give you a billion dollars."⁸³

A slightly subtler example of the role of gain can be seen in compensation systems designed around very high bonuses. Such systems have often been implicated in ethically questionable behaviour, as ethics are sacrificed to boost income. On the opposite side of the coin, people who are unfairly underpaid are also more inclined to act unethically to offset this underpayment, especially when they have knowledge of others who are more fairly paid.⁸⁴

Extreme Performance Pressure

Although challenging goals lead to higher performance ([Chapter 5](#)), there is a point at which goal challenge can be so extreme as to induce unethical behavior. This is especially true when a consecutive series of high or increasing performance goals results in extreme performance pressure. In this situation, people's ethical focus is depleted, as they become angry and self-protective in the face of such difficult goals.⁸⁵ This is clearly what happened at TD Bank and Wells Fargo. At the organizational level, pressure from analysts and investors for better and

better financial performance has been implicated in ethical lapses among prominent and successful firms.⁸⁶ To see a subtler example of ethical depletion see [Research Focus: Are You More Ethical in the Morning?](#) 

Research Focus

Are You More Moral in the Morning?

Are you more moral in the morning? Or are ethical lapses equal opportunity when it comes to time of day? Researchers Maryam Kouchaki and Isaac Smith set out to examine this issue in a series of four studies that assigned computer-mediated tasks to people in such way that they were able to cheat or lie in order to obtain extra compensation for their work. In all four studies, there was more cheating and lying when the task was completed in the afternoon rather than in the morning. What causes the “morning morality effect”? The authors argue that the gradual fatigue associated with mundane activities throughout the day slowly depletes people’s resources and causes them to be less alert to moral and ethical decision points, resulting in less ethical behavior. Ironically, people who are generally morally engaged and alert to moral issues are most susceptible to losing their moral compass in the afternoon. People who are morally disengaged and insensitive to moral issues are less ethical no matter the time of day.

The authors conclude, “Our findings suggest that mere time of day can lead to a systematic failure of good people to act morally.” The findings also suggest that individuals and organizations should, if possible, exercise care in scheduling meetings in which difficult decisions with ethical ramifications are to be made. Morning meetings seem preferable, and in

general, such decisions should be avoided when people are fatigued, overloaded, or distracted.

Source: Based on Kouchaki, M., & Smith, I. H. (2014). The morning morality effect: The influence of time of day on unethical behavior. *Psychological Science*, 25, 95–102.

Role Conflict

Many ethical dilemmas are actually forms of role conflict ([Chapter 7](#)) that get resolved in an unethical way. For example, consider the ethical theme of corporate social responsibility we listed earlier. Here, an executive's role as custodian of the environment (do not pollute) might be at odds with his or her role as a community employer (do not close the plant that pollutes).

A very common form of role conflict that provokes unethical behaviour occurs when our "bureaucratic" role as an organizational employee is at odds with our role as the member of a profession.⁸⁷ For example, engineers who in their professional role opposed the fatal launch of the space shuttle *Challenger* due to cold weather were pressured to put on their bureaucratic "manager's hats" and agree to the launch. Both the insurance and brokerage businesses have been rocked by similar ethics problems. As at the banks described in the opening vignette, agents and brokers report being pressured as employees to push products that are not in the best interests of their clients. Frequently, reward systems (i.e., the commission structure) heighten the conflict, which then becomes a conflict of interest between self and client.

Strong Organizational Identification

Some employees identify very strongly with their organizations, seeing their membership as an integral part of their identity. This can sometimes lead them to ignore ethical lapses or even engage in unethical activities to

“help” the organization. Many instances of covering up previous ethical violations have this motivation. Strong identifiers seem most likely to do this when they expect their “loyalty” will be reciprocated with favours.⁸⁸

Competition

Stiff competition for scarce resources can stimulate unethical behaviour. Hence, trade offences, such as price fixing and monopoly violations, have been shown to increase with industry decline.⁸⁹ For example, observers cite a crowded and mature market as one factor prompting price-fixing violations in the folding-carton packaging industry.⁹⁰ We note one exception to the “competition stresses ethics” thesis. In cases in which essentially *no* competition exists, there is also a strong temptation to make unethical decisions. This is because the opportunity to make large gains is not offset by market checks and balances. Prominent examples have occurred in the defence industry, in which monopoly contracts to produce military hardware have been accompanied by some remarkable examples of overcharging taxpayers. The understandable monopolies that police forces such as the RCMP have in law enforcement have sometimes been linked to ethical breaches.

Organizational and Industry Culture

Bart Victor and John Cullen found that there were considerable differences in ethical values across organizations.⁹¹ These differences involved factors such as consideration for employees, respect for the law, and respect for organizational rules. In addition, there were differences across groups within these organizations. This indicates that aspects of an organization’s culture (and its subcultures) can influence ethics.⁹² This corresponds to the repeated finding in executive surveys that the conduct of peers and superiors is viewed as strongly influencing ethical behaviour, for good or for bad. The presence of role models helps to shape the culture. If these models are actually rewarded for unethical behaviour,

rather than punished, the development of an unethical culture is likely. In fact, firms convicted of illegal acts often tend to be repeat offenders.⁹³

Remember, no one thing creates a “culture of corruption” in organizations. Rather, it is often a combination of factors, such as evaluating managers solely “by the numbers,” denying responsibility, denying injury to others, and teaching (low-power) newcomers corrupt practices that lead to unethical corporate cultures.⁹⁴

Observers of the folding-carton price-fixing scandal mentioned earlier noted how top managers seemed out of touch with the difficulty of selling boxes in a mature, crowded market. They put in place goal setting and reward systems (e.g., commissions forming 60 percent of income) much more appropriate for products on a growth cycle, almost guaranteeing unethical decisions.⁹⁵ In fact, research shows that upper-level managers generally tend to be naïve about the extent of ethical lapses in those below them. This can easily contribute to a success-at-any-cost culture.⁹⁶ Thus, virtually every Canadian bank CEO has denied that there is a culture of unethical sales behaviour in retail banking.

Finally, considering culture suggests the conditions under which corporate codes of ethics might actually have an impact on decision making. If such codes are specific, are tied to the actual business being done, correspond to the reward system, and are rigorously enforced, they should bolster an ethical culture. If vague codes that do not correspond to other cultural elements exist, the negative symbolism might actually damage the ethical culture.

To see how exposure to *national* cultures might affect ethics see [Ethical Focus: Foreign Experience Might Be Good for Your Mind, But What Does It Do for Your Ethics?](#)⁹⁷

Ethical Focus

Foreign Experience Might Be Good for Your Mind, But What Does It Do for Your Ethics?

There is a saying that travel broadens the mind. Thus, a wide variety of foreign experience is usually thought to make us more tolerant, flexible, creative, and informed. This is especially true in the case of organizational life, where the reality of global business puts a premium on understanding other people and cultures. Thus, business schools encourage students to do semesters abroad, and broad foreign experience is seen as significant career advantage for managers and executives aspiring for promotions or job changes. But could broad global experience have a downside? Could it make you less ethical?

Jackson Lu and colleagues conducted eight research studies to examine this question. Participants included university students, MBA students, and middle-aged adults. In most studies, participants were queried about the breadth and depth of their experience in foreign countries (how many countries had they visited, and how long did they stay there?) or asked to reflect on such experience in writing. In addition, they were put in an experimental situation in which they had an opportunity to act unethically and/or completed additional questions that probed their views about morality. The results consistently revealed that breadth of global experience, but not depth, was associated with less ethical behaviour. In other words, people who travelled abroad, visited more countries, or reflected on these experiences were more likely to cheat if given the opportunity. The authors found that broad foreign experience was associated with moral relativism, the tendency

to be flexible rather than absolute in moral judgments. Having been exposed to global differences in ethical standards, people seem inclined to relax their moral compass!

Source: Based on Lu, J. G., Quoidbach, J., Gino, F., Chakroff, A., Maddux, W. W., & Galinsky, A. D. (2017). The dark side of going abroad: How broad foreign experiences increase immoral behavior. *Journal of Personality and Social Psychology*, *112*, 1–16.

Whistle-Blowing

◀ Listen to the Audio

In spite of the catalogue of causes of unethical behaviour discussed in the previous section, individuals occasionally step forward and “blow the whistle” on unethical actions. For instance, former tobacco executive Dr. Jeffrey Wigand (portrayed in the movie *The Insider*) leaked evidence that consumers had been misled about the addictiveness of nicotine for many years. Similarly, Catherine Galliford blew the whistle on sexual harassment at the RCMP.

Whistle-blowing ⁹⁷ occurs when a current or former organizational member discloses illegitimate practices to some person or organization that may be able to take action to correct these practices.⁹⁷ Thus, the whistle may be blown either inside or outside of the offending organization, depending on the circumstances. The courage of insiders to call attention to organizational misdoing is especially important in large contemporary organizations, because their very complexity often allows for such misdoing to be disguised from outsiders. Also, given pervasive conflicts of interest, there is no guarantee that external watchdogs (such as accounting firms that perform audits) will do the job.⁹⁸ Most organizations seem to rely on vague open-door policies rather than having specific channels and procedures for whistle-blowers to follow. This is not the best way to encourage principled dissent.

As noted, not everyone stands idle in the face of organizational misdeeds. In fact, Canadians have been the most active foreign whistle-blowers to

the U.S. Securities and Exchange Commission Office of the Whistleblower, in a program designed to identify serious cases of financial misconduct.⁹⁹ The program offers financial incentives tied to the penalty paid by the transgressor, a practice defended as counteracting the retaliation that whistle-blowers often face because they have challenged the status quo and embarrassed those in power. For instance, three Health Canada scientists were fired for insubordination (one finally being reinstated) for making public that they had been pressured to declare various hormones and antibiotics as safe for consumption without proper testing.¹⁰⁰ The *National Business Ethics Survey* indicated that about one in five U.S. employees faces retaliation when reporting unethical activity.¹⁰¹

Sexual Harassment—When Power and Ethics Collide

◀ Listen to the Audio

In recent years, a number of high-profile sexual harassment cases have made news headlines and brought increased attention to this problem. In addition to numerous cases reported in the U.S. and Canadian military, many other organizations, such as the RCMP, Uber, and Ford have faced serious and expensive charges of harassment. In addition, industries such as high tech, media, and entertainment have been exposed as exhibiting cultures of harassment. The failure to effectively respond to charges of sexual harassment has cost organizations millions of dollars in settlements as well as lower productivity, increased absenteeism, and turnover. As well, the effects on employees include decreased job satisfaction and organizational commitment as well as reduced psychological and physical well-being.¹⁰²

Sexual harassment [Ⓟ] is “behaviour that derogates, demeans, or humiliates an individual based on that individual’s sex.”¹⁰³ As such, it could include touching; sexual force; and sexist jokes, comments, and materials. However, such harassment need not have explicit sexual content; rather, it is harassment *based* on one’s sex. Such harassment could be psychological (e.g., emotionally threatening), social (e.g., ridiculing), or legal (e.g., affecting one’s livelihood).¹⁰⁴

Sexual harassment is a form of unethical behaviour that stems, in part, from the abuse of power and the perpetuation of a gender power

imbalance. Managers who use their position, reward, or coercive power to request sexual favours or demonstrate verbal or physical conduct of a sexual nature as a basis for employment decisions toward those in less powerful positions are abusing their power and acting unethically. While the most severe forms of sexual harassment are committed by supervisors, the most frequent perpetrators are actually co-workers. Although co-workers do not necessarily have the same formal power bases as supervisors, power differences often exist among co-workers and can also play a role in sexual harassment. Whether the harasser is a supervisor or a co-worker, he or she is likely to be more powerful than the person being harassed,¹⁰⁵ and the most vulnerable victims are those who cannot afford to lose their jobs.¹⁰⁶

Sexual harassment is also prevalent in hostile work environments that perpetuate the societal power imbalance between men and women. For example, the high incidence of harassment reported in the military is believed to be partly a function of its rigid hierarchy and power differentials.¹⁰⁷ Incidents of harassment and organizational inaction to complaints of harassment are also more likely in male-dominated industries in which men attempt to maintain their dominance relative to women.¹⁰⁸ For instance, two Ford plants in Chicago have been the centre of repeated harassment complaints for literally decades, with Ford paying millions in settlement money but not correcting the problem.¹⁰⁹ At the other end of the technology spectrum, consider the high-tech domain and Silicon Valley. Among tech companies, so-called non-disparagement clauses in legal settlements and even in standard work contracts have been used commonly to shield harassers and their companies from bad publicity, silencing victims of abuse from speaking out.¹¹⁰ This perpetuates a culture of abuse, which includes the venture capitalists who control the purse strings for hopeful startups.¹¹¹ One high-profile tech case involved Uber, where 20 employees were fired and the CEO stepped

down after whistle-blower engineer Susan Fowler published a blog detailing a culture of sexual harassment at the company.¹¹²

Clients and customers can also engage in harassment. Many service jobs are performed by women, who are required to spend virtually their entire workday with customers. Other jobs (e.g., sales reps) require the development of strong client relationships. In a web-based survey of professional women, 86 percent reported having experienced sexist hostility; 40 percent reported unwanted sexual attention; and 8 percent reported sexual coercion. Harassment increased when the proportion of men in the client base increased and when the clients were perceived as holding a lot of power (e.g., were very important to company business). Also, minority women were more likely to be harassed.¹¹³ Jennifer Berdahl found that harassment was more likely to be experienced by women who exhibited traditionally masculine personality traits (such as independence and assertiveness). Thus, the motive was punishment for gender role “deviance” rather than sexual desire.¹¹⁴

Like the RCMP, many organizations are slow to react to complaints of sexual harassment. This has been labelled the “deaf ear syndrome,” which refers to the “inaction or complacency of organizations in the face of charges of sexual harassment.”¹¹⁵ The deaf ear syndrome doubtless contributes immensely to the marked tendency for harassment to go unreported. An Angus Reid poll found that nearly a third of Canadians reported sexual harassment at work, but 78 percent of these respondents did not report the behaviour.¹¹⁶ Management at CBC Radio was accused by some of turning a deaf ear to harassment complaints about fired radio host Jian Ghomeshi because he was such a successful “talent” fronting the well-regarded progressive pop culture program *Q*.¹¹⁷

Organizations can effectively deal with allegations of sexual harassment and increase their responsiveness by taking a number of important

measures.

- *Examine the characteristics of deaf ear organizations.* Managers should examine their own organizations to determine if they have any of the characteristics that would make them susceptible to the deaf ear syndrome.
- *Foster management support and education.* Sexual harassment training programs are necessary to educate managers on how to respond to complaints in a sensitive and respectful manner.
- *Stay vigilant.* Managers must monitor the work environment and remove displays of a sexual nature and factors that can contribute to a hostile work environment.
- *Take immediate action.* Failure to act is likely to result in negative consequences for the organization and the victims of sexual harassment. Organizations considered to be the best places for women to work are known for their swift action and severe handling of harassers.
- *Create a state-of-the-art policy.* Sexual harassment policies and procedures need to clearly define what constitutes harassment and the sanctions that will be brought to bear on those found guilty of it.
- *Establish clear reporting procedures.* User-friendly policies need to be designed so that there are clear procedures for filing complaints and mechanisms in place for the impartial investigation of complaints. The privacy of those involved must also be protected.¹¹⁸

Organizations that are responsive to complaints of sexual harassment have top management commitment, provide comprehensive education programs, continuously monitor the work environment, respond to complaints in a thorough and timely manner, and have clear policies and procedures.¹¹⁹

Employing Ethical Guidelines

◀ Listen to the Audio

A few simple guidelines, regularly used, should help in the ethical screening of decisions. The point is not to paralyze your decision making but to get you to think seriously about the moral implications of your decisions before you make them.¹²⁰

- Identify the stakeholders who will be affected by any decision.
- Identify the costs and benefits of various decision alternatives to these stakeholders.
- Consider the relevant moral expectations that surround a particular decision. These might stem from professional norms, laws, organizational ethics codes, and principles such as honest communication and fair treatment.
- Be familiar with the common ethical dilemmas that decision makers face in your specific organizational role or profession.
- Discuss ethical matters with decision stakeholders and others. Do not think ethics without talking about ethics.
- Convert your ethical judgments into appropriate action.

What this advice does is enable you to recognize ethical issues, make ethical judgments, and then convert these judgments into behaviour.¹²¹

Training and education in ethics have become very popular in business schools and organizations. Evidence indicates that such instruction does have a positive impact on moral reasoning and ethical behaviour.¹²²















Summary: Power, Politics, and Ethics

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 12.

12.1 Define *power*, and review the bases of individual power.

Power is the capacity to influence others who are in a state of dependence. People have power by virtue of their position in the organization (legitimate power) or by virtue of the resources that they command (reward, coercion, friendship, or expertise).

12.2 Explain how people obtain power in organizations.

12.3 Discuss the concept of *empowerment*.

12.4 Provide a profile of power seekers.

12.5 Explain *strategic contingencies*, and discuss how subunits obtain power.

12.6 Define *organizational politics*, and discuss its various forms.

12.7 Define *ethics*, and review the ethical dilemmas that managers and employees face.

12.8 Define *sexual harassment*, and discuss what organizations can do to prevent it and how they should respond to allegations.

Key Terms

Start Over

Swap

0/19 REVIEWED · 0 MASTERED

Referent power



Previous

Next

Got It!



* On-the-Job Challenge Question

Air Canada and Neena Cheema

Neena Cheema had worked at Air Canada for 17 years. Cheema, a cleaning and cabin service worker at Vancouver International Airport, found four packets of almonds and a tube of hand lotion left behind by a first-class passenger. She said that she had intended to leave the items on the galley counter but, rushing to finish the job, inadvertently left them in her jacket pocket. Shortly thereafter, she offered the nuts and lotion to a human resources staff member that she was contacting about trying to change her vacation schedule. Citing theft and bribery, Air Canada fired Neena. Although an arbitrator upheld the decision, a British Columbia Supreme Court Justice subsequently found that the penalty was not proportional to the misconduct and ordered that a new penalty be arbitrated. In making the ruling, the Justice acknowledged that theft and bribery had indeed occurred.

What are the ethical dimensions of this case? How serious were Neena's actions? How ethical was Air Canada's response? How are issues of power apparent in the case?

Source: Based on Fraser, K. (2017, June 27). B. C. judge sets aside dismissal of Air Canada employee fired for stealing nuts and lotion. *Vancouver Sun*. <http://vancouversun.com/news/local-news/judge-sets-aside-dismissal-of-air-canada-employee-who-was-fired-for-stealing-nuts-and-lotion>.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Political Skill Inventory

Early in the chapter, we discussed political skill. This exercise will allow you to assess your political skill set.

Instructions: Using the following seven-point scale, place the number on the blank before each item that best describes how much you agree with each statement about yourself.

1. Strongly disagree
2. Disagree
3. Slightly disagree
4. Neutral
5. Slightly agree
6. Agree
7. Strongly agree

_____ **1** I spend a lot of time and effort at work networking with others.

_____ **2** I am able to make most people feel comfortable and at ease around me.

_____ **3** I am able to communicate easily and effectively with others.

_____ **4** It is easy for me to develop good rapport with most people.

_____ **5** I understand people very well.

_____ **6** I am good at building relationships with influential people at work.

_____ **7** I am particularly good at sensing the motivations and hidden agendas of others.

- _____ **8** When communicating with others, I try to be genuine in what I say and do.
- _____ **9** I have developed a large network of colleagues and associates at work whom I can call on for support when I really need to get things done.
- _____ **10** At work, I know a lot of important people and am well connected.
- _____ **11** I spend a lot of time at work developing connections with others.
- _____ **12** I am good at getting people to like me.
- _____ **13** It is important that people believe I am sincere in what I say and do.
- _____ **14** I try to show a genuine interest in other people.
- _____ **15** I am good at using my connections and network to make things happen at work.
- _____ **16** I have good intuition or savvy about how to present myself to others.
- _____ **17** I always seem to instinctively know the right things to say or do to influence others.
- _____ **18** I pay close attention to people's facial expressions.

Scoring and Interpretation

To compute your overall political skill, add up your scores and divide the total by 18. Scores below 2.3 indicate low political skill, and scores over 4.6 signal high political skill. You can also compute your scores for the various dimensions of political skill. To determine your social astuteness, sum answers 5, 7, 16, 17, and 18 and divide by 5. To determine your interpersonal influence, sum answers 2, 3, 4, and 12 and divide by 4. To assess your networking ability, sum answers 1, 6, 9, 10, 11, and 15 and divide by 6. Finally, to compute your apparent sincerity, sum answers 8, 13, and 14 and divide by 3. It is also useful to see how others rate your

political skill. Have someone who knows you well use the scale to rate you and compare his or her rating with yours.

Source: Ferris, G. R., Treadway, D. C., Kolodinsky, R. W., Hochwarter, W. A., Kacmar, C. J., Douglas, C., & Frink, D. D. (2005). Development and validation of the Political Skill Inventory. *Journal of Management, 31*, 126–152, Sage Publications (U.S.) Inc.

Case Incident

Yahoo's Resume Scandal

"And computer science" were three words that Yahoo CEO Scott Thompson would come to regret. Thompson, the former president of PayPal, had been at Yahoo for only four months when Third Point, an activist shareholder group seeking representation on the board, claimed that he had misrepresented his academic credentials in the Yahoo annual report filed with the U.S. Securities and Exchange Commission. The report, which CEOs must certify as true, stated that "Mr. Thompson holds a B.S. in accounting and computer science from Stonehill College." In fact, Thompson held an accounting degree but not one in computer science. The press quickly ascertained that Thompson's degree had in the past also been inaccurately stated on the PayPal website but that it was accurately described in formal SEC filings by PayPal parent eBay and another firm where Thompson was a board member. The degree scandal occurred against a backdrop of turmoil at Yahoo, which had been losing ground to web-based companies Google, Facebook, and YouTube. The previous CEO had been fired within a year, and there had been recent staff layoffs. Third Point was the largest shareholder in Yahoo and had launched a proxy war to place its founder Daniel Loeb and other Third Point nominees on the board to assert and protect its interests.

Discrediting Scott Thompson was a step in this direction.

Sources: Pepitone, J. (2012, May 13). Yahoo CEO out after resume scandal—reports. *CNNMoney*, <http://money.cnn.com/2012/05/13/technology/yahoo-ceo-out-rumor/index.htm>; Saginor, J. (2012, May 13). Yahoo! CEO Scott Thompson resigns amid resume scandal. *Digital Trends*, www.digitaltrends.com/web/yahoo-ceo-scott-thompson-resigns-amid-resume-scandal/; Saginor, J. (2012, April 6). Yahoo versus the hedge fund millionaire: A Silicon Valley soap opera. *Digital Trends*, 2012, www.digitaltrends.com/web/yahoo-versus-the-hedge-fund-billionaire-a-silicon-valley-soap-opera/.

- *1. How serious of an ethical violation was Scott Thompson's misstatement of academic qualifications in the Yahoo annual report? Who are the relevant stakeholders here? What might have motivated this misrepresentation?
2. What should Thompson have done to resolve this? What should the board of directors have done?

* Question 1 is also assignable in Writing Space.

Case Study

Dr. Jamie Thompson

Dr. Elizabeth Clarke was in her office late one evening, reviewing overtime reports from the previous month. As chair of the surgery department at University Hospital, she was responsible for overseeing the entire team of surgeons, nurses, and staff of the different surgical divisions within the department and ensuring the smooth operation of the overall surgical service.

Overtime costs had been higher over the past several months, often as a result of extra cases added to the schedule by Dr. Jamie Thompson, one of the surgeons recently hired in the general surgery division. Dr. Clarke knew that the hospital budget office (not to mention the staff who had to stay late in the operating room) wouldn't be happy about the overtime, but she was also proud of the results—both in terms of volume as well as patient outcomes and satisfaction scores—the department had been getting, and she couldn't help attributing some of those gains to the hiring of Thompson.

Dr. Clarke had been introduced to Jamie Thompson by one of her friends from her residency training, who now taught at a prestigious medical center and had mentored Thompson. Dr. Clarke was impressed during their interview: "Jamie seemed to have a lot of drive and gumption, which is what I was looking for in someone who could help grow our surgical services here at University Hospital. I felt that we had a lot in common and shared a vision about how the department could expand and improve. We got along really well."

In the time since joining the department, Jamie Thompson had built a reputation as an excellent surgeon and was very popular with patients and their families. Dr. Clarke thought Thompson had the potential to become one of the best surgeons in the hospital: "It hasn't been that long, and already several senior people have commented on Jamie's surgical technique, and multiple patients have come to me and said 'Oh, we love Dr. Thompson!'"

However, these were not the only comments Dr. Clarke had received. On the way to achieving these great surgical results, Thompson often created chaos within the organization. "When a patient presents to clinic," Clarke noted, "Jamie will often try to push the envelope and add that case on top of the cases already booked, with little regard for how the schedule or workflow might be disrupted." As one of the hospital anesthesiologists recently complained, "Even on days when the schedule is totally full, Jamie will try to squeeze a 'quick little case' in there, and then that case inevitably takes longer than anticipated, so now everybody's schedule is delayed. We are stuck in there until the procedure is done and can't start our next scheduled case, so it throws off our entire coverage."

These delays escalated throughout the day, spilling over into subsequent cases and causing tension between different members of the perioperative team. For instance, the environmental services (ES) staff, who clean and turn over the operating room (OR) between cases, had come to Dr. Clarke because they felt that the nurses in charge of the ORs were taking out their frustration on the ES team for delays they couldn't control: "They want a clean room, don't they? It takes how long it takes to clean it. We can't magically make it go faster just because somebody else's case went long. I know the OR charge nurse is getting yelled at by the surgeon, but it's not fair for them to turn around and yell at us about it."

Dr. Clarke had also received several complaints from other surgeons in the department: “They’re irritated that Jamie’s add-ons are happening at the expense of their scheduled cases. There’s always that competitive edge among surgeons, and if they feel their numbers are taking a hit, they’ll come to me angry, saying ‘How can you let this go on? Jamie is disrupting everything and needs to go!’ It has definitely caused some tension.” At the same time, a group of nurses and scrub technicians had raised concerns about Thompson’s behavior in the OR: “Dr. Thompson likes using all this new complicated equipment, so we have to stock and prepare all those things on top of the instruments everyone else uses. And once we set it all up, we aren’t always as familiar with the new instruments, so sometimes we take longer getting something when we’re asked, or we get the wrong one, and the whole time we’re being told to ‘hurry up!’ and ‘get it right!’”

These kinds of complaints reflected one of the more challenging aspects of Dr. Clarke’s role as chair of surgery—managing a department that employs people in a wide variety of different specialties and professions, each with their own norms and expectations: “I was trained as a pediatric surgeon, so I know that world really well. But now I am leading the chiefs and surgeons of divisions like vascular, transplant, and trauma surgery, not to mention all of the different nursing groups, scrub technicians, schedulers, supply managers, and everyone else. They all have their own expectations and views of the world, and I have to bridge those, especially when the department has to coordinate with others in the hospital, like anesthesia.”

Clarke had been chosen for this challenging role as a result of her successful track record in various other management positions and because of her reputation as a hard-nosed, focused leader. Indeed, she had already made a number of major improvements to the department during her tenure as chair, and she had recently put forth an ambitious

new plan for future growth, pushing for the department to lead the region in surgical volume and patient satisfaction within the next five years. The last thing she needed was for this Thompson issue to derail her plan.

The chief of the general surgery division had already met with Thompson several times about the complaints, but it seemed these conversations had little meaningful effect on the problem. Dr. Clarke decided that she would have to step in and address the issue personally, especially since it had been her friend's recommendation that originally led to Thompson's hiring. But she found it far from simple to decide how to handle the situation. She could certainly appreciate having someone with such strong motivation and drive in the department, and it was hard to overlook Jamie's volume and satisfied patients.

But patients didn't see the havoc that was wreaked to make these results happen. That havoc had caused Dr. Clarke a lot of headaches, and she couldn't afford the anger and frustration among her staff growing any further. As she closed the last overtime report, she realized that—one way or another—she needed to do something, and soon.

Source: Published by WDI Publishing, a division of the William Davidson Institute (WDI) at the University of Michigan. Case 1-430-501. ©2017 Christopher G. Myers, Kathleen M. Sutcliffe, and Yemeng Lu-Myers. This case was developed by Professors Christopher G. Myers and Kathleen M. Sutcliffe of the Johns Hopkins Carey Business School with Dr. Yemeng Lu-Myers of the University of Maryland Medical Center. This case was prepared exclusively as the basis for class discussion and is not intended to illustrate either effective or ineffective handling of a situation. The case should not be considered criticism or endorsement and should not be used as a source of primary data.

Questions

1. Describe the bases of power held by Dr. Jamie Thompson.
Describe the bases of power held by Dr. Elizabeth Clarke.
2. What activities and people have contributed to Jaime Thompson's power? What activities and people threaten his power?
- *3. Is there evidence of political behaviour in the case? If so, who is playing politics?

4. Does Jamie Thompson exhibit political skill?
5. What are the ethical ramifications of the events in the case?
6. What should Elizabeth Clarke do now? Consider influence tactics in framing your answer.

* Question 3 is also assignable in Writing Space.













































Chapter 13

Conflict and Stress

◀ Listen to the Audio



Learning Objectives

After reading Chapter 13, you should be able to:

- 13.1 Define *conflict*, and review its causes in organizations.
- 13.2 Explain the *types of conflict* and the process by which conflict occurs.
- 13.3 Discuss the various *modes of managing conflict*.
- 13.4 Review a range of *negotiation techniques*.
- 13.5 Distinguish between *stressors*, *stress*, and *stress reactions*.
- 13.6 Discuss the role that personality plays in stress.
- 13.7 Review the sources of stress encountered by various organizational role occupants.
- 13.8 Describe *behavioural*, *psychological*, and *physiological reactions* to stress, and discuss techniques for managing stress.

Amazon's Stressful Culture

It is easy to find a plethora of stress management books for sale on Amazon.com. However, the organization is not known for practising what it sells. A New York Times exposé on the company based on over 100 employee interviews depicted a brutal, punishing, survival-of-the-fittest culture underlying its spectacular financial success. While the culture drives some employees to perform at their very highest levels, and the firm garnered Fast Company's accolade as the World's Most Innovative Company of 2017, the toll it takes on many others seems excessive. Underlying this culture is the core belief of data-driven founder and CEO Jeff Bezos that harmony among employees is a much-overrated management goal and that such harmony can result in complacency and lead to bad decisions. The preferred alternatives are conflict, extreme competition among peers, relentless negative feedback, and a self-critical attitude that one is not measuring up to Amazon's high standards. For instance, Amazon's Anytime Feedback Tool encourages workers to send anonymous criticism (or praise) of their peers to management. All of this ostensible brutal honesty is meant to drive out the bad employees, retain the good, and result in a meritocracy grounded on superior decisions, but a by-product is a highly politicized work setting in which it is tempting to sabotage colleagues to gain an edge on them. Challenging others' ideas to the point of belittlement is seen as a means to get to the truth.

The company is one of the most proficient data gatherers on the planet, and employees are expected to be familiar with the most minute details of their particular operations in spite of information overload. Tales of "grown men crying," having lengthy meetings on holidays, receiving emails after midnight, and working evenings and weekends are common. A number of stories have emerged of people with serious medical conditions being put on performance improvement plans because their recent work was viewed as substandard.

In a follow-up article, the Times conceded that brutal competition is at the heart of HR practices in many other organizations besides Amazon, citing elite law firms, investment banks, and management consulting firms as prime examples. It noted that although many such organizations boast of kinder, gentler HR policies than Amazon, at their core is the same “rank and yank” tournament-style employee appraisal system in which some people are forced out. Indeed, despite very rigorous hiring standards, Amazon exhibits considerable turnover. Although the company disputes this, many tech competitors have snapped up ex-Amazon workers who can’t or won’t tolerate what they see as a combative, uncaring culture.



Amazon has been said to have a stressful work culture.

Lisa Werner/Alamy Stock Photo

Amazon has many supporters who defend its harsh meritocratic practices as necessary in light of the fierce competition in what is a low-margin business. Some argue that Amazon is upfront about its culture, that new hires should know what they’re getting into, and that people

surely know where they stand in the company. Billionaire Bezos defended Amazon in an internal staff email following the initial Times article, saying that he did not recognize and would not work at the kind of company described in the article and urging abused employees to contact HR or him directly. Nonetheless, it remains to be seen if using stress as a keystone motivational tool is a sustainable course of action in the longer term.¹

In this chapter, we will define *conflict*, discuss its causes, and examine various ways of handling conflict, including negotiation. Then we will explore *work stress*, noting its causes and the consequences that it can have for both individuals and organizations. Various strategies for managing stress will be considered.

What Is Conflict?

◀ Listen to the Audio

- LO1 Define *conflict*, and review its causes in organizations.
- LO2 Explain the *types of conflict* and the process by which conflict occurs.

Conflict is a process that occurs when one person, group, or organizational subunit frustrates the goal attainment of another. Thus, the curator of a museum might be in conflict with the director over the purchase of a particular work of art. Likewise, the entire curatorial staff might be in conflict with the financial staff over cutbacks in acquisition funds.

In its classic form, conflict involves antagonistic attitudes and behaviours, as noted at Amazon. As for attitudes, the conflicting parties might develop a dislike for each other, see each other as unreasonable, and develop negative stereotypes of their opposites (“Those scientists should get out of the laboratory once in a while”). Antagonistic behaviours might include name-calling, sabotage, or even physical aggression. In some organizations, the conflict process is managed in a collaborative way that keeps antagonism at a minimum. In others, conflict is hidden or suppressed and not nearly so obvious (e.g., some gender conflict).²

Causes of Organizational Conflict

◀ Listen to the Audio

It is possible to isolate a number of factors that contribute to organizational conflict.³

Group Identification and Intergroup Bias

An especially fascinating line of research has shown how identification with a particular group or class of people can set the stage for organizational conflict. In this work, researchers have typically assigned people to groups randomly or on the basis of some trivial characteristic, such as eye colour. Even without interaction or cohesion, people have a tendency to develop a more positive view of their own “in-group” and a less positive view of the “out-group,” of which they are not a member.⁴ The ease with which this unwarranted intergroup bias develops is disturbing.

Why does intergroup bias occur? Self-esteem is a critical factor. Identifying with the successes of one’s own group and disassociating oneself from out-group failures boosts self-esteem and provides comforting feelings of social solidarity. Research by one of your authors, for example, found that people felt that their work group’s attendance record was superior to that of their occupation in general (and, by extension, other work groups).⁵ Attributing positive behaviour to your own work group should contribute to your self-esteem.

In organizations, there are a number of groups or classes with which people might identify. These might be based on personal characteristics (e.g., race or gender), job function (e.g., sales or production), or job level (e.g., manager or non-manager). Furthermore, far from being random or trivial, differences between groups might be accentuated by real differences in power, opportunity, clients serviced, and so on. The best prognosis is that people who identify with some groups will tend to be leery of out-group members. The likelihood of conflict increases as the factors we cover in the next sections enter into the relationship between groups.

Interdependence

When individuals or subunits are mutually dependent on each other to accomplish *their own* goals, the potential for conflict exists. For example, the sales staff is dependent on the marketing department for sales leads and for infrastructure such as research, advertising, promotions, and brochures. On the other hand, marketing depends on the sales staff meeting revenue targets that signal that marketing is operating effectively. If problems occur, stereotyping and name-calling can happen, with marketers seeing sales personnel as “glorified order takers” and sales viewing marketing as ivory tower occupants out of touch with the gritty realities of the marketplace.⁶ In contrast, the sales staff and the office maintenance staff are not highly interdependent. Salespeople are on the road a lot and should not make great demands on maintenance. Conversely, a dirty office probably won’t lose a sale.

Interdependence sets the stage for conflict for two reasons. First, it necessitates interaction between the parties so that they can coordinate their interests. Conflict will not develop if the parties can “go it alone.” Second, interdependence implies that each party has some *power* over the

other. It is relatively easy for one side or the other to abuse its power and create antagonism.

Interdependence does not *always* lead to conflict. In fact, it often provides a good basis for collaboration through mutual assistance. Whether interdependence prompts conflict depends on the presence of other conditions, which we will now consider.

Differences in Power, Status, and Culture

Conflict can erupt when parties differ significantly in power, status, or culture.

Power

If dependence is not mutual but one way, the potential for conflict increases. If party A needs the collaboration of party B to accomplish its goals but B does not need A's assistance, antagonism may develop. B has power over A, and A has nothing with which to bargain. A good example is the quality control system in many factories. Production workers might be highly dependent on inspectors to approve their work, but this dependence is not reciprocated. The inspectors might have a separate boss, their own office, and their own circle of friends (other inspectors). In this case, production workers might begin to treat inspectors with hostility, one of the symptoms of conflict.

Status

Status differences provide little impetus for conflict when people of lower status are dependent on those of higher status. This is the way organizations often work, and most members are socialized to expect it. However, because of the design of the work, there are occasions when employees who technically have lower status find themselves giving orders to, or controlling the tasks of, higher-status people. In many

restaurants, lower-status servers give orders and initiate queries to higher-status chefs. The latter might resent this reversal of usual lines of influence.⁷ In some organizations, junior staff are more adept with information technology than senior staff. Some executives are defensive about this reversal of roles.

At least as bad as status reversals are cases where who has the most status is actually contested. Thus, marketers, having spent several years at university studying their profession, might view themselves as elite compared to sales personnel. Conversely, sales personnel wonder how this can be when *they* earn more pay, have more freedom, and get the hero's credit for making revenue targets.⁸

Culture

When two or more very different cultures develop in an organization, the clash in beliefs and values can result in overt conflict. Hospital administrators who develop a strong culture centred on efficiency and cost-effectiveness might find themselves in conflict with physicians who share a strong culture based on providing excellent patient care at any cost. A telling case of cultural conflict occurred when Apple expanded and hired professionals away from several companies with their own strong cultures.

During the first couple of years Apple recruited heavily from Hewlett-Packard, National Semiconductor, and Intel, and the habits and differences in style among these companies were reflected in Cupertino. There was a general friction between the rough and tough ways of the semiconductor men (there were few women) and the people who made computers, calculators, and instruments at Hewlett-Packard. . . . Some of the Hewlett-Packard men began to see themselves as civilizing influences and were horrified at the uncouth rough-and-tumble practices of the brutes from the semiconductor industry. . . . Many of the men from National Semiconductor and other stern backgrounds harboured a similar contempt for the Hewlett-Packard recruits. They came to look on them as prissy fusspots.⁹

A similar culture clash occurred when the Canadian brokerage firm Canaccord Financial acquired Genuity Capital Markets. Right from the start, the press release announcing the deal stressed the past allegiances of the new management team, and the two camps were physically separated in both the Calgary and Vancouver offices. Those from Genuity were much more risk tolerant than the Canaccord people. Gradually, such factors damaged the team spirit that Canaccord prized before the acquisition.¹⁰

Ambiguity

Ambiguous goals, jurisdictions, or performance criteria can lead to conflict. Under such ambiguity, the formal and informal rules that govern interaction break down. In addition, it might be difficult to accurately assign praise for good outcomes or blame for bad outcomes when it is hard to see who was responsible for what. For example, if sales drop following the introduction of a “new and improved” product, the design group might blame the marketing department for a poor advertising campaign. In response, the marketers might claim that the “improved” product is actually inferior to the old product. At the *New York Times*, the print and digital units engaged in a turf war over the debatable issue of who should control the pricing and distribution of iPad content.¹¹




Ambiguous performance criteria are a frequent cause of conflict between managers and employees. The basic scientist who is charged by a chemical company to “discover new knowledge” might react negatively when her boss informs her that her work is inadequate. This rather open-ended assignment is susceptible to a variety of interpretations. Conflict is not uncommon in the film and entertainment industry, in part because a great deal of ambiguity surrounds just what is needed to produce a hit movie or show.


Scarce Resources

In the previous chapter, we pointed out that differences in power are magnified when resources become scarce. This does not occur without a battle, however, and conflict often surfaces in the process of power jockeying. Limited budget money, administrative support, or lab space can contribute to conflict. Scarcity has a way of turning latent or disguised conflict into overt conflict. Two scientists who do not get along very well may be able to put up a peaceful front until a reduction in lab space provokes each to protect his or her domain. At Amazon, competition to retain prime work positions, impress management, and get promoted prompted conflict among employees.

Types of Conflict

◀ Listen to the Audio

It is helpful to distinguish between relationship, task, and process conflict.¹² **Relationship conflict**  concerns tensions among individuals that have to do with their relationship per se, not the task at hand. So-called personality clashes are examples of relationship conflicts. **Task conflict**  concerns disagreements about the nature of the work to be done. Differences of opinion about goals or technical matters are examples of task conflict. Finally, **process conflict**  involves disagreements about how work should be organized and accomplished. Disagreements about responsibility, authority, resource allocation, and who should do what constitute process conflict.

In the context of work groups and teams, relationship and process conflict tend to be detrimental to member satisfaction and team performance. Such conflict prevents the development of cohesiveness ([Chapter 7](#) ). Occasionally, some degree of task conflict is actually beneficial for team performance, especially when the task is non-routine and requires a variety of perspectives to be considered and when it does not degenerate into relationship conflict.¹³ Thus, not all conflict is detrimental, and we shall return to some benefits of conflict later in the chapter. At Amazon, the company tried to stimulate task and process conflict to ultimately improve organizational decisions.

Conflict Dynamics

◀ Listen to the Audio

A number of events occur when one or more of the causes of conflict noted earlier take effect. We will assume here that the conflict in question occurs between groups, such as organizational departments. However, much of this is also relevant to conflict within teams or between individuals. Specifically, when conflict begins, we often see the following events transpire:

- “Winning” the conflict becomes more important than developing a good solution to the problem at hand.
- The parties begin to conceal information from each other or to pass on distorted information.
- Each side becomes more cohesive. Deviants who speak of conciliation are punished, and strict conformity is expected.
- Contact with the opposite party is discouraged except under formalized, restricted conditions.
- While the opposite party is negatively stereotyped, the image of one’s own position is boosted.
- On each side, more aggressive people who are skilled at engaging in conflict may emerge as leaders.¹⁴

You can certainly see the difficulty here. What begins as a problem of identity, interdependence, ambiguity, or scarcity quickly escalates to the point that the conflict process *itself* becomes an additional problem. The

elements of this process then work against the achievement of a peaceful solution. The conflict continues to cycle "on its own steam."















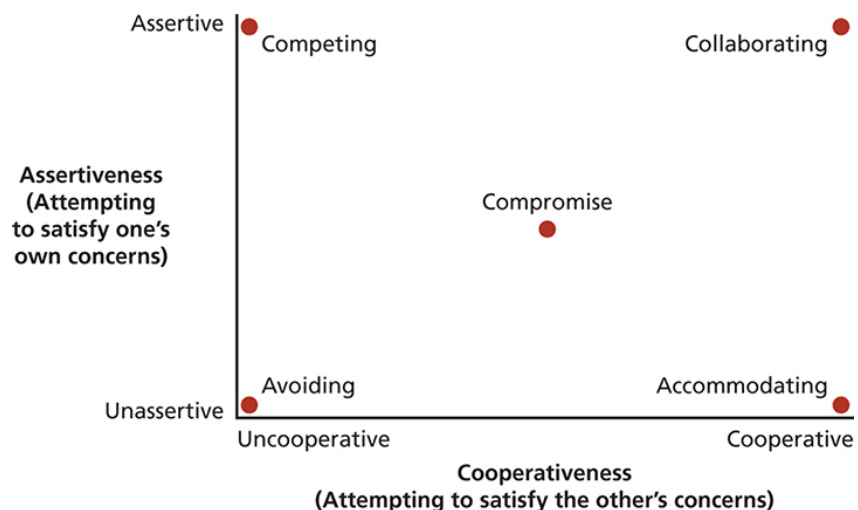
Modes of Managing Conflict

◀ Listen to the Audio

LO3 Discuss the various *modes of managing conflict*.

How do you tend to react to conflict situations? Are you aggressive? Do you tend to hide your head in the sand? As conflict expert Kenneth Thomas notes, several basic reactions can be thought of as styles or strategies for dealing with conflict. Shown in [Exhibit 13.1](#), these approaches to managing conflict are a function of both how *assertive* you are in trying to satisfy your own or your group's concerns and how *cooperative* you are in trying to satisfy those of the other party or group.¹⁵ None of the five styles for dealing with conflict is inherently superior, and each style might have its place given the situation in which the conflict episode occurs.

Exhibit 13.1 Approaches to managing organizational conflict.



Source: Thomas, K. W. (1992). Conflict and negotiations in organizations, in M. D. Dunnette, & L. M. Hough, (Eds.) *Handbook of industrial and organizational psychology* (2nd ed., Vol. 3). Palo Alto, CA: Consulting Psychologists Press. Used by permission of the author.

Avoiding

◀ Listen to the Audio

The avoiding style is characterized by low assertiveness of one's own interests and low cooperation with the other party. This is the "hiding one's head in the sand" response. Although avoidance can provide some short-term stress reduction from the rigours of conflict, it does not really change the situation. Thus, its effectiveness is often limited. Of course, avoidance does have its place. If the issue is trivial, information is lacking, people need to cool down, or the opponent is very powerful and very hostile, avoidance might be a sensible response.

Accommodating

◀ Listen to the Audio

Cooperating with the other party's wishes while not asserting one's own interests is the hallmark of accommodating [Ⓜ]. If people see accommodation as a sign of weakness, it does not bode well for future interactions. However, it can be an effective reaction when you are wrong, the issue is more important to the other party, or you want to build good will.

Competing

◀ Listen to the Audio



A **competing** style tends to maximize assertiveness for your own position and minimize cooperative responses. In competing, you tend to frame the conflict in strict win–lose terms. Full priority is given to your own goals, facts, or procedures. Apple co-founder Steve Jobs was famous for his competing style:

Jobs was known for yelling at employees and wielding colorful language. But his outbursts were preferable to his silence. “Those were the times when Steve went from raging lunatic, screaming and yelling and berating everybody, to sitting in his chair,” said Andy Grignon, a former senior engineer at Apple. “Those were the times when you were most terrified . . . It’s when he shut the hell up and just had this pensive look and he was just contemplating, and you knew that we were all in trouble.”¹⁶

The competing style holds promise when you have a lot of power, you are sure of your facts, the situation is truly win–lose, or you will not have to interact with the other party in the future. This style is illustrated in the chapter-opening vignette about Amazon.

Compromise

◀ Listen to the Audio

Compromise  combines intermediate levels of assertiveness and cooperation. Thus, it is itself a compromise between pure competition and pure accommodation. In a sense, you attempt to satisfy (Chapter 11 ) rather than maximize your outcomes and hope that the same occurs for the other party. In the law, a plea bargain is an example of a compromise between the defending lawyer and the prosecutor.

Compromise places a premium on determining rules of exchange between the two parties. As such, it always contains the seeds for procedural conflict in addition to whatever else is being negotiated. Also, compromise does not always result in the most creative response to conflict. Compromise is not so useful for resolving conflicts that stem from power asymmetry, because the weaker party may have little to offer the stronger party. However, it is a sensible reaction to conflict stemming from scarce resources. Also, it is a good fallback position if other strategies fail.

Collaborating

◀ Listen to the Audio

In the **collaborating** mode, both assertiveness and cooperation are maximized in the hope that an integrative agreement occurs that fully satisfies the interests of both parties. Emphasis is put on a win–win resolution, in which there is no assumption that someone must lose something. Rather, it is assumed that the solution to the conflict can leave both parties in a better condition. Ideally, collaboration occurs as a problem-solving exercise (Chapter 11). It probably works best when the conflict is not intense and when each party has information that is useful to the other. Although effective collaboration can take time and practice to develop, it frequently enhances productivity and achievement.¹⁷

Some of the most remarkable examples of collaboration in contemporary organizations are those between companies and their suppliers. Traditionally, adversarial competition in which buyers try to squeeze the very lowest price out of suppliers, who are frequently played off against each other, has dominated these relationships. This obviously does not provide much incentive for the perpetually insecure suppliers to invest in improvements dedicated toward a particular buyer. Gradually, things have changed, and now it is common for organizations to supply extensive engineering support and technical advice to their suppliers.

Conflict Management Styles

Click each conflict management style to learn more about it, then click "Check Your Understanding" to review.

Avoiding

Accommodation

Competing

Compromise

Collaborating

Check Your Understanding













Managing Conflict with Negotiation

LO 13.4 Review a range of *negotiation techniques*.

◀ Listen to the Audio

The stereotype we have of negotiation is that it is a formal process of bargaining between labour and management or buyer and seller. However, job applicants negotiate for starting salaries, employees negotiate for better job assignments, and people with sick kids negotiate to leave work early. To encompass all these situations, we might define **negotiation** as “a decision-making process among interdependent parties who do not share identical preferences.”¹⁸ Negotiation constitutes conflict management in that it is an attempt to either prevent conflict or resolve existing conflict.

It is common to distinguish between distributive and integrative negotiation tactics.¹⁹ **Distributive negotiation** assumes a zero-sum, win–lose situation in which a fixed pie is divided up between the parties. If you re-examine [Exhibit 13.1](#), you can imagine that distributive negotiation occurs on the axis between competition and accommodation. In theory, the parties will more or less tend toward some compromise. On the other hand, **integrative negotiation** assumes that mutual problem solving can result in a win–win situation in which the pie is actually enlarged before distribution. Integrative negotiation occurs on the axis between avoiding and collaborating, ideally tending toward the latter. Distributive and integrative negotiations can take place simultaneously. We will discuss them separately for pedagogical purposes.

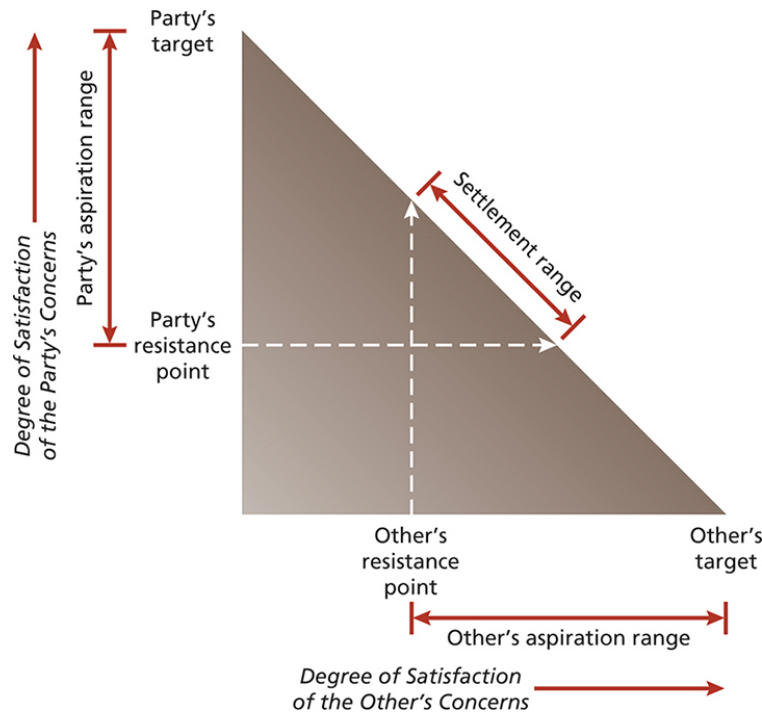
Distributive Negotiation Tactics

◀ Listen to the Audio

Distributive negotiation is essentially single-issue negotiation. Many potential conflict situations fit this scenario. For example, suppose you find a used car that you really like. Now things boil down to price. You want to buy the car for the minimum reasonable price, while the seller wants to get the maximum reasonable price.

The essence of the problem is shown in [Exhibit 13.2](#). Party is a consulting firm who would like to win a contract to do an attitude survey in Other's firm. Party would like to make \$90 000 for the job (Party's target) but would settle for \$70 000, a figure that provides for minimal acceptable profit (Party's resistance point). Other thinks that the survey could be done for as little as \$60 000 (Other's target) but would be willing to spend up to \$80 000 for a good job (Other's resistance point). Theoretically, an offer in the settlement range between \$70 000 and \$80 000 should clinch the deal, if the negotiators can get into this range. Notice that every dollar that Party earns is a dollar's worth of cost for Other. How will they reach a settlement?²⁰

Exhibit 13.2 A model of distributive negotiation.



Source: Thomas, K. W. (1992). Conflict and negotiations in organizations in M. D. Dunnette, & L. M. Hough (Eds.) *Handbook of industrial and organizational psychology* (2nd ed., Vol. 3). Palo Alto, CA: Consulting Psychologists Press. Used by permission of the author.

Threats and Promises

Threat consists of implying that you will punish the other party if he or she does not concede to your position. For example, the Other firm might imply that it will terminate its other business with the consulting company if Party does not lower its price on the attitude survey job.

Promises are pledges that concessions will lead to rewards in the future. For example, Other might promise future consulting contracts if Party agrees to do the survey at a lower price. Of course, the difference between a threat and a promise can be subtle, as when the promise implies a threat should no concession be made.

Threat has some merit as a bargaining tactic if one party has power over the other, especially if no future negotiations are expected or if the threat can be posed in a civil and subtle way.²¹ If power is more balanced and the threat is crude, a counter-threat could scuttle the negotiations, despite

the fact that both parties could be satisfied in the settlement range. Promises have merit when your side lacks power and anticipates future negotiations with the other side. Both threats and promises work best when they send interpretable signals to the other side about your true position—what really matters to you. Careful timing is critical.

Firmness versus Concessions

How about intransigence—sticking to your target position, offering few concessions, and waiting for the other party to give in? Research shows that such a tactic yields superior economic results, especially in face-to-face negotiations.²² When some concessions are thought to be appropriate, good negotiators often use face-saving techniques to explain them. For example, the consulting firm might claim that it could reduce the cost of the survey by making it web-based rather than paper-based.

Persuasion

Verbal persuasion or debate is common in negotiations. Often, it takes a two-pronged attack. One prong asserts the technical merits of the party's position. For example, the consulting firm might justify its target price by saying, "We have the most qualified staff. We do the most reliable surveys." The other prong asserts the fairness of the target position. Here, the negotiator might make a speech about the expenses the company would incur doing the survey.

Verbal persuasion is an attempt to change the attitudes of the other party toward your target position. Persuaders are most effective when they are perceived as expert, likeable, and unbiased. The obvious problem in distributive negotiations is bias—each party knows the other is self-interested. One way to deal with this is to introduce some unbiased parties. For example, the consulting firm might produce testimony from satisfied survey clients.

Salary negotiation is a traditional example of distributive bargaining. Studies on gender differences in negotiation have found that, overall, men tend to negotiate better outcomes than women, but that this difference is narrowed when women gain negotiation experience or are negotiating for another party.²³ Even small differences in negotiated salary would be perpetuated through subsequent salary increases based on percentage of pay. Thus, training programs that enable women to negotiate better starting salaries can have short- and long-term benefits.²⁴ Negotiation is worth doing, as a study showed that new hires who negotiated received a \$5000 salary premium. Collaborating and competing strategies were superior to compromising and accommodating.²⁵

Integrative Negotiation Tactics

◀ Listen to the Audio

As we noted earlier, integrative negotiation rejects a fixed-pie assumption and strives for collaborative problem solving that advances the interests of both parties. This requires trust between the parties, but this trust is often rewarded with superior negotiation outcomes.²⁶

At the outset, it is useful but sobering to realize that people have a decided bias for fixed-pie thinking. Integrative negotiation requires a degree of creativity. Many people are not especially creative, and the stress of typical negotiation does not provide the best climate for creativity in any event. This means that many of the role models that negotiators have (e.g., following labour negotiations on TV) are more likely to use distributive than integrative tactics. To complicate matters, if you are negotiating for constituents, they are also more likely to be exposed to distributive tactics and likely to pressure you to use them. Nevertheless, attempts at integrative negotiation can be well worth the effort.²⁷

Copious Information Exchange

Most of the information exchanged in distributive bargaining is concerned with attacking the other party's position and trying to persuade them of the correctness of yours. A freer flow of information is critical to finding an integrative settlement. The problem, of course, is that we all tend to be a bit paranoid about information being used against us in bargaining situations. This means that trust must be built slowly. One

way to proceed is to give away some non-critical information to the other party to get the ball rolling. As we noted earlier, much negotiation behaviour tends to be reciprocated. Also, ask the other party a lot of questions, and *listen* to their responses. This is at odds with the tell-and-sell approach used in most distributive negotiations. If all goes well, both parties will begin to reveal their true interests, not just their current positions.

Framing Differences as Opportunities

Parties in a negotiation often differ in their preferences, for everything from the timing of a deal to the degree of risk that each party wants to assume. Traditionally, such differences are framed as barriers to negotiations. However, such differences can often serve as a basis for integrative agreements because, again, they contain information that can telegraph each party's real interests. For instance, imagine that two co-workers are negotiating for the finishing date of a project that they have to complete by a certain deadline. Due to competing demands, one wants to finish it early, and the other wants to just make the deadline. In the course of the discussion, they realize that they can divide the labour such that one begins the project while the other finishes it, satisfying both parties fully (notice that this is not a compromise).



Integrative negotiation can result in win-win solutions.

Kzenon/123rf

Cutting Costs

If you can somehow cut the costs that the other party associates with an agreement, the chance of an integrative settlement increases. For example, suppose you are negotiating with your boss for a more interesting job assignment, but she does not like the idea because she relies on your excellent skills on your current assignment. By asking good questions (as discussed earlier), you find out that she is ultimately worried about the job being done properly, not about your leaving it. You take the opportunity to inform her that you have groomed a subordinate to do your current job. This reduces the costs of letting you assume the new assignment. Integrative solutions are especially attractive when they reduce costs for *all* parties.

Increasing Resources

Increasing available resources is a way of getting around the fixed-pie syndrome. This is not as unlikely as it sounds when you realize that two parties, working together, might have access to twice as many resources as one party. One of your authors once saw two academic departments squabbling to get approval to recruit one new faculty member for whom there was a budget line. Seeing this as a fixed pie leads to one department winning all or to the impossible compromise of half a recruit for each department. The chairs of the two departments used their *combined* political clout to get the dean to promise that they could also have exclusive access to one budget line the following year. The chairs then flipped a coin to see who would recruit immediately and who would wait a year. This minor compromise on time was less critical than the firm guarantee of a budget line.


Introducing Superordinate Goals


As discussed in [Chapter 7](#), superordinate goals are attractive outcomes that can be achieved only by collaboration.²⁸ Neither party can attain the goal on its own. Superordinate goals probably represent the best example of creativity in integrative negotiation because they change the entire landscape of the negotiation episode. Over the years, various terrorist attacks have created superordinate goals that prompt collaboration among nations that otherwise might have been mired in conflict over more trivial matters.

Is All Conflict Bad?

◀ Listen to the Audio

In everyday life, there has traditionally been an emphasis on the negative, dysfunctional aspects of conflict. However, as suggested in our previous distinction among task, process, and relationship conflict, there are some potential benefits of organizational conflict.²⁹ The argument that conflict can be functional rests mainly on the idea that it can improve decision making and promote necessary organizational change. For example, consider the museum that relies heavily on government funding and consistently mounts exhibits that are appreciated only by “true connoisseurs” of art. Under a severe funding cutback, the museum can survive only if it begins to mount exhibits with more popular appeal. Such a change might occur only after much conflict within the board of directors. Amazon assumes that conflict can be functional.

Constructive conflict  is most likely to promote good decisions and positive organizational change. Such conflict means that the parties to the conflict agree that its benefits outweigh its costs.³⁰ This is most likely when the tendency to avoid conflict is suppressed and the parties engage in open-minded discussion of their differences, being open to evidence that is counter to their current positions.

If conflict can be constructive, then there are times when managers might use a strategy of **conflict stimulation**  to foster change. But how does a manager know when some conflict might be a good thing? One signal is the existence of a “friendly rut,” in which peaceful relationships take

precedence over organizational goals. Another signal is seen when parties that should be interacting closely have chosen to withdraw from each other to avoid overt conflict. A third signal occurs when conflict is suppressed or downplayed by denying differences, ignoring controversy, and exaggerating points of agreement.³¹

The causes of conflict, discussed earlier, such as scarcity and ambiguity, can be manipulated by managers to achieve change.³² For example, when he was appointed vice-chairman of product development at General Motors, Robert Lutz sent out a memo entitled "Strongly-Held Beliefs." In it, the product czar said that GM undervalued exciting design, and he panned corporate sacred cows, such as the extensive use of consumer focus groups and product planning committees. Lutz stimulated conflict by signalling a shift of resources from marketing to design.³³

Conflict in organizations, warranted or not, often causes considerable stress. Let's now turn to this topic.













A Model of Stress In Organizations

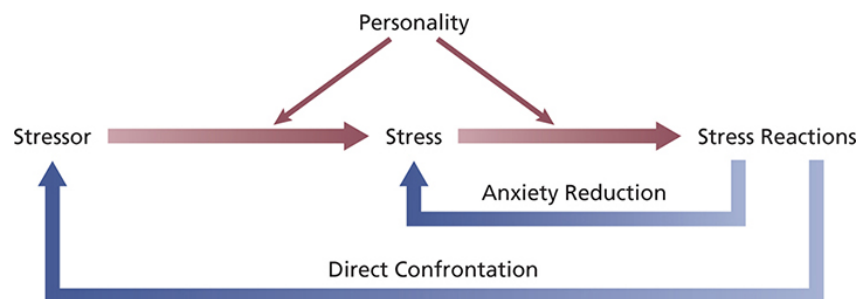
LO 13.5 Distinguish between *stressors*, *stress*, and *stress reactions*.

LO 13.6 Discuss the role that personality plays in stress.

◀ Listen to the Audio

In American Psychological Association surveys over the past decade, work was reported to be at or near the top of a wide range of stressors, edging out factors such as health and relationships.³⁴ And studies from around the globe point to a substantial societal cost burden due to the impact of work stress on productivity loss and damaged health.³⁵ The model of a stress episode in [Exhibit 13.3](#) can guide our introduction to work stress.³⁶

Exhibit 13.3 Model of a stress episode.



Stressors

◀ Listen to the Audio

Stressors are environmental events or conditions that have the potential to induce stress. There are some conditions that would prove stressful for just about everyone. These include such things as extreme heat, extreme cold, isolation, or hostile people. More interesting is the fact that the individual personality often determines the extent to which a potential stressor becomes a real stressor and actually induces stress.

Stress

◀ Listen to the Audio

Stress is a psychological reaction to the demands inherent in a stressor that has the potential to make a person feel tense or anxious because the person does not feel capable of coping with these demands.³⁷ Stress is not intrinsically bad. All people require a certain level of stimulation from their environment, and moderate levels of stress can serve this function. On the other hand, stress does become a problem when it leads to especially high levels of anxiety and tension. Obviously, the management style at Amazon described in the chapter-opening vignette provoked much stress.

Stress Reactions

◀ Listen to the Audio

Stress reactions [Ⓟ] are the behavioural, psychological, and physiological consequences of stress. Some of these reactions are passive responses over which the individual has little direct control, such as elevated blood pressure or reduced immune function. Other reactions are active attempts to *cope* with some previous aspect of the stress episode. **Exhibit 13.3** [□] indicates that stress reactions that involve coping attempts might be directed toward dealing directly with the stressor or simply reducing the anxiety generated by stress. In general, the former strategy has more potential for effectiveness than the latter because the chances of the stress episode being *terminated* are increased.³⁸

Often, reactions that are useful for the individual in dealing with a stress episode may be very costly to the organization. The individual who is conveniently absent from work on the day of a difficult inventory check might avoid personal stress but leave the organization short-handed, provoking stress in others. Thus, organizations should be concerned about the stress that individual employees experience.

Personality and Stress

◀ Listen to the Audio

Personality ([Chapter 2](#)) can have an important influence on the stress experience. As shown in [Exhibit 13.3](#), it can affect both the extent to which potential stressors are perceived as stressful and the types of stress reactions that occur. Let's look at three key personality traits.

Locus of Control

You will recall from [Chapter 2](#) that locus of control concerns people's beliefs about the factors that control their behaviour. Internals believe that they control their own behaviour, while externals believe that their behaviour is controlled by luck, fate, or powerful people. Compared with internals, externals are more likely to feel anxious in the face of potential stressors.³⁹ Most people like to feel in control of what happens to them, and externals feel less in control. Internals are more likely to confront stressors directly because they assume that this response will make a difference. Externals, on the other hand, are anxious but do not feel that they are masters of their own fate. Thus, they are more prone to simple anxiety-reduction strategies that work only in the short run.

Type A Behaviour Pattern

Interest in the Type A behaviour pattern began when physicians noticed that many sufferers of coronary heart disease, especially those who developed the disease relatively young, exhibited a distinctive pattern of behaviours and emotions.⁴⁰ Type As tend to be aggressive and

ambitious. Their hostility is easily aroused, and they feel a great sense of time urgency. They are impatient, competitive, and preoccupied with their work. Type A people report heavy workloads, long work hours, and many conflicting work demands.⁴¹ We will see later that such factors turn out to be potent stressors. In turn, Type A individuals are likely to exhibit elevated blood pressure, elevated heart rate, and modified blood chemistry. Frustrating, difficult, or competitive events are especially likely to prompt these adverse reactions. Type A people have a strong need to control their work environment, a full-time task that stimulates their feelings of time urgency and leads them to overextend themselves physically.⁴² The major component of Type A behaviour that contributes to adverse physiological reactions is hostility and repressed anger. This may also be accompanied by exaggerated cynicism and distrust of others. When these factors are prominent in a Type A individual's personality, stress is most likely to take its toll.⁴³

Some Type A individuals go so far as to become workaholics.

Workaholism [Ⓜ] is an "addiction" to work in which one has an internal compulsion to work, thinks persistently about work, and works excessively. Although they tend to be achievement-oriented perfectionists, these traits do not pay off for workaholics. Rather, these people tend to be stressed, burned out, dissatisfied, in poor health, and they do not perform better than their more laid-back colleagues.⁴⁴

Negative Affectivity

Negative affectivity [Ⓜ] is the propensity to view the world, including oneself and other people, in a negative light. It is a stable personality trait that is a major component of the Big Five personality dimension neuroticism **Chapter 2** [□]. People high in negative affectivity tend to be pessimistic and downbeat. Consequently, they tend to report more work

stressors and feel more subjective stress. They are particularly likely to feel stressed in response to the demands of a heavy workload.⁴⁵

Several factors might be responsible for the susceptibility to stress of those who are high in negative affectivity. These include (a) a predisposition to *perceive* stressors in the workplace, (b) hypersensitivity to existing stressors, (c) a tendency to gravitate to stressful jobs, (d) a tendency to *provoke* stress through their negativity, or (e) the use of passive, indirect coping styles that avoid the real sources of stress.⁴⁶















Stressors in Organizational Life

LO 13.7 Review the sources of stress encountered by various organizational role occupants.

 Listen to the Audio


In this section, we will examine potential stressors in detail. Some stressors can affect almost everyone in any organization, while others are likely to affect people who perform particular roles.

Executive and Managerial Stressors

◀ Listen to the Audio

Executives and managers make key organizational decisions and direct the work of others. In these capacities, they experience some special forms of stress.⁴⁷

Role Overload

Role overload  occurs when one must perform too many tasks in too short a time period or work too many hours, and it is a common stressor for managers, especially in today's downsized organizations. The open-ended nature of the managerial job is partly responsible for this heavy and protracted workload, which might add up to 60 or 70 hours a week. Management is an ongoing *process*, and there are few signposts to signify that a task is complete and that rest and relaxation are permitted. Especially when coupled with frequent moves or excessive travel, a heavy workload often provokes conflict between the manager's role as an organizational member and his or her role as a spouse or parent. Thus, role overload may provoke stress, at the same time preventing the manager from enjoying the pleasures of life that can reduce stress. Role overload is reportedly common at Amazon.



Randy Glasbergen

Heavy Responsibility

Not only is the workload of the executive heavy, but it can have extremely important consequences for the organization and its members. A vice president of labour relations might be in charge of a negotiation strategy that could result in either labour peace or a protracted and bitter strike. To complicate matters, the personal consequences of an incorrect decision can be staggering. For example, the courts have fined and even jailed executives who have engaged in illegal activities on behalf of their organizations. Finally, executives are responsible for people as well as things, and this influence over the future of others has the potential to induce stress. The executive who must terminate the operation of an unprofitable division, putting many out of work, or the manager who must lay off an employee, putting one out of work, may experience guilt and tension.

Operative-Level Stressors

◀ Listen to the Audio

Operatives are individuals who occupy non-professional and non-managerial positions in organizations. In a manufacturing organization, operatives perform the work on the shop floor and range from skilled craftspeople to unskilled labourers. As is the case with other organizational roles, the occupants of operative positions are sometimes exposed to a special set of stressors.

Poor Physical Working Conditions

Operative-level employees are more likely than managers and professionals to be exposed to physically unpleasant and even dangerous working conditions. Although social sensibility and union activity have improved working conditions over the years, many employees must still face excessive heat, cold, noise, pollution, and the chance of accidents.

Poor Job Design

Although bad job design can provoke stress at any organizational level (executive role overload is an example), the designs of lower-level blue- and white-collar jobs are particular culprits. It might seem paradoxical that jobs that are too simple or not challenging enough can act as stressors. However, monotony and boredom can prove extremely frustrating to people who feel capable of handling more complex tasks. Thus, research has found that job scope can be a stressor at levels that are either too low or too high.⁴⁸

Boundary Role Stressors, Burnout, and Emotional Labour

◀ Listen to the Audio

Boundary roles are positions in which organizational members are required to interact with members of other organizations or with the public. For example, a vice president of public relations is responsible for representing his or her company to the public. At other levels, receptionists, sale reps, and consultants often interact with customers or clients.

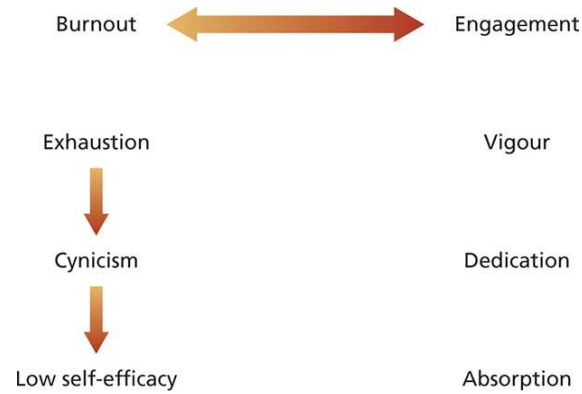
People are especially likely to experience stress as they straddle the imaginary boundary between the organization and its environment. This is yet another form of role conflict in which one's role as an organizational member might be incompatible with the demands made by the public or other organizations. A classic case of boundary role stress involves sales reps. In extreme cases, customers desire fast delivery of a custom-tailored product, such as a new software application. The sales rep might be tempted to "offer the moon" but at the same time is aware that such an order could place a severe strain on his or her organization's software development team. Thus, the sales rep is faced with the dilemma of doing his or her primary job (selling), while protecting another function (software development) from unreasonable demands that could result in a broken contract.

A particular form of stress (and accompanying stress reactions) experienced by some boundary role occupants is burnout. **Burnout**, as

Christina Maslach, Michael Leiter, and Wilmar Schaufeli define it, is a syndrome made up of emotional exhaustion, cynicism, and low self-efficacy ([Chapter 2](#))⁴⁹. Burnout was originally studied among those working in some capacity with people. Frequently, these people are organizational clients who require special attention or who are experiencing severe problems. Thus, teachers, nurses, paramedics, social workers, and police are especially likely candidates for burnout. However, burnout can occur even among non–boundary spanners.

Burnout follows a process that begins with emotional exhaustion (left side of [Exhibit 13.4](#)). The person feels fatigued in the morning, drained by the work, and frustrated by the day’s events. One way to deal with this extreme exhaustion is to become cynical and distance oneself from one’s clients, the “cause” of the exhaustion. In the extreme, this might involve depersonalizing them, treating them like objects, and lacking concern for what happens to them. The clients might also be seen as blaming the employee for their problems. Finally, the burned-out individual develops feelings of low self-efficacy and low personal accomplishment—“I can’t deal with these people; I’m not helping them; I don’t understand them.” In fact, because of the exhaustion and depersonalization, there might be more than a grain of truth to these feelings. Although the exact details of this progression are open to some question, these three symptoms paint a reliable picture of burnout, which seems common at Amazon.⁵⁰

Exhibit 13.4 The burnout–engagement continuum.



Burnout is common among people who entered their jobs with especially high ideals. Their expectations of being able to “change the world” are badly frustrated when they encounter the reality shock of troubled clients (who are often perceived as unappreciative) and the inability of the organization to help them. Teachers get fed up with being disciplinarians; nurses get upset when patients die; and police officers get depressed when they must constantly deal with the problem cases of society. Gender and personality are also related to burnout. Women are more likely to report emotional exhaustion, and men are more likely to report depersonalization. In general, those with high self-esteem, high conscientiousness, and internal control report less burnout.⁵¹



Many service jobs require emotional labour, suppressing negative emotions and exaggerating positive ones.

Compassionate Eye Foundation/Justin Pumfrey/Getty Images

What are the consequences of burnout?⁵² Some individuals bravely pursue a new occupation, often experiencing guilt about not having been able to cope in the old one. Others stay in the same occupation but seek a new job. For instance, the burned-out nurse may go into nursing education to avoid contact with sick patients. Some people pursue administrative careers in their profession, attempting to “climb above” the source of their difficulties. These people often set cynical examples for idealistic subordinates. Finally, some people stay in their jobs and become part of the legion of “deadwood,” doing little to contribute to the mission of the organization and exhibiting poor performance and excessive absenteeism.⁵³ Many “good bureaucrats” choose this route. Paradoxically, staying put and suffering is not uncommon, because people experiencing burnout practice avoidant decision-making styles and thus have trouble making decisions.⁵⁴

Much boundary role stress stems from the frequent need for such employees to engage in “emotional labour.” You will recall from **Chapter 4** that emotional labour involves regulating oneself to suppress negative emotions or to exaggerate positive ones. Thus, police officers are not supposed to express anger at unsafe motorists or drunks, and salon employees are supposed to act friendly and sympathetic to boorish clients. Such suppression and acting takes a toll on mental and emotional resources over time.⁵⁵

The Job Demands–Resources Model and Work Engagement

◀ Listen to the Audio

It is obvious that organizations should strive to avoid causing burnout and the extreme detachment from the job that it causes. In fact, organizations should strive to foster high work engagement and enthusiasm for the job. In recent years, the subject of engagement has captured the attention of both researchers and managers. In part, this is due to rather low self-reported levels of engagement. A recent American Psychological Association survey indicated that 31 percent of the workforce are highly engaged in their work, 48 percent are moderately engaged, and 21 percent are disengaged.⁵⁶ **Work engagement**[Ⓢ] can be defined as “a positive work-related state of mind that is characterized by vigor, dedication, and absorption.”⁵⁷ (See the right side of **Exhibit 13.4**[□]) Vigor involves high levels of energy and mental resilience at work; dedication means being strongly involved in your work and experiencing a sense of significance, enthusiasm, and challenge; absorption refers to being fully concentrated on and engrossed in your work. Research shows more engaged people are better performers and better organizational citizens⁵⁸ and that companies with more engaged workforces have better financial performance and customer satisfaction.⁵⁹

What determines whether employees tend toward engagement versus burnout?⁶⁰ According to the **job demands–resources model**[Ⓢ], the work environment can be described in terms of demands and resources.⁶¹ Job demands are physical, psychological, social, or organizational features of

a job that require sustained physical or psychological effort that in turn can result in physiological or psychological costs. Common demands include work overload, time pressure, role ambiguity, and role conflict. Job resources refer to features of a job that are functional in that they help achieve work goals, reduce job demands, and stimulate personal growth, learning, and development. Job resources can come from the organization (e.g., pay, career opportunities, and job security), interpersonal and social relations (e.g., supervisor and co-worker support, team climate), the organization of work (e.g., role clarity, participation in decision making), and the task itself (e.g., task significance, autonomy, and performance feedback). A central assumption of the model is that high job resources foster work engagement, while high job demands exhaust employees physically and mentally and lead to burnout. Indeed, research has found that job demands are related to burnout, disengagement, and health problems, while job resources lead to work engagement, organizational citizenship behaviour, and organizational commitment. Also, it shows that resources can buffer the negative impact of job demands on well-being.⁶² In fact, when resources are high, increased job demands are associated with a lower probability of death. When they are low, increased demands translate into a higher probability of death.⁶³


Exhibit 13.5  shows the results of a survey of 11 000 U.K. workers in 26 occupations. The occupations are ranked in terms of several outcomes of stress. The low-ranked jobs are “worse,” and those in italics are worse than average. These are the jobs that make high demands while supplying limited resources. Later in the chapter, we will suggest some ways to reduce stress or improve the ability to cope that involve reducing demands and/or increasing resources.

Exhibit 13.5

Occupations ranked on physical health, psychological well-being, and job satisfaction.

Rank	Physical Health	Psychological Well-Being	Job Satisfaction
1	<i>Ambulance</i>	<i>Social services providing care</i>	<i>Prison officer</i>
2	<i>Teachers</i>	<i>Teachers</i>	<i>Ambulance</i>
3	<i>Social services providing care</i>	<i>Fire brigade</i>	<i>Police</i>
4	<i>Customer services—call centre</i>	<i>Ambulance</i>	<i>Customer services—call centre</i>
5	<i>Bar staff</i>	<i>Vets</i>	<i>Social services providing care</i>
6	<i>Prison officer</i>	<i>Lecturers</i>	<i>Teachers</i>
7	<i>Mgmt (private sector)</i>	<i>Clerical and admin</i>	<i>Nursing</i>
8	<i>Clerical and admin</i>	<i>Mgmt (private sector)</i>	<i>Medical/dental</i>
9	<i>Police</i>	<i>Prison officer</i>	<i>Allied health professionals</i>
10	Teaching assistant	<i>Research—academic</i>	Bar staff
11	Head teachers	<i>Police</i>	Mgmt (private sector)
12	Secretarial/business support	<i>Customer services—call centre</i>	Fire brigade
13	Research—academic	Director (public sector)	Vets
14	Lecturers	Allied health professionals	Clerical and admin
15	Senior police	Bar staff	Mgmt (public sector)
16	Nursing	Nursing	Lecturers
17	Mgmt (public sector)	Medical/dental	Head teachers
18	Allied health professionals	Senior police	Teaching assistant
19	Medical/dental	Secretaria/business support	Secretarial/business support
20	Accountant	Head teachers	Director (public sector)
21	Fire brigade	Mgmt (public sector)	Research—academic
22	Vets	Accountant	Senior police
23	Director (public sector)	Teaching assistant	School lunchtime supervisors
24	Analyst	Analyst	Accountant
25	School lunchtime supervisors	School lunchtime supervisors	Analyst
26	Director/MD (private sector)	Director/MD (private sector)	Director/MD (private sector)

Note: The most stressful jobs have the lowest ranks. Jobs worse than average are indicated in italics.

Source: Johnson S. (2009). Organizational screening: The ASSET model. In S. Cartwright & C. L. Cooper (Eds.), *The Oxford handbook of organizational well-being*. Oxford: Oxford University Press, p. 145.

Some General Stressors

◀ Listen to the Audio


To conclude our discussion of stressors that people encounter in organizational life, we will consider some that are probably experienced equally by occupants of all roles.


Conflict

Interpersonal conflict can be a potent stressor, especially for those with strong avoidance tendencies. The entire range of conflict, from personality clashes to intergroup strife, is especially likely to cause stress when it leads to real or perceived attacks on our self-esteem or integrity. Although conflict can lead to stress in many settings outside of work, we often have the option of terminating the relationship, of “choosing our friends,” as it were. This option is seldom available at work.

A particular manifestation of conflict is workplace bullying. **Bullying** is repeated negative behaviour that is directed toward one or more individuals of lower power or status and creates a hostile work environment.⁶⁴ Research has clearly demonstrated that it is a potent source of stress, negative well-being, and sickness absenteeism.⁶⁵

A number of factors distinguish bullying as a stress-inducing form of conflict.⁶⁶ Although bullying can involve physical aggression, it is most commonly a more subtle form of psychological aggression and intimidation. This can take many forms, such as incessant teasing, demeaning criticism, social isolation, or sabotaging others’ projects or

equipment. An essential feature of bullying is its persistence, and a single harsh incident would not constitute such behaviour. Rather, it is the *repeated* teasing, criticism, or undermining that signals bullying. Another key feature of the bullying process is some degree of power or status imbalance between the bully and the victim. Power imbalance can be subtle, and some people might lack power due to their gender, race, physical stature, low job security, or educational credentials. Also, there is power in numbers, in that subordinates might team up to harass their boss. This is an example of a phenomenon closely associated with bullying called *mobbing*. Mobbing occurs when a number of individuals, usually direct co-workers, “gang up” on a particular employee.⁶⁷ Mobbing can be especially intimidating and stressful because it restricts the availability of social support that might be present when there is only a single bully. Even smart people can be bullied, as illustrated in [Research Focus: Get Smarty Pants](#) .

The role of differential power is most apparent when managers engage in the bullying of subordinates, a condition called **abusive supervision** . Abusive supervision is especially damaging to employee well-being because managers control considerable resources of interest to employees (e.g., access to promotions) and are a natural place to turn to for support when experiencing abuse. This is impossible when it is the manager who is the abuser. Research has shown that the negative behaviour can “trickle down” from managers to supervisors to workers, creating a climate of abuse.⁶⁸ A profile of abusive managers shows that they often come from abusive families, are themselves experiencing stress at work, and feel they have been treated unfairly.⁶⁹ Given this, organizations should obviously pay careful attention to who is assigned to leadership positions, especially since abusive supervision is tied to subordinate health problems.⁷⁰

Although bullying has occurred as long as people have worked, **cyberbullying** ⁷¹ is a newer form of bullying in which the abuse occurs electronically via email, texting, social media, or blogs. In some cases, the cyberbullying is direct in that it consists of harassing messages sent explicitly to the target of abuse. In other cases, it is indirect in that messages are posted publicly on Facebook, Twitter, YouTube, blogs, or webpages.⁷¹ The content of some cyberbullying constitutes sexual harassment (as discussed later). Cyberbullying can be especially destructive because the perpetrator might be anonymous, the audience for the abuse can be large, and the abuse extends into the non-work domain, so people feel they cannot get away from it.⁷²

Victims of bullying, mobbing, or abusive supervision experience stress because they feel powerless to deal with the perpetrator(s). Norway, Sweden, France, and several Canadian provinces have enacted laws that pertain to bullying in the workplace. Various organizations have also done their part. The U.S. Department of Veterans Affairs and IBM both have active anti-bullying programs. To drive home its seriousness about its policy, IBM fired several factory workers who mobbed their new supervisor.⁷³

Before continuing, consider *You Be the Manager: Riot Games: Assessing Toxicity in the Workplace* ⁷⁴.

You Be the Manager: Riot Games: Assessing Toxicity in the Workplace

Riot Games is the maker of one of the world's most popular computer games—League of Legends. Nearly 30 million players log in every day to compete in League's battle arenas; 7.5 million players clash concurrently at peak times. The team-based game is a take on capture the flag (or, more aptly, "destroy the enemy base"). Team dynamics, sportsmanship, and camaraderie are key to giving League players a fun experience. And so, if a player is exhibiting toxic behaviour in the game, in the form of written chats, it can have a seriously detrimental impact on their teammates' experience. If a new player encounters toxic behaviour in their very first game, they are 320 percent less likely to come back again. Toxic behaviours are defined by the community when players report bad behaviour and flag offensive chats via in-game tools. There are regional nuances, but toxic behaviours include homophobia, racism, sexism, and other forms of hate speech. Riot has built a sophisticated system to flag toxic behaviour and reward and reinforce positive behaviour in League of Legends.

And just like in a League of Legends game, research has shown that having a toxic teammate in the workplace can bring down the performance and morale of an entire team, having costly effects for an organization. Having long experimented with combatting bad behaviour in their game, Riot's Talent (HR) team wondered whether there was a correlation between in-game toxicity and real-world behaviour. All Riot employees (called "Rioters") play League of Legends, and every player has a behavioural profile. The Talent team partnered with their game designers to see if in-game toxicity might predict workplace troubles. The Riot team hypothesized there'd be a correlation between highly toxic in-game play and workplace toxicity; if a Rioter received lots of in-game complaints, the team assumed they'd have more friction with workplace teammates too. This is not to say Riot had a problem with workplace toxicity. Ranking high on Fortune's 100 Best Places to Work For list, it was quite the opposite. But as a quickly growing company, they were concerned about strengthening and scaling their culture.

Reset

Next

Sources: You Be the Manager and Manager's Notebook excerpted from Google's re:Work <https://rework.withgoogle.com/case-studies/riot-games-assessing-toxicity/>.

Research Focus

Get Smarty Pants

Organizations generally try to hire smart people and reward good performance. However, co-workers of smart, well-performing employees may not always be so generous. In a series of studies, Eugene Kim and Theresa Glomb explored the possibility that star performers can often be the victims of bullying. In one study, they found that smart employees (as determined by a cognitive test) were more likely to report having been bullied. This was especially likely when the smart people were dominant and assertive types rather than agreeable and social. In other studies, they found that high performers were more likely to be bullied and this bullying

might have been caused by co-workers' envy of their high performance. Again, however, the extent of bullying depended on other aspects of the potential victim. Good performers who identified more strongly with their work group were less likely to be victimized than those who were more detached from the group. The research sites spanned health care, university support staff, government work, and small advertising agencies. It would be interesting to see if the results hold in competitive high-tech environments. However, the urge to "get smarty pants" occurred in both the individualistic United States and in collectivist South Korea.

Source: Based on Kim, E., & Glomb, T. M. (2014). Victimization of high performers: The roles of envy and work group identification. *Journal of Applied Psychology, 99*, 619–634.

Work–Family Conflict

Work–family conflict occurs when either work duties interfere with family life or family life interferes with work responsibilities.⁷⁴ Such conflict results in burnout, and a Canadian national survey determined that it results in decreased work performance and increased absenteeism.⁷⁵

Two facts of life in contemporary society have increased the stress and burnout stemming from the interrole conflict between being a member of one's family and the member of an organization. First, the increase in the number of households in which both parents work and the increase in the number of single-parent families has led to a number of stressors centred around child care. Finding adequate daycare and disputes between partners about sharing child-care responsibilities can prove to be serious stressors. Second, increased lifespans have meant that many people in the prime of their careers find themselves providing support for elderly parents, some of whom may be seriously ill. This inherently stressful

eldercare situation is often compounded by feelings of guilt about the need to tend to matters at work.⁷⁶ Unfortunately, many managers seem to be insensitive to the demands that these basic demographic shifts are making on their employees.

Although it is popularly thought that women experience more work–family conflict than men, the accumulated research shows that men and women are equally susceptible.⁷⁷ However, women may be particularly *stressed* by work–family conflict because those who take time off work to deal with pressing family matters are more likely than men to be labelled disloyal or undedicated.⁷⁸

Occupations that require a high degree of teamwork or responsibilities for others tend to provoke the most work–family conflict (e.g., police detectives, firefighters, and family doctors). At the other extreme, tellers, insurance adjusters, and taxi drivers report much lower levels.⁷⁹ Also, people who are highly engaged in their work have been shown to have elevated work–family conflict, but more conscientious employees seem to handle this tension between work and family better.⁸⁰

Job Insecurity and Change

Secure employment is an important goal for almost everyone, and stress may be encountered when it is threatened, as illustrated in the Amazon vignette that began the chapter. The trend toward mergers and acquisitions, along with reengineering, restructuring, and downsizing, has led to increasingly high levels of stress among employees who either have lost their jobs or must live with the threat of more layoffs, the loss of friends and co-workers, and an increased workload.⁸¹

At the operative level, unionization has provided a degree of employment security for some, but the vagaries of the economy and the threat of

technology hang heavily over many workers. Among professionals, the specialization that enables them to obtain satisfactory jobs becomes a millstone when social or economic forces change. For example, aerospace scientists and engineers have long been prey to the boom-and-bust nature of their industry. When layoffs occur, these people are often perceived as overqualified or too specialized to easily obtain jobs in related industries. Finally, pressures for corporate performance have made cost-cutting a top priority, and one of the surest ways to cut costs in the short run is to reduce executive positions and thus reduce the total management payroll. Many corporations have greatly thinned their executive ranks in recent years.

Role Ambiguity

We have already noted how role conflict—having to deal with incompatible role expectations—can provoke stress. There is also substantial evidence that role ambiguity can provoke stress.⁸² From [Chapter 7](#), you will recall that role ambiguity exists when the goals of one's job or the methods of performing the job are unclear. Such a lack of direction can prove stressful, especially for people who are low in their tolerance for such ambiguity. For example, the president of a firm might be instructed by the board of directors to increase profits and cut costs. While this goal seems clear enough, the means by which it can be achieved might be unclear. This ambiguity can be devastating, especially when the organization is doing poorly and no strategy seems to improve things.

Techno-Stressors

A common form of work stress is techno-stress, stress emanating from the need for people to use and to master a variety of workplace information and communication technologies.⁸³ These technologies range from company-issued smartphones and tablets to email and enterprise

social media to a wide range of software solutions and decision aids. And let's not forget the ever more complicated scanner-copier-fax machine! Monideepa Tarafdar and colleagues cite five dimensions to techno-stress:⁸⁴

- Techno-overload—the feeling that too many people have access to us, there are too many technology features to master, or we have too much information to process
- Techno-invasion—the feeling that work demands have invaded non-work time, we must be constantly and immediately available, or our behaviour is being monitored
- Techno-uncertainty—the perception that technology is changing too often, that policies regarding technology use (e.g., social media presence) are unclear, or that text-based messages are prone to misinterpretation
- Techno-complexity—the feeling that new technology introduces complication and hassles to our everyday work
- Techno-insecurity—the fear that others are more adept at adapting to and using new technology than we are or that it could threaten our job

As you can see, these facets of techno-stress are additional sources of some of the previously mentioned causes of stress, including role overload, interpersonal conflict, work–family conflict, insecurity, change, and role ambiguity. For instance, employer-issued smartphones and expectations for 24-7 availability have been implicated in causing work–family conflict due to the intrusion of work-related calls, texts, and emails during evening or vacation “family time.” In fact, France has gone so far as to legislate the right of workers to ignore after-hours messages, and some firms disable their email systems after working hours.⁸⁵ This said, there are considerable differences in how people mesh technologies with family life. “Integrators” use connectivity to *enable* them to participate in

family affairs (e.g., a short vacation). “Separators” are inclined to build a firewall between work and family, preventing techno-invasion by limiting such connectivity.⁸⁶

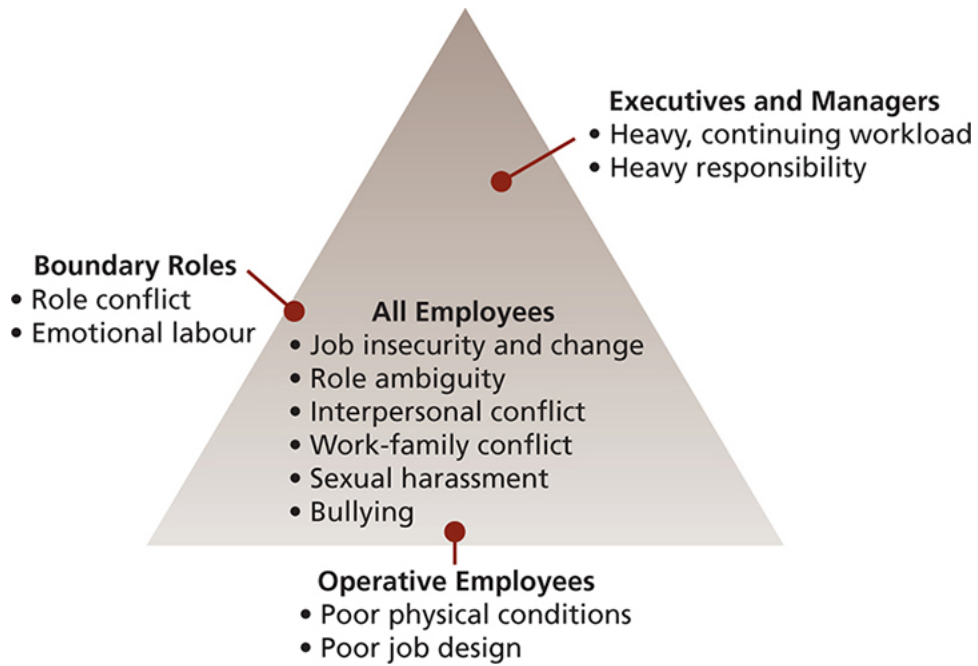
Sexual Harassment

In [Chapter 12](#), we discussed sexual harassment in terms of the abuse of power and a form of unethical behaviour. Sexual harassment is a major workplace stressor for employees and organizations, with serious consequences that are similar to or more negative than those of other types of job stressors.⁸⁷ The negative effects of sexual harassment include decreased morale, job satisfaction, organizational commitment, and job performance and increased absenteeism, turnover, and job loss. Sexual harassment has also been found to have serious effects on the psychological and physical well-being of harassment victims.⁸⁸

Organizations in which sexual harassment is most likely to be a problem are those that have a climate that is tolerant of sexual harassment and where women are working in traditionally male-dominated jobs and in a male-dominated workplace.⁸⁹

[Exhibit 13.6](#) summarizes the sources of stress at various points in the organization.

Exhibit 13.6 Sources of stress at various points in the organization.



Watch the following video which discusses how to handle bullying on the job. Then, answer the multiple choice questions on the next screen.

Watch [Bullying on the Job](#)



























Reactions to Organizational Stress

LO 13.8 Describe *behavioural, psychological, and physiological reactions* to stress, and discuss techniques for managing stress.

◀ Listen to the Audio

In this section, we examine the reactions that people who experience organizational stress might exhibit. These can be divided into behavioural, psychological, and physiological responses. In general, reactions that result in additional resources can be seen as good coping with stress. Reactions that increase demands constitute bad coping. **Exhibit 13.7** shows how a sample of more than 31 000 Canadian employees reported coping with stress.

Exhibit 13.7 How Canadian employees cope with stress.

Coping Strategies	% of Sample Who Use		
	Rarely	Weekly	Daily
Prioritize	9%	21%	69%
Schedule, organize, and plan my time more carefully	22%	32%	47%
Talk with family or friends	26%	29%	45%
Just work harder (I try to do it all)	31%	26%	43%
Find some other activity to take my mind off it	36%	32%	32%
Talk with colleagues at work	40%	27%	32%
Delegate work to others	49%	24%	27%
Search for help from family or friends	51%	25%	23%
Just try and forget about it	60%	20%	19%
Search for help from colleagues at work	65%	19%	16%
Have an alcoholic drink	65%	23%	12%
Use prescription, over-the-counter, or other drugs	86%	4%	11%
Reduce the quality of the things I do	72%	18%	10%

Source: Higgins, C., Duxbury, L., & Lyons, S. (2006). *Reducing work-life conflict: What works? What doesn't?* Ottawa: Health Canada, p. 131. Reproduced with the permission of the Minister of Public Works and Government Services Canada, 2009.

Behavioural Reactions to Stress

◀ Listen to the Audio

Behavioural reactions to stress are overt activities the stressed individual uses in an attempt to cope. They include problem solving, seeking social support, modified performance, withdrawal, presenteeism, and the use of addictive substances.

Problem Solving

Problem solving is directed toward terminating the stressor or reducing its potency, not toward simply making the person feel better in the short run. Problem solving is reality oriented, and while it is not always effective in combatting the stressor, it reveals flexibility and realistic use of feedback. Most examples of problem-solving response are undramatic because it is generally the routine, sensible, obvious approach that an objective observer might suggest. Consider the following examples:

- *Delegation.* A busy executive reduces her stress-provoking workload by delegating some of her many tasks to a capable assistant.
- *Time management.* A manager who finds the day too short writes a daily schedule, requires his subordinates to make formal appointments to see him, and instructs his secretary to screen phone calls more selectively.
- *Talking it out.* An engineer who is experiencing stress because of poor communication with her non-engineer superior resolves to sit down with the boss and hammer out an agreement concerning the priorities on a project.

- *Asking for help.* A salesperson who is anxious about his company's ability to fill a difficult order asks the production manager to provide a realistic estimate of the probable delivery date.
- *Searching for alternatives.* A programmer who finds her monotonous job stress provoking applies for a transfer to a more interesting position for which the pay is identical.

Seeking Social Support

Speaking generally, social support simply refers to having close ties with other people. In turn, these close ties can affect stress by bolstering self-esteem, providing useful information, offering comfort and humour, or even providing material resources (such as a loan). Research evidence shows that the benefits of social support are double-barrelled. First, people with stronger social networks exhibit better psychological and physical well-being. Second, when people encounter stressful events, those with good social networks are likely to cope more positively. Thus, the social network acts as a buffer against stress.⁹⁰

Off the job, individuals might find social support in a spouse, family, or friends. On the job, social support might be available from one's superior or co-workers. The buffering aspects of social support are most potent when they are directly connected to the source of stress. This means that co-workers and superiors may be the best sources of support for dealing with work-related stress. But most managers need better training to recognize employee stress symptoms, clarify role requirements, and so on. Unfortunately, some organizational cultures, especially those that are very competitive, do not encourage members to seek support in a direct fashion. In this case, relationships that people develop in professional associations can sometimes serve as an informed source of social support.

Performance Changes

Stress or stressors frequently cause reduced job performance.⁹¹ However, this statement needs to be qualified slightly. Some stressors are “hindrance” stressors in that they directly damage goal attainment. These include things like role ambiguity and interpersonal conflict. Such stressors damage performance. On the other hand, some stressors are challenging. These include factors such as heavy workload and responsibility. Such stressors may damage performance, but they sometimes stimulate it via added motivation.⁹² Because they are discretionary, organizational citizenship behaviours (Chapter 4) are especially likely to decrease under stressful conditions.⁹³

Withdrawal and Presenteeism

Withdrawal from the stressor is one of the most basic reactions to stress. In organizations, this withdrawal takes the form of absence and turnover. Compared with problem-solving reactions to stress, absenteeism fails to attack the stressor directly. Rather, the absent individual is simply attempting short-term reduction of the anxiety prompted by the stressor. When the person returns to the job, the stress is still there. From this point of view, absence is a dysfunctional reaction to stress for both the individual and the organization. The same can be said about turnover if a person resigns from a stressful job on the spur of the moment merely to escape stress. However, a good case can be made for a well-planned resignation in which the intent is to assume another job that should be less stressful. This is actually a problem-solving reaction that should benefit both the individual and the organization in the long run. Absence, turnover, and turnover intentions have often been linked with stress and its causes.⁹⁴

Perhaps ironically, stress can also prompt the opposite of withdrawal, to the extent that people go to work ill. This is known as presenteeism. Presentees are at work, but they are not working at full capacity. What

would cause people to go to work even though they are suffering from asthma, migraines, or respiratory problems? Many factors are stress-related. Thus, some stressors can cause both absenteeism and presenteeism. High job demands and time pressures have been associated with presenteeism; people feel under pressure to get work done and sense the work piling up if they are absent. This is especially likely if there is understaffing, an increasing possibility in today's downsized organizations. Also, bullying and harassment are related to presenteeism, causing stress but often occurring to those with little power and few options to take time off. Depression, frequently associated with stress, is a common health problem connected to presenteeism. This may be because people do not view it as a legitimate reason to be absent or fear disclosing it as the reason for their absence.⁹⁵


Use of Addictive Substances

Smoking, drinking, and drug use represent the least satisfactory behavioural responses to stress for both the individual and the organization. These activities fail to terminate stress episodes, and they leave employees less physically and mentally prepared to perform their jobs. We have all heard of hard-drinking newspaper reporters and advertising executives, and it is tempting to infer that the stress of their boundary role positions is responsible for their drinking. Indeed, cigarette and alcohol use are associated with work-related stress.⁹⁶

Psychological Reactions to Stress

◀ Listen to the Audio

Psychological reactions to stress primarily involve emotions and thought processes rather than overt behaviour, although these reactions are frequently revealed in the individual's speech and actions. The most common psychological reaction to stress is the use of defence mechanisms.⁹⁷

Defence mechanisms  are psychological attempts to reduce the anxiety associated with stress. Notice that, by definition, defence mechanisms concentrate on *anxiety reduction* rather than on actually confronting or dealing with the stressor. Here are some common defence mechanisms:

- *Rationalization* is attributing socially acceptable reasons or motives to one's actions so that they will appear reasonable and sensible, at least to oneself. For example, a male nurse who becomes very angry and abusive when learning that he will not be promoted to supervisor might justify his anger by claiming that the female head nurse discriminates against men.
- *Projection* is attributing one's own undesirable ideas and motives to others so that they seem less negative. For example, a sales executive who is undergoing conflict about offering a bribe to an official of a foreign government might reason that the official is corrupt.
- *Displacement* is directing feelings of anger at a "safe" target rather than expressing them where they may be punished. For example, a construction worker who is severely criticized by the boss for sloppy

workmanship might take out his frustrations in an evening hockey league.

- *Reaction formation* is expressing oneself in a manner that is directly opposite to the way one truly feels rather than risking negative reactions to one's true position. For example, a low-status member of a committee might vote with the majority on a crucial issue rather than stating his true position and opening himself up to attack.
- *Compensation* is applying one's skills in a particular area to make up for failure in another area. For example, a professor who is unable to get his or her research published might resolve to become a superb teacher.

Is the use of defence mechanisms a good or bad reaction to stress? Used occasionally to temporarily reduce anxiety, they are a useful reaction. For example, the construction worker who displaces aggression in an evening hockey league rather than attacking a frustrating boss might calm down, return to work the next day, and "talk it out" with the boss. Thus, the occasional use of defence mechanisms as short-term anxiety reducers probably benefits both the individual and the organization.

When the use of defence mechanisms becomes a chronic reaction to stress, however, the picture changes radically. The problem stems from the very character of defence mechanisms—they simply do not change the objective character of the stressor, and the basic conflict or frustration remains in operation. After some short-term relief from anxiety, the basic problem remains unresolved. In fact, the stress might *increase* with the knowledge that the defence has been essentially ineffective.

Physiological Reactions to Stress

◀ Listen to the Audio

Can work-related stress kill you? This is clearly an important question for organizations, and it is even more important for individuals who experience excessive stress at work.⁹⁸ Many studies of physiological reactions to stress have concentrated on the cardiovascular system, specifically on the various risk factors that might prompt heart attacks. For example, work stress is associated with electrocardiogram irregularities and elevated levels of blood pressure, cholesterol, and pulse.⁹⁹ Stress has also been associated with the onset of diseases such as respiratory and bacterial infections due to its ill effects on the immune system.¹⁰⁰ The accumulation of stress into burnout has been particularly implicated in cardiovascular problems.¹⁰¹

Organizational Strategies for Managing Stress

◀ Listen to the Audio

This chapter would be incomplete without a discussion of personal and organizational strategies to manage stress. These strategies either reduce demands or enhance resources.

Job Redesign

Organizations can redesign jobs to reduce their stressful characteristics. In theory, it is possible to redesign jobs anywhere in the organization to this end. Thus, an overloaded executive might be given an assistant to reduce the number of tasks he or she must perform. In practice, most formal job redesign efforts have involved enriching operative-level jobs.


Especially for service jobs, there is growing evidence that providing more autonomy in how service is delivered can alleviate stress and burnout.¹⁰² Call-centre workers, fast-food employees, some salespeople, and some hospitality workers are highly “scripted” by employers, with the idea that uniformity will be appreciated by customers. This idea is debatable, but what is not debatable is that this lack of personal control goes against the research-supported prescriptions of job enrichment ([Chapter 6](#)) and empowerment ([Chapter 12](#)), and the job demands–resources model of stress. Boundary role service jobs require a high degree of emotional regulation in any event, and some autonomy allows employees to cope with emotional labour by adjusting their responses to the needs of the

moment in line with their own personalities. Guidelines about desired service outcomes can replace rigid scripts, especially for routine (non-emergency) encounters. Also, excessive electronic monitoring should be avoided in call centres.¹⁰³

Stressful job designs often emerge from heavy-handed downsizings, restructurings, and mergers. Common symptoms of such jobs are extreme role overload, increased responsibility without corresponding authority to act, and the assignment of tasks for which no training is provided. Executives overseeing such change efforts should obtain professional assistance to ensure proper job designs.

“Family-Friendly” Human Resource Policies

To reduce stress associated with dual careers, child care, and eldercare, many organizations institute “family-friendly” human resource policies to improve work–life balance. A welcome form of material support consists of corporate daycare centres. Flexibility (which provides more *control* over family issues) is also important and includes flextime, telecommuting, job sharing, and part-time work, as well as family leave policies that allow time off for caring for infants, sick children, and aged dependents. Although many firms boast of having such flexible policies, a common problem is convincing managers to encourage employees to *use* them in an era of downsizing and lean staffing. Another problem is a mismatch between the type of flexibility available and that needed. For example, lower-level employees might benefit the most from flextime, but it is often unavailable to them. Also, part-time work can help in recruiting and retaining higher-level employees but threaten the salary and career progression of those who choose to do so. Conversely, lower-level employees might be *forced* to work part-time, curtailing their wages and benefits.¹⁰⁴

In general, perceptions of flexibility, a reasonable workload, supportive supervision, and a supportive culture are associated with less work–family conflict and higher job satisfaction and organizational commitment.¹⁰⁵ The province of Quebec has established a voluntary certification program for work–life balance. Firms can apply for up to four levels of certification, depending on the exact features they offer to employees and the extent of commitment to balance. Frima Studio, a Quebec City video game developer, was the first organization to be certified, and it was seen as a way to attract and retain the best talent in a competitive industry.¹⁰⁶ According to a Mediacorp study, some of Canada’s most family-friendly employers include Accenture, University of Toronto, and Desjardins.¹⁰⁷ For an example of a family-friendly organization, see [Applied Focus: Vancity Offers Family-Friendly Policies](#) .

Applied Focus

Vancity Offers Family-Friendly Policies

Vancouver City Savings Credit Union, popularly known as Vancity, is a cooperative credit union that offers financial products and services to its members across British Columbia. It is Canada’s largest community-based credit union, providing loans, mortgages, investments, credit cards, and insurance. Vancity is among Canada’s Top 100 Employers and Canada’s Top Family-Friendly Employers, as determined by Mediacorp. At the core of its many family-friendly policies, Vancity is Canada’s largest Living Wage Employer, subscribing to a program that ensures that wages and salaries are set to provide a genuine living wage. This means that the lowest-paid Vancity employees make about twice the provincial minimum wage, enabling adequate provision for child care and avoiding the need to hold

multiple jobs. Vancity also offers generous maternity and parental benefits, ranging up to 85 percent of salary for 35 weeks. Various family-friendly options that allow people to tailor their work schedules to their family lives include flextime, telecommuting, a compressed workweek (fewer days at more hours per day), shortened workweeks (fewer hours for less pay), job sharing with co-workers, up to 24 months of unpaid leave, and a free week's summer camp retreat for teens.

In addition to its family-friendly policies, Vancity offers a number of other benefits that combat daily hassles and help deal with stress. Smaller perks are free parking, a public transit subsidy, secure bike parking, and fitness classes. More substantial ones include solid health and pension plans and a beginning minimum of three weeks of vacation per year.

Source: Based on Yerema, R., & Leung, K. (2014, November 3). Vancouver City Savings Credit Union. Mediacorp Canada Inc. website <http://www.canadastop100.com/national/>, accessed November 25, 2014.

Stress Management Programs

Some organizations employ programs designed to help employees manage work-related stress. Some programs help mentally healthy employees prevent problems due to stress. Others are therapeutic in nature, aimed at individuals who are already experiencing stress and burnout. Most involve one or more of the following techniques: meditation, mindfulness training, muscle-relaxation exercises, biofeedback training to control physiological processes, training in time management, and training to think more positively and realistically about sources of job stress. These interventions are useful in reducing physiological arousal, sleep disturbances, and self-reported tension and anxiety, although impacts are modest in size.¹⁰⁸

Mindfulness training has received particular attention in recent years. Mindfulness is a state in which people are highly aware of and attentive to what is happening in the present. Rather relying on past experiences or future projections that focus on the self, the present is processed as it is. Mindfulness has been associated with positive health and well-being. Its particular relevance to work stress is that it seems to make people less sensitive to stressors, less inclined toward negative mood, and faster to recover from stressful events, leading them to be more resilient. In turn, this enhances work performance and social relationships in the workplace.¹⁰⁹



Corporate fitness centres can combat work stress.

Bloomberg/Getty Images

Work–Life Balance, Fitness, and Wellness Programs

Many people have argued that a balanced lifestyle that includes a variety of leisure activities combined with a healthy diet and physical exercise

can reduce stress and counteract some of the adverse physiological effects of stress. For some organizations, work–life balance programs and quality-of-life benefits have become a strategic retention tool. Employees are increasingly demanding work–life balance benefits, and employers are realizing that by providing them, they can increase commitment and reduce turnover.

Studies show that fitness training is associated with improved mood, a better self-concept, reduced absenteeism, enhanced job satisfaction, and reports of better performance.¹¹⁰ Work–life programs are also believed to result in lower healthcare costs. Some of these improvements probably stem from stress reduction.













Summary: Conflict and Stress

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 13.

13.1 Define *conflict*, and review its causes in organizations.

Conflict is a process that occurs when one person, group, or organizational unit frustrates the goal attainment of another. Such conflict can revolve around facts, procedures, or the goals themselves. Causes of conflict include intergroup bias, high interdependence, ambiguous jurisdictions, and scarce resources. Differences in power, status, and culture are also a factor.

13.2 Explain the *types of conflict* and the process by which conflict occurs.

13.3 Discuss the various *modes of managing conflict*.

13.4 Review a range of *negotiation techniques*.

13.5 Distinguish between *stressors, stress, and stress reactions*.

13.6 Discuss the role that personality plays in stress.

13.7 Review the sources of stress encountered by various organizational role occupants.

13.8 Describe *behavioural, psychological, and physiological reactions* to stress, and discuss techniques for managing stress.

Key Terms

Start Over

Swap

0/33 REVIEWED · 0 MASTERED

Competing



Previous

Next

Got It!



* On-the-Job Challenge Question

Working from Home

Some organizations have implemented options that permit technology-integrated employees to work from home. Catering to desires for work-life balance and family friendliness, they see it as a good way to boost job satisfaction, organizational commitment, and employee engagement. In some cases, removing the requirement for a stressful commute is a key goal. However, author and labour lawyer Howard Levitt recounts legal cases in which full-time employees working from home were found to be engaged in extensive outside contract work. In one case, the employee resisted returning to on-site work because she would have had to forfeit the extra income, provoking conflict with the employer. In recent years, tech companies such as IBM and Yahoo have scaled back work-at-home programs.

What are the pros and cons of allowing employees to work from home, and how is the practice relevant to conflict, stress, and fairness?

Source: Based on Levitt, H. (2015, December 24). Top time wasters in Canada in 2015. *Financial Post*, D4.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Strategies for Managing Conflict

Indicate how often you use each of the following by writing the appropriate number in the blank. Choose a number from a scale of 1 to 5, with 1 being "rarely," 3 being "sometimes," and 5 being "always." After you have completed the survey, use the scoring key to tabulate your results.

- _____ ~~1~~ argue my position tenaciously.
- _____ ~~2~~ put the needs of others above my own.
- _____ ~~3~~ arrive at a compromise both parties can accept.
- _____ ~~4~~ don't get involved in conflicts.
- _____ ~~5~~ investigate issues thoroughly and jointly.
- _____ ~~6~~ find fault in other persons' positions.
- _____ ~~7~~ foster harmony.
- _____ ~~8~~ negotiate to get a portion of what I propose.
- _____ ~~9~~ avoid open discussions of controversial subjects.
- _____ ~~10~~ openly share information with others in resolving disagreements.
- _____ ~~11~~ enjoy winning an argument.
- _____ ~~12~~ go along with the suggestions of others.
- _____ ~~13~~ look for a middle ground to resolve disagreements.
- _____ ~~14~~ keep my true feelings to myself to avoid hard feelings.
- _____ ~~15~~ encourage the open sharing of concerns and issues.
- _____ ~~16~~ am reluctant to admit I am wrong.
- _____ ~~17~~ try to help others avoid "losing face" in a disagreement.
- _____ ~~18~~ stress the advantages of "give and take."

_____ ~~1~~ **1** Encourage others to take the lead in resolving controversy.

_____ ~~2~~ **2** State my position as only one point of view.

Scoring Key

Managing Strategy

Total your responses to these questions

Competing 1, 6, 11, 16 _____

Accommodating 2, 7, 12, 17 _____

Compromising 3, 8, 13, 18 _____

Avoiding 4, 9, 14, 19 _____

Collaborating 5, 10, 15, 20 _____

Primary conflict management strategy (highest score): _____

Secondary conflict management strategy (next-highest score): _____

Source: Whetten, D. A., & Cameron, K. S. *Developing management skills* (7th ed.) © 2007, p. 379.
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Case Incident

Bringing Baby to Work

Ted Swanson liked to think of himself as a progressive, family-friendly kind of guy. Consequently, he couldn't quite believe the words coming out of his mouth, directed at Bryan Papis, his boss and owner of the creative media company ZeusAd. "Bryan, that baby is driving me crazy! The cooing, laughing, and crying are one thing, but some of the creative team and support staff make such a fuss over him that it drives me to distraction. I had a client in here yesterday who didn't know what to make of the whole thing. This just isn't professional."

The four-month-old baby to whom Ted was referring belonged to Glenda Fox, one of the cleverer creative types in the company. Although she was eligible for extended maternity leave, she had chosen not to take it. She said she didn't want to "get out of the loop" or let her current project team down. These motives, and Glenda's espoused beliefs in "attachment parenting" had led her to bring her new baby to work on a fairly regular basis, except when her husband could occasionally provide care.

Bryan Papis also prided himself on being a family-friendly employer, but he wondered if ZeusAd needed a formal policy concerning babies at work.

Source: Based on Boesveld, S. (2012, March 8). When every day is take your kids to work day. *National Post*, A1, A2.

1. A number of news stories have appeared suggesting that babies in the workplace are a source of considerable interpersonal conflict. What are some likely reasons for this?

- *2. Is bringing a baby to work the ultimate example of work–family integration? Or does it go too far in blurring the distinction between work and family?
3. What considerations should underpin a formal policy concerning babies at work?

* Question 2 is also assignable in Writing Space.

Case Study

Tough Guy

A mere half-block away from the office on a pleasing fall day—the kind that caught the attention of most New Yorkers—Jeremy Frazer, an associate at the investment bank Hudson Smith Gordon (“Hudson”) thought about Chip Mazey, one of the vice presidents he was working with on a negotiation. Frazer and three other members working on the deal, Jean Fenster, Rich Patten, and Payton Edwards, had finally confided in each other about what it was like to work for the VP.

They found themselves in a difficult situation, one that most of them thought they had no power to change. After all, doing something about Mazey’s behaviour was tricky business. First was the fear of confronting Mazey. Another concern was the likelihood that Mazey would probably deny his behaviour or wouldn’t think that a problem existed. Then there was the unease about escalating the discussion to include a conversation with Mazey’s boss. Going upstairs might cause a tense situation to become even worse. Not really knowing what to do irked Frazer, though he couldn’t exactly say why. He thought about the stories his co-workers had shared.

Bulge, Middle, or Boutique?

The lure of high risk and high reward made investment banking an attractive career for many in the world of finance. Organizations employed investment banks to help work out financial problems. Offering a mix of business activities, investment banks issued securities, helped investors to purchase securities, managed financial assets, traded securities, and provided financial advice. Investment banks came in several sizes. The largest were called “bulge bracket” firms; the “middle

market” companies tended to be regionally based; and “boutique” banks were smaller and more specialized. As a “middle market” firm, Hudson was oriented toward financial analysis and program trading.

To support their security sales and trading activities, investment banks hired and maintained large staffs of research analysts. As Frazer described,

In investment banking, you make deals for companies to raise capital—debt or equity. Research supports that effort. By becoming expert in a particular field, you generate more business. My firm is considered the leading expert on wireless carriers. This reputation translates into wireless communication companies’ wanting Hudson to do research on them.

Making the Deal with a Fast-Tracker

Chip Mazey had been with Hudson ten years and followed the “kiss up, kick down” mantra. His verbal lashings were sharp, unrelenting, and unprovoked. He had developed a nasty reputation among analysts and associates, which was passed to the firm’s top management only through their 360-degree review system. Mazey was very careful not to show his true colours when senior management was within earshot, but as result of the negative comments from below, his initial promotion to vice president was postponed. The decision came as a shock to him because he believed he had always been submissive to upper management. Despite his poor people skills, Mazey was a solid banker, and he received the promotion as scheduled one year later.

As a vice president, Mazey’s swagger and bravado increased exponentially. Mazey always had trouble interacting with his peers, but after his promotion, he was more ruthless to his subordinates than his peers. He often referred to subordinates as “you” or “analyst” and he reminded others of his new title by telling them, “I am superior to you.” It was common for him to yell at a subordinate in a rage, only to discover

that he had made an error and there was no problem. In such a situation, Mazey would abruptly hang up the phone when he realized his error without a goodbye or apology. The targets of his verbal abuse disliked working with him and tried to spend time working on projects with other bankers.

The first time Frazer worked with Mazey was on a project Mazey was heading up. "I was assigned to this kick-ass multi-billion dollar deal," Frazer said. "Even better than that was the fact that the deal team included the vice president, so I was extremely excited about the opportunity." The vice president was in charge of leading the deal and had a reputation of being "dynamic" and on the "fast track." Frazer's enthusiasm faded somewhat when he stepped into Mazey's office. During their initial meeting, Mazey ordered Frazer to stand "right here" and pointed to a spot on the floor in front of his desk. The associate felt uneasy about being spoken to in this manner, but because it was the first time he had worked with Mazey, he decided not to mention anything—it was best to let things go. After all, investment banks had a reputation for being infested with Type A personalities. Some "I-bankers" had told Frazer that the biggest challenge in an investment banking career was to manage upward.

Over the next several weeks, Frazer witnessed Mazey's insulting and derogatory behaviour toward other associates and analysts. Tension was part of being around him. "Fortunately, I worked on multiple assignments, reporting to various other managers at the same time," Frazer said. "The dynamics on other assignment were in stark contrast to this particular one. So I realized how much I like the job and how well I fit in—despite being so heavily reprimanded on a continual basis with that VP."

On a Need-to-Know Basis

That Mazey was difficult to deal with was hardly news to most at Hudson. What was worthy of a headline was that Frazer seemed more willing than most to talk about his supervisor's questionable behaviour. Others who had been in the organization much longer than Frazer just learned to work around Mazey's behaviour—he was a control freak who made a lot of money for the company and that translated into wielding a lot of power. "I became more comfortable with some of my peers and started confiding in a few of them," Frazer said. "I realized my situation was hardly unique since everyone who had at one time worked with that VP had the same story." Things became so ugly, Frazer learned, that some full-time associates within the group bluntly refused to work with him. Jean Fenster, an analyst who also worked with Mazey on a few deals, described her experience:

When I first started, Chip asked me to complete an assignment which would typically take a novice at least three days to finish. I was handed the assignment at 8 p.m. and instructed to have it finished and on his desk to look at first thing the following morning. I sat through the night cracking on the assignment and finally completed what I thought was a pretty comprehensive product. To my good fortune, there were a few experienced staff members at the office during the night who offered to vet my product. They seemed pretty happy with my work. Slightly before dawn, I laid the finalized assignment on Chip's desk. I thought it would be a great idea to go home, catch up on a couple hours of sleep, and clean up. I arrived back at the office at least 15 minutes before Chip—ready to answer any questions.

As expected, Fenster was called over to Mazey's desk the next morning. What followed, however, was unexpected. He questioned every assumption she had made, countered every explanation she offered in a derogatory manner, and nitpicked her work for an entire hour. He then asked her to redo the work based on information he forwarded via email. When Fenster sat down at her desk to rework the material, she was shocked to learn that the VP was privy to that additional information *before he handed her the assignment*, information that would have made it easier to complete the work. She just couldn't fathom why this information was not forwarded to her earlier. Even more discouraging was that although she was asked to complete the work within 24 hours,

the email indicated they had two weeks before it was even due. That assignment was a nightmare, and every effort Fenster made toward working on it contributed to the bad dream. "Each session I had with Chip included a series of derogatory and demeaning remarks directed toward me," she said. "From my communication skills, my accent, to the way I dressed, this VP was critical."

Fenster's story sounded eerily familiar to Rich Patten, who described a couple of his experiences with the vice president. During a conference call with a client, Patten was unable to answer a question the client posted. Mazey became enraged and began screaming at both him and the other analyst in the room. Patten said he could have helped Mazey answer the client's questions, but Mazey's ranting prevented him from even speaking. "The outburst resembled that of a two-year-old, and both of us were speechless," Patten said. "Then, still in a rage, Chip grabbed a calculator from his desktop and shattered it against the wall, just above my head!"

Later that day, Mazey apologized for his outburst, and Patten believed his apology was sincere. "I had considered going to speak with the vice president who hired me about the incident," Patten said, "but after the apology I changed my mind." Mazey asked the associate to focus on the task at hand. It was 7 p.m. and there were still at least nine hours of work that had to be completed by an 8 a.m. conference call the next morning. Mazey instructed Patten to come in to work an hour early to prepare for the call.

"I spent the entire night working, arrived home at 4:30 a.m., slept for an hour and a half, and then returned to the office at 7 a.m.," Patten recalled. "Gulping down my coffee, I went to Chip's office only to find it empty." The 8 a.m. showtime came and went without any word from Mazey, who eventually rolled into the office at 10 a.m. without a word. Patten asked

him about the meeting, and Mazey simply said that the meeting was changed. Patten asked another associate who was staffed on the deal about the meeting and found out that no such meeting was ever planned!

Get to Work—Everyone!

Payton Edwards had another Mazey characteristic to share. “He’s very bright and certainly very capable, but he demands complete perfection and treats subordinates as if they were subservient to him and only him,” Edwards said. “Occasionally, this man would compliment me for a ‘job well done.’” Yet within five minutes, Mazey would come back with some reason why it wasn’t “quite right” and force him to redo his work. He was also known for forcing people to do useless, menial tasks. For example, he frequently had his administrative assistant, as well as two analysts, complete the *exact* same task. Mazey said he just wanted to make absolutely sure that when all was said and done, the task was completed perfectly. Eventually, the analysts and administrative assistant found out that they were all assigned the same task, and they were peeved. They felt like he didn’t trust them—and he didn’t. Edwards said,

Even when it was apparent that Chip had made a mistake, he never openly acknowledged it. One time, he denied that there were multiple buyers on a particular deal and created a hostile deal environment for many of the concerned parties. He also did not like initiative-taking, much less even consider rewarding it. When I went to him with ideas on topics to research relevant ongoing deals, he shot down my ideas and told me to work on what he wanted me to get done. When it turned out later that my ideas were good, he never gave me credit and pretended that he had thought of them himself. In fact, he went out of his way to discredit me. For example, when I was still a very novice drinker, Chip would get a kick out of having me order the wine at closing dinners. He wanted to embarrass me in public because of my lack of knowledge about wine.

Chip also made fun of the secretary who came from a poorer part of the city and where everyone seemed to have the same last name. At Christmas parties, the support staff was not allowed to bring spouses, while analysts and associates were invited to bring their spouses. Chip told me that he did not feel that it was necessary to “pay to feed the secretary’s husband.”

Any More Questions?

Life for support staff working for Mazey was a challenge as well. He had an incessant need to know what every person was working on at all times. This was even more pronounced the lower an employee was within the organizational hierarchy. His administrative assistant, Gabriela Salaberrios, found it surprising that the VP needed to know what a secretary was typing at a given moment. Yet Mazey had to know where all employees were at all times. He provided Salaberrios with a cell phone so that he could contact her in the middle of the night to work on last-minute deal items. He was never polite and refused to take no for an answer. More than a few times, Mazey called in the middle of the night and demanded her presence at the office. Many times, he had already sent a car to get Salaberrios before she had said yes. One time, she was vacationing in Tunisia, and he called to demand her immediate return—it seemed that his idea on how a deal should go from beginning to end was to be followed by all.

So What?

Proud of his accomplishment in his career so far, Frazer had sashayed into New York with a youthful certainty that attitude would carry him. He held a job he had thought about for some time in a firm he was convinced would offer even more opportunities. Not once had he expected to get sidetracked over some middle-aged, disgruntled vice president. Yet that same VP possessed many of the characteristics Frazer had expected and indeed admired on Wall Street. Gathering all this information on Mazey had been almost cathartic. Now what, if anything, should he do with it?

Source: This case was compiled from various student accounts of actual events as a composite case by Gerry Yemen, Senior Case Writer, and James G. Clawson, E. Thayer Bigelow Professor of Business Administration. It was written as a basis for class discussion rather than

to illustrate effective or ineffective handling of an administrative situation.
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Questions

1. Earlier in the chapter, *conflict* was defined as a process that occurs when one person, group, or organizational subunit frustrates the goal attainment of another. Speculate about how Chip Mazey has frustrated the goal attainment of personnel at Hudson Smith Gordon.
2. Is the conflict observed in the case relationship, task, or process conflict? Please explain your reasoning.
3. The chapter outlined a number of causes of conflict. Which seem to be prevalent in this case? Feel free to cite some other contributors as well.
- *4. The chapter discusses five modes of managing conflict: avoiding, accommodating, competing, compromise, and collaborating. What mode does Chip Mazey employ? What mode does his staff employ?
5. Chip Mazey's subordinates seem to be suffering from stress, but what are its exact causes? That is, how does his behaviour translate into stress for others?
6. Is Chip a bully? Defend your answer.
7. Despite his obvious reputation, how has Chip managed to retain a position of power?
8. What should Jeremy Frazer do now? What should his goals be?

* Question 4 is also assignable in Writing Space.

Integrative Case

Ken Private Limited: Digitization Project

At the end of [Part 2](#) of the text, on Individual Behaviour, you answered a number of questions about the Ken Private Limited: Digitization Project Integrative Case that dealt with issues related to learning, perceptions, cross-cultural differences, and motivation. Now that you have completed [Part 3](#) of the text and the chapters on Social Behaviour and Organizational Processes, you can return to the Integrative Case and enhance your understanding of some of the main issues associated with social behaviour and organizational processes by answering the following questions that deal with groups, subcultures, leadership, communication, decision making, and conflict.

Questions

- *1. Although the “teams” at Ken Private Limited are actually large organizational units, many of the principles of group dynamics and teamwork still apply. How do the concepts of group development, norms, diversity, and cohesiveness apply to the case?
2. What are the advantages and challenges of virtual teamwork displayed in the case? What caused the challenges? How could these challenges have been avoided?
3. Consider the existence of any subcultures at Ken Private Limited. What is the nature of these subcultures, and how and why do they differ?
4. How important and effective is leadership at Ken Private Limited with respect to the Genesis Digitization Project? Be sure to provide examples of effective and ineffective leadership.

5. Discuss Shekhar Sharma's leadership behaviours with respect to consideration, initiating structure, leader reward behaviour, and leader punishment behaviour. What behaviours does he exhibit, and what behaviours are absent? What behaviours does he need to exhibit and why?
6. Use the situational theories of leadership to determine the type of leadership that Shekhar Sharma should be exhibiting. Is his leadership consistent with the situational theories of leadership?
7. What does Shekhar Sharma need to do to be a more effective leader? To answer this question, refer to the following theories of leadership: leader-member exchange (LMX), transactional and transformational leadership, empowering leadership, ethical leadership, authentic leadership, and servant leadership.
8. Is culture an issue with respect to Shekhar Sharma's approach to leadership? In other words, is the effectiveness of his approach to leadership dependent on culture, and is this a factor in the case with regard to the Indian and Filipino teams? Refer to [Exhibit 9.8](#) to answer this question. What universal facilitators of leadership effectiveness (see [Exhibit 9.9](#)) should Shekhar Sharma be exhibiting to a greater extent?
9. Is there evidence of ineffective communication in the case? If so, please give specific examples, including any that pertain to cross-cultural factors.
10. Both too little information and too much information can result in low-quality decisions. Which is the problem here: too much or too little? Give examples to support your choice.
11. What is the main evidence of conflict in the case, and what are its causes? What might contribute to its resolution?

* Question 1 is also assignable in Writing Space.














































Part 4 The Total Organization

 [Listen to the Audio](#)

Chapter 14

Environment, Strategy, and Structure

Learning Objectives

After reading Chapter 14, you should be able to:

- 14.1 Discuss the *open systems* concept of an organization and the components of an organization's *external environment*, and explain how *environmental uncertainty* and *resource dependence* affect what happens in organizations.
- 14.2 Define *strategy*, and describe how organizational structure can serve as a strategic response to environmental demands.
- 14.3 Define *organizational structure* and explain how it corresponds to division of labour.
- 14.4 Discuss the relative merits of various forms of *departmentation*.
- 14.5 Review the more basic and more elaborate means of achieving organizational *coordination*.
- 14.6 Discuss the nature and consequences of *traditional structural characteristics*, and explain the distinction between *organic* and *mechanistic* structures.
- 14.7 Discuss the emergence of *ambidextrous*, *network*, *virtual*, and *modular* organizations.
- 14.8 Explain how vertical *integration*, *mergers and acquisitions*, *strategic alliances*, and the establishment of *legitimacy* reflect strategic responses.

McDonald's Restructures

McDonald's is the largest food-service company in the world, with more than 36 000 restaurants. In 2017 McDonald's celebrated its 50th anniversary in Canada, where the company and its franchisees operate more than 1400 restaurants and employ more than 90 000 workers. In past years, McDonald's had been struggling amid slumping sales due to increasing competition and changes in consumer tastes. On March 1, 2015, Steve Easterbrook became the company's president and chief executive officer following one of its most dismal years on record.

In May 2015, Easterbrook announced McDonald's long-awaited turnaround strategy. While many were expecting changes to address concerns over the company's menu, slow service, and the perception of low-quality food, the focus of the turnaround was a corporate restructuring to strip away bureaucracy and enable McDonald's to keep up with consumer tastes.

The plan included reorganizing domestic and international operating units, selling more restaurants to franchisees, and cutting costs. Easterbrook said, "Today we are announcing the initial steps to reset and turn around our business.... I will not shy away from the urgent need to reset this business.... The reality is our recent performance has been poor. The numbers don't lie."

On the turnaround strategy, Easterbrook said, "The immediate priority for our business is restoring growth under a new organizational structure and ownership mix designed to provide greater focus on the customer, improve our operating fundamentals, and drive a recommitment to running great restaurants. As we turn around our business, we will look to create more excitement around the brand and

ensure that we build on our rich heritage of positively impacting the communities we serve."

The focus of the strategy was a change in McDonald's organizational structure. "The first critical step of our operational growth-led plan is to strengthen our effectiveness and efficiency to drive faster and more customer-led decisions," Easterbrook said. "We will restructure our business into four new segments that combine markets with similar needs, challenges, and opportunities for growth."



When Steve Easterbrook became McDonald's president and chief executive officer, one of the first things he did was change McDonald's organizational structure as part of the company's turnaround strategy.

dpa picture alliance/Alamy Stock Photo

Easterbrook described McDonald's former structure, which was segmented by geography (e.g., United States, Europe, Asia/Pacific, the Middle East, Africa), as "cumbersome." The new organizational structure was to be based on the maturity of its presence in the market

and consisted of four segments of similar markets. One segment focused on the United States, which is the company's largest segment and accounts for more than 40 percent of its operating income. A second segment focused on international lead markets, which are established markets with similar economic and competitive dynamics, including Canada, Australia, France, Germany, and the United Kingdom. The third segment consisted of high-growth markets, which have higher restaurant expansion and franchising potential and include China, Italy, Russia, South Korea, Spain, Switzerland, and the Netherlands. The fourth segment, focused on foundational markets, including all of the remaining countries where McDonalds operates.

In commenting on the revised structure, Easterbrook said, "Our new structure will be supported by streamlined teams with fewer layers and less bureaucracy, and our markets will be better organized around their growth drivers, resource needs and contributions to the Company's overall profitability. McDonald's new structure will more closely align similar markets so they can better leverage their collective insights, energy and expertise to deliver a stronger menu, service, and overall experience for our customers." Easterbrook also announced the leaders of each segment and stated that under the new structure the "leadership of McDonald's new segments will be able to more effectively address the common needs of their markets and customers."

McDonald's chief administrative officer, Pete Bensen, said that the new organizational structure "will unleash more entrepreneurial spirit and more innovation across our system while bolstering what makes McDonald's a formidable leader in the industry: our incredible network of dedicated franchisees." Indeed, in short order, the company introduced the All Day Breakfast, a new mobile app, Uber delivery, and the introduction of fresh beef products. They have also introduced more premium offerings at a higher price point and more customization at

self-ordering kiosks. New restaurants are brightly lit and have been designed with a European café vibe that feature wood and stone finishes.

Two years after the revised structure was announced, The Telegraph declared, "McDonald's is once again the darling of Wall Street," citing a surge in sales and all-time-high share prices. "Steve Easterbrook has done a great job decentralising the company's operations to improve decision-making."¹

The story of McDonald's turnaround strategy and change in organizational structure illustrates some of the major questions that we will consider in this chapter. How does the external environment influence organizations? How can an organization develop a strategy to cope with the environment? What forms of strategic response do organizations employ to cope with environmental uncertainty? And how does organizational structure affect employees and the overall effectiveness of organizations? These are the kinds of questions that we shall attempt to answer in this chapter.

The External Environment of Organizations

◀ Listen to the Audio

- LO1 Discuss the *open systems* concept of an organization and the components of an organization's *external environment*, and explain how *environmental uncertainty* and *resource dependence* affect what happens in organizations.
- LO2 Define *strategy*, and describe how organizational structure can serve as a strategic response to environmental demands.

In previous chapters, we have been concerned primarily with the internal environments of organizations—those events and conditions inside the organization—that affect the attitudes and behaviours of members. In this section, we turn our interest to the impact of the external environment—those events and conditions surrounding the organization that influence its activities.

As an example of how organizations have to interface with the external environment, consider the venerable Ford Motor Company, which has been making vehicles for over 100 years. The firm produces about 6.4 million cars and trucks a year in facilities around the globe. Like all auto companies, Ford has found itself challenged by fast-evolving consumer tastes, as conventional sedans decrease in popularity and SUVs and crossovers have become the family vehicle of choice. This need to cope with product mix, however, pales in comparison to the environmental

threats and opportunities posed by rapidly improving electric car technology, new competitors (e.g., Tesla, Google), the thrust for self-driving vehicles, and the rise of ride-hailing (e.g., Uber) and car-sharing (e.g., car2go) systems. On one hand, the tilt toward the “sharing economy” and the valuing of experiences over objects questions whether young people will even aspire to buy cars in the future, especially with the advent of Uber, car2go, and the like. On the other hand, along with its competitors, Ford has invested millions in developing self-driving vehicles, which experts claim are either a couple of years or a couple of decades away from deployment. Because such autonomous cars are remarkably software intensive (while Ford is surely hardware intensive), the company has had to invest in companies such as Pittsburgh’s Argo AI, an artificial intelligence start-up, to gain a foothold in unfamiliar territory and maintain its competitiveness.² For Ford, new competitors, emerging social trends, and rapidly changing technology all contribute to increased uncertainty.



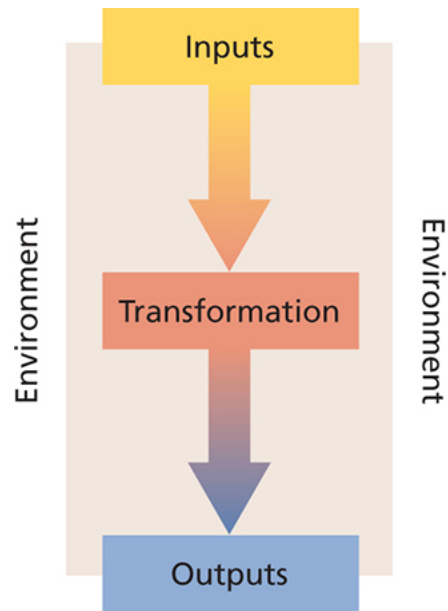
Ford has invested millions in developing self-driving vehicles, which experts claim are either a couple of years or a couple of decades away from deployment.

Organizations as Open Systems

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Organizations can be described as open systems. Open systems ³ take inputs from the external environment, transform them, and send them back into the external environment as outputs ([Exhibit 14.1](#) ³).³ Inputs include capital, energy, materials, information, technology, and people; outputs include various products and services. Some inputs are transformed (e.g., raw materials), while other inputs (e.g., skilled craftspeople) assist in the transformation process. Transformation processes may be physical (e.g., manufacturing or surgery), intellectual (e.g., teaching or programming), or even emotional (e.g., psychotherapy). For example, an insurance company imports actuarial experts, information about accidents and mortality, and capital in the form of insurance premiums. Through the application of financial knowledge, it transforms the capital into insurance coverage and investments in areas like real estate. Universities and colleges import seasoned scholars and aspiring students from the environment. Through the teaching process, they return educated individuals to the community as outputs.

Exhibit 14.1 The organization as an open system.



The value of the open systems concept is that it sensitizes us to the need for organizations to cope with the demands of the environment on both the input and output sides. Although some of this coping involves adaptation to environmental demands, much coping is oriented toward changing the environment. For example, both Facebook and Google's Alphabet are engaged in schemes to get internet access to the world's poor, a worthy goal, but one that can also expand their customer bases.⁴

Components of the External Environment

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The external environment is obviously a big concept. Technically, it involves any person, group, event, or condition outside the direct domain of the organization. For this reason, it is useful to divide the environment into a manageable number of components.⁵

The General Economy

Organizations that survive through selling products or services often suffer from an economic downturn and profit from an upturn. When a downturn occurs, competition for remaining customers increases, and organizations might postpone needed capital improvements. Of course, some organizations thrive under a poor economy, including welfare offices and law firms that deal heavily in bankruptcies. In addition, if a poor economy is accompanied by high unemployment, some organizations might find it opportune to upgrade the quality of their staff, since they will have an ample selection of candidates.

Customers

All organizations have potential customers for their products and services. Piano makers have musicians, and consumer activist associations have disgruntled consumers. Organizations must be sensitive to changes in customer demands. For example, the small liberal arts college that resists developing a business school might be faced with

declining enrolment. Successful firms are generally highly sensitive to customer reactions. For example, the unprecedented rise in the use of mobile devices for shopping required a quantum change in how firms interface with customers.

Suppliers

Organizations are dependent on the environment for supplies, which include labour, raw materials, equipment, and component parts.

Shortages can cause severe difficulties. For instance, the lack of a local technical school might prove troublesome for an electronics firm that requires skilled labour. Similarly, a strike by a company that supplies component parts might cause the purchaser to shut down its assembly line.

Competitors

Environmental competitors vie for resources that include both customers and suppliers.⁶ Thus, private schools compete for students, and consulting firms compete for clients. Similarly, utility companies compete for energy, and professional baseball teams compete for free-agent ballplayers. Successful organizations devote considerable effort to monitoring the activities of competitors, with good reason. Bombardier has repeatedly been accused by Boeing of competing unfairly due to government subsidies.

Social/Political Factors

Organizations cannot ignore the social and political events that occur around them. Changes in public attitudes toward ethnic diversity, the proper age for retirement, the environment, corporate social responsibility, or the proper role of big business will soon affect them. Frequently, these attitudes find expression in law through the political

process. Thus, organizations must cope with a series of legal regulations that prescribe fair employment practices, proper competitive activities, product safety, clients' rights, and environmental protectionism. The Brexit vote to remove the U.K. from the European Union has stimulated considerable uncertainty in many sectors.

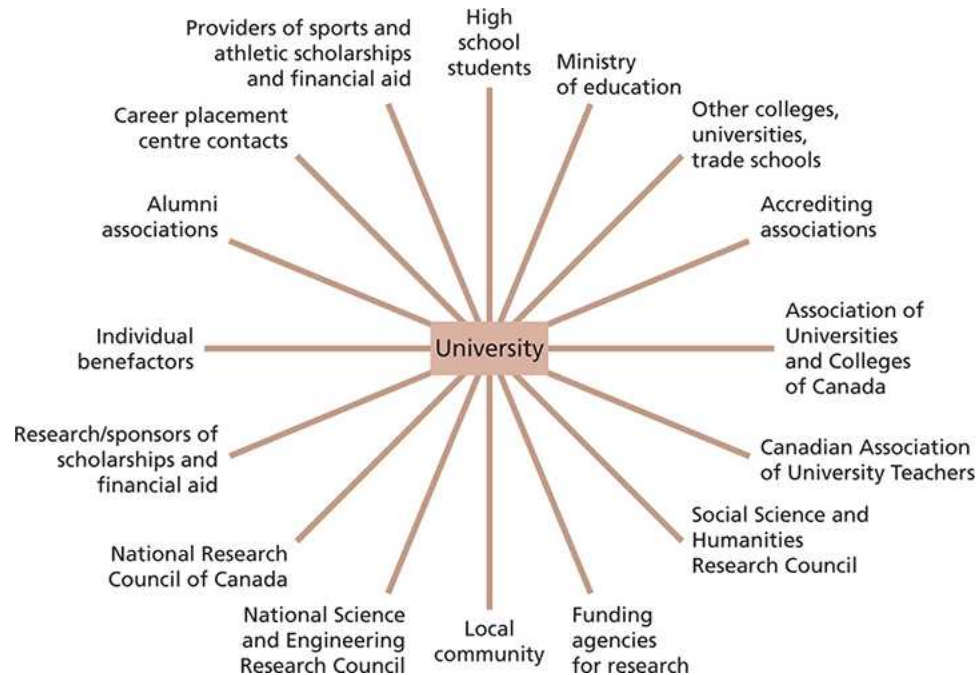
Technology

The environment contains a variety of technologies useful for achieving organizational goals. Technology refers to ways of doing things, not simply to some form of hardware. The ability to adopt the proper technology should enhance an organization's effectiveness. For a business firm, this might involve the choice of an appropriate computer system or production technique. For a mental health clinic, it might involve implementing a particular form of psychotherapy that is effective for its clients. For an automotive firm, it might involve smart robots or artificial intelligence.

This brief list does not provide a perfect picture of the large number of actual interest groups that can exist in an organization's environment. **Interest groups** are parties or organizations other than direct competitors that have some vested interest in how an organization is managed. For example, [Exhibit 14.2](#) shows the interest groups that surround a university. As you can see, our list of six environmental components actually involves quite an array of individuals and agencies. To complicate matters, some of these entities might make competing or conflicting demands on the university. For instance, sponsors of athletic and sports scholarships might press the university to allocate more funds to field a winning hockey team, while research scholarship sponsors might insist that the university match their donations for academic purposes. Such competition for attention from different segments of the

environment is not unusual. Obviously, different interest groups evaluate organizational effectiveness according to different criteria.⁷

Exhibit 14.2 Interest groups in the external environment of a university.



Source: Based on Brown, W. B., & Moberg, D. J. (1980). *Organization theory and management*, p. 45. Copyright © 1980 by John Wiley & Sons, Inc.

Different parts of the organization are often concerned with different environmental components. For instance, we can expect a marketing department to be tuned in to customer demands and a legal department to be interested in regulations stemming from the social/political component. The coordination of this natural division of interests is a crucial concern for all organizations. Also, as environmental demands change, it is important that power shifts occur to allow the appropriate functional units to cope with these demands.

Finally, events in various components of the environment provide both constraints and opportunities for organizations. Although environments with many constraints (e.g., high interest rates, strong competition)

appear pretty hostile, an opportunity in one environmental sector might offset a constraint in another. For example, the firm that is faced with a dwindling customer base might find its salvation by exploiting new technologies that give it an edge in costs or new product development.

Environmental Uncertainty

◀ Listen to the Audio

Environments have considerable potential for causing confusion among managers. Customers may come and go, suppliers may turn from good to bad, and competitors may make surprising decisions. The resulting uncertainty can be both challenging and frustrating. **Environmental uncertainty** [Ⓢ] exists when an environment is vague, difficult to diagnose, and unpredictable. We all know that some environments are less certain than others. Your hometown provides you with a fairly certain environment. There, you are familiar with the transportation system, the language, and necessary social conventions. Thrust into the midst of a foreign culture, you encounter a much less certain environment. How to greet a stranger, order a meal, and get around town become significant issues. There is nothing intrinsically bad about this uncertainty, but it does require you to marshal a particular set of skills to be an effective visitor.

Like individuals, organizations can find themselves in more or less certain environments. But exactly what makes an organizational environment uncertain? Put simply, uncertainty depends on the environment's *complexity* (simple versus complex) and its *rate of change* (static versus dynamic).⁸

- *Simple environment.* A simple environment involves relatively few factors, and these factors are fairly similar to each other. For example, consider the pottery manufacturer that obtains its raw materials from

two small firms and sells its entire output to three small pottery outlets.

- *Complex environment.* A complex environment contains a large number of dissimilar factors that affect the organization. For example, the university in [Exhibit 14.2](#) has a more complex environment than the pottery manufacturer. In turn, McDonald's has a more complex environment than the university.
- *Static environment.* The components of this environment remain fairly stable over time. The small-town radio station that plays the same music format, relies on the same advertisers, and works under the same government broadcasting regulations year after year has a stable environment. (Of course, no environment is *completely* static; we are speaking in relative terms here.)
- *Dynamic environment.* The components of a highly dynamic environment are in a constant state of change, which is unpredictable and irregular, not cyclical. For example, consider the firm that specializes in developing nanotechnology. New scientific and technological advances occur rapidly and unpredictably in this field. In addition, customer demands are highly dynamic as firms devise new uses for nanotechnology. As noted earlier, a similar dynamic environment faces auto manufacturers, which are currently scrambling to perfect electric vehicles, develop self-driving cars, and anticipate how ride and car sharing will affect car sales.

As we see in [Exhibit 14.3](#), it is possible to arrange rate of change and complexity in a matrix. A simple/static environment (Cell 1) should provoke the least uncertainty, while a dynamic/complex environment (Cell 4) should provoke the most. Some research suggests that change has more influence than complexity on uncertainty.⁹ Thus, we might expect a static/complex environment (Cell 2) to be somewhat more certain than a dynamic/simple environment (Cell 3).

Exhibit 14.3 Environmental uncertainty as a function of complexity and rate of change.

		Complexity	
		Simple	Complex
Rate of Change	Static	<p>Cell 1 <i>Low perceived uncertainty</i></p> <ol style="list-style-type: none"> 1. Small number of factors and components in the environment 2. Factors and components are somewhat similar to one another 3. Factors and components remain basically the same and are not changing 	<p>Cell 2 <i>Moderately low perceived uncertainty</i></p> <ol style="list-style-type: none"> 1. Large number of factors and components in the environment 2. Factors and components are not similar to one another 3. Factors and components remain basically the same
	Dynamic	<p>Cell 3 <i>Moderately high perceived uncertainty</i></p> <ol style="list-style-type: none"> 1. Small number of factors and components in the environment 2. Factors and components are somewhat similar to one another 3. Factors and components of the environment are in continual process of change 	<p>Cell 4 <i>High perceived uncertainty</i></p> <ol style="list-style-type: none"> 1. Large number of factors and components in the environment 2. Factors and components are not similar to one another 3. Factors and components of environment are in a continual process of change

Source: Duncan, R. B. (1972). Characteristics of organizational environments and perceived environment uncertainty. *Administrative Science Quarterly*, 17(3), 313–327, p. 320. Used by permission of Cornell University Johnson School.

Earlier, we stated that different parts of the organization are often interested in different components of the environment. And we have just shown that some aspects of the environment are less certain than others. Thus, some subunits might be faced with more uncertainty than others. For example, the research and development department of a nanotechnology company faces a more uncertain environment than the human resources department.

Increasing uncertainty has several predictable effects on organizations and their decision makers.¹⁰ For one thing, as uncertainty increases, cause-and-effect relationships become less clear. If we are certain that a key competitor will not match our increased advertising budget, we may be confident that our escalated ad campaign will increase our market share. Uncertainty about the competitor's response reduces confidence in

this causal inference. Second, environmental uncertainty tends to make priorities harder to agree on, and it often stimulates political jockeying within the organization. Thus, if the consequences of increased advertising are unclear, other functional units might see the increased budget allocation as being “up for grabs.” Finally, as environmental uncertainty increases, more information must be processed by the organization to make adequate decisions. Environmental scanning, boundary spanning, planning, and data analytics will become more prominent.¹¹ This illustrates that organizations will act to cope with or reduce uncertainty because uncertainty increases the difficulty of decision making and thus threatens organizational effectiveness. Shortly, we will examine in greater detail the means of managing uncertainty. First, we explore resource dependence, another aspect of the impact of the environment on organizations.

Resource Dependence

◀ Listen to the Audio

Earlier we noted that organizations are open systems that receive inputs from the external environment and transfer outputs into this environment. Many inputs from various components of the environment are valuable resources that are necessary for organizational survival. These include such things as capital, raw materials, and human resources. By the same token, other components of the environment (such as customers) represent valuable resources on the output end of the equation. All this suggests that organizations are in a state of resource dependence with regard to their environments.¹² Carefully managing and coping with this resource dependence is a key to survival and success.

Some organizations are more resource dependent than others. This is because some environments have a larger amount of readily accessible resources.¹³ A classic case of a highly resource-dependent organization is a newly formed small business. Cautious bank managers, credit-wary suppliers, and a dearth of customers all teach the aspiring owner the meaning of dependence. Also, many organizations in traditional manufacturing encounter a poorly resourced environment. Investors are wary, customers are disappearing, and skilled human resources are attracted to situations with better career prospects. The high-tech industry faces a munificent environment. Capital is readily available, human resources are trained in relevant fields, and new uses for technology are continually being developed.

Resource dependence can be fairly independent of environmental uncertainty, and dealing with one issue will not necessarily have an effect on the other. For example, although the computer industry generally faces a fairly munificent environment, this environment is uncertain, especially with regard to rate of change. On the other hand, many mature small businesses exist in a fairly certain environment but remain highly resource dependent.

Competitors, regulatory agencies, and various interest groups can have a considerable stake in how an organization obtains and transforms its resources.¹⁴ In effect, the organization might be indirectly resource dependent on these bodies and thus susceptible to considerable social control.

The concept of resource dependence does not mean that organizations are totally at the mercy of their environments. Rather, it means that they must develop strategies for managing both resource dependence and environmental uncertainty.¹⁵ Let's now consider strategic responses to uncertainty and resource dependence.

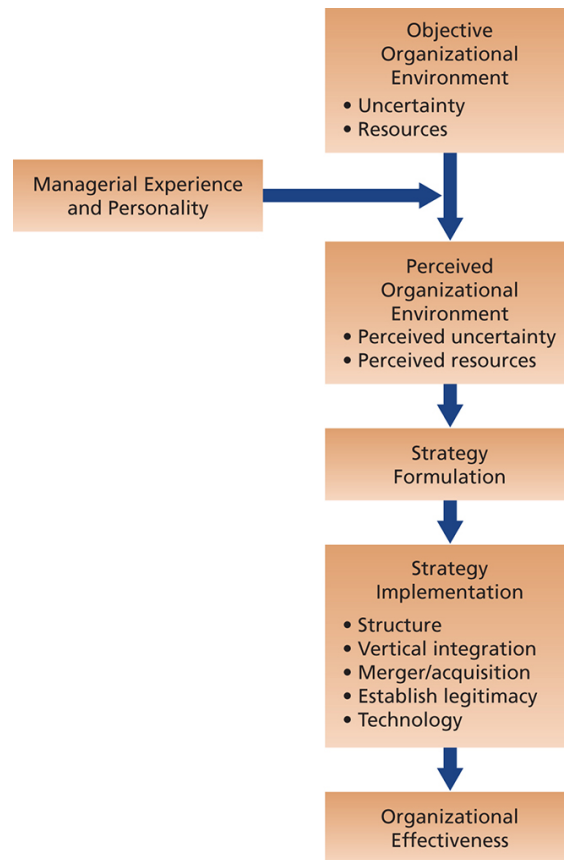
Strategic Responses to Uncertainty and Resource Dependence

◀ Listen to the Audio

Organizations devote considerable effort to developing and implementing strategies to cope with environmental uncertainty and resource dependence. **Strategy** can be defined as the process by which top executives seek to cope with the constraints and opportunities posed by an organization's environment.

Exhibit 14.4 outlines the nature of the relationship between environment and strategy. At the top, the objective organizational environment is portrayed in terms of uncertainty and available resources, as we discussed earlier. However, much of the impact that the environment has on organizations is indirect rather than direct, filtered through the perceptual system of managers and other organizational members.¹⁶ By means of the perceptual process we discussed in **Chapter 3**, personality characteristics and experience may colour managers' perceptions of the environment. For example, the environment might seem much more complex and unstable for a manager who is new to his or her job than for one who has years of experience. Similarly, the optimistic manager might perceive more resources than the pessimistic manager.¹⁷ It is the perceived environment that comprises the basis for strategy formulation.

Exhibit 14.4 Environment, strategy, and organizational effectiveness.



Strategy formulation itself involves determining the mission, goals, and objectives of the organization. At the most basic level, for a business firm, this would even involve consideration of just what business the organization should pursue. Then the organization's orientation toward the perceived environment must be determined. This might range from being defensive and protective of current interests (such as holding market share) to prospecting vigorously for new interests to exploit (such as developing totally new products).¹⁸ There is no single correct strategy along this continuum. Rather, the chosen strategy must correspond to the constraints and opportunities of the environment. Finally, the strategy must be implemented by selecting appropriate managers for the task and employing appropriate techniques, as shown in [Exhibit 14.4](#). One of the most common strategic responses employed by organizations is a change in organizational structure. As described in the chapter-opening vignette,

this is exactly what McDonald's did. Let's now take a closer look at organizational structure.















What Is Organizational Structure?

◀ Listen to the Audio

- LO3 Define *organizational structure* and explain how it corresponds to division of labour.
- LO4 Discuss the relative merits of various forms of *departmentation*.
- LO5 Review the more basic and more elaborate means of achieving organizational *coordination*.

To achieve its goals, an organization has to do two very basic things: *divide* labour among its members and then *coordinate* what has been divided. For example, consider how a university divides its labour: some members teach, some run the graduate programs, some take care of accounts, and some handle registration. It is unlikely that anyone could do *all* these things well. Furthermore, within each of these subunits, labour would be further divided. For example, the registrar's office would include a director, academic advisors, and so on. With all this division, some coordination is obviously necessary. We can conclude that **organizational structure** is the manner in which an organization divides its labour into specific tasks and achieves coordination among these tasks.¹⁹

Labour must be divided because individuals have physical and intellectual limitations. *Everyone* cannot do *everything*—even if this were possible, tremendous confusion and inefficiency would result. There are two basic dimensions to the division of labour: a vertical dimension and a

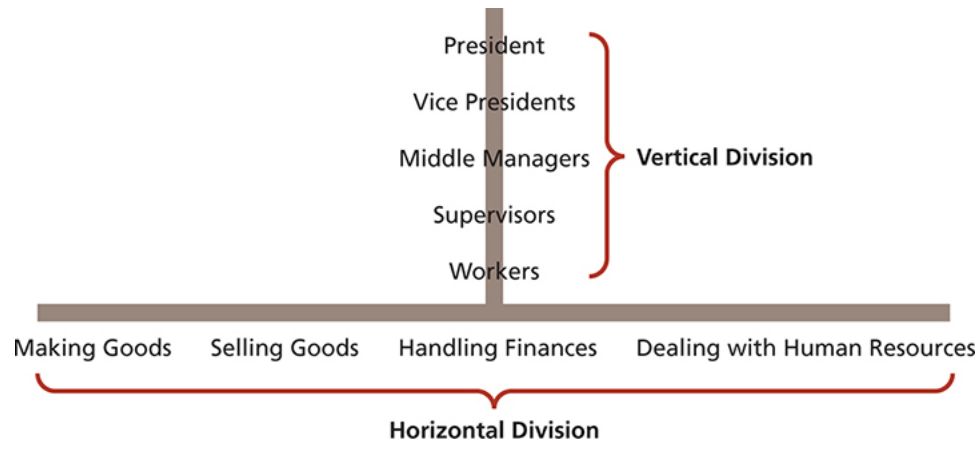
horizontal dimension. Once labour is divided, it must be coordinated to achieve organizational effectiveness.

Vertical Division of Labour

◀ Listen to the Audio

The vertical division of labour is concerned primarily with apportioning authority for planning and decision making—who gets to tell whom what to do? As we can see in [Exhibit 14.5](#), in a manufacturing firm, the vertical division of labour is usually signified by titles such as *president*, *manager*, and *supervisor*. In a university, it might be denoted by titles such as *president*, *dean*, and *chairperson*. Organizations differ greatly in the extent to which labour is divided vertically. For example, the Canadian Army has 19 levels of command, ranging from full generals to privates. Walmart U.S. has six levels. On the other hand, an automobile dealership might have only two or three levels, and a university would usually fall between the extremes. Separate departments, units, or functions *within* an organization will also often vary in the extent to which they vertically divide labour. A production unit might have several levels of management, ranging from supervisor to general manager. A research unit in the same company might have only two levels of management. A couple of key themes underlie the vertical division of labour.

Exhibit 14.5 The dimensions of division of labour in a manufacturing firm.



Autonomy and Control

Holding other factors constant, the domain of decision making and authority is reduced as the number of levels in the hierarchy increases. Put another way, managers have less authority over fewer matters. On the other hand, a flatter hierarchy pushes authority lower and involves people further down the hierarchy in more decisions.

Communication

A second theme underlying the vertical division of labour is communication or coordination between levels. As labour is progressively divided vertically, timely communication and coordination can become harder to achieve. Recall our discussion in [Chapter 10](#) on information filtering as a barrier to communication. As the number of levels in the hierarchy increases, filtering is more likely to occur.

These two themes illustrate that labour must be divided vertically enough to ensure proper control but not so much as to make vertical communication and coordination impossible. The proper degree of such division will vary across organizations and across their functional units.

Horizontal Division of Labour

◀ Listen to the Audio

The horizontal division of labour groups the basic tasks that must be performed into jobs and then into departments so that the organization can achieve its goals. Required workflow is the main basis for this division. The firm schematized in [Exhibit 14.5](#) must produce and sell goods, keep its finances straight, and keep its employees happy. A hospital must admit patients, subject them to lab tests, fix what ails them, and keep them comfortable, all the while staying within its budget. Just as organizations differ in the extent to which they divide labour vertically, they also differ in the extent of horizontal division of labour. In a small business, the owner might be a “jack of all trades,” making estimates, delivering the product or service, and keeping the books. As the organization grows, horizontal division of labour is likely, with different groups of employees assigned to perform each of these tasks. Thus, the horizontal division of labour suggests some specialization on the part of the workforce. Up to a point, this increased specialization can promote efficiency. A couple of key themes underlie the horizontal division of labour.

Job Design

The horizontal division of labour is closely tied to our earlier consideration of job design ([Chapter 6](#)). An example will clarify this. Suppose that an organization offers a product or service that consists of A work, B work, and C work (e.g., fabrication, inspection, and packaging). There are at least three basic ways in which it might structure these tasks:

- Form an ABC Department in which all workers do ABC work.
- Form an ABC Department in which workers specialize in A work, B work, or C work.
- Form a separate A Department, B Department, and C Department.

There is nothing inherently superior about any of these three designs. However, each has implications for the jobs involved and how these jobs are coordinated. The first design provides for enriched jobs in which each worker can coordinate his or her own A work, B work, and C work. It also reduces the need for supervision and allows for self-managed teams. However, this design might require highly trained workers, and it might be impossible if A work, B work, and C work are complex specialties that require, for example, engineering, accounting, and legal skills. The second design involves increased horizontal division of labour in which employees specialize in tasks and in which the coordination of A work, B work, and C work becomes more critical. However, much of this coordination could be handled by properly designing the head of the department's job. Finally, the third design offers the greatest horizontal division of labour in that A work, B work, and C work are actually performed in separate departments. This design provides for great control and accountability for the separate tasks, but it also suggests that someone above the department heads will have to get involved in coordination.

Differentiation

As organizations engage in increased horizontal division of labour, they usually become more and more differentiated. **Differentiation** is the tendency for managers in separate units, functions, or departments to differ in terms of goals, time spans, and interpersonal styles.²⁰ In tending to their own domains and problems, managers often develop distinctly different psychological orientations toward the organization and its

products or services. Under high differentiation, various organizational units tend to operate more autonomously.

A classic case of differentiation is what often occurs between marketing managers and those in research and development. The goals of the marketing managers might be external to the organization and oriented toward servicing the marketplace. Those of R&D managers might be oriented more toward excellence in design and state-of-the-art use of materials. While marketing managers want products to sell *now*, R&D managers might feel that “good designs take time.” Finally, marketing managers might believe that they can handle dispute resolution with R&D through interpersonal tactics learned when they were on the sales force (“Let’s discuss this over lunch”). R&D managers might feel that “the design speaks for itself” when a conflict occurs. The essential problem here is that the marketing department and the R&D department *need* each other to do their jobs properly!²¹ Shortly, we will review some tactics to help achieve necessary coordination.

Differentiation is a natural consequence of the horizontal division of labour, but it again points to the need for coordination, a topic that we will consider in more detail later. For now, let’s examine more closely how organizations can allocate work to departments.

Departmentation

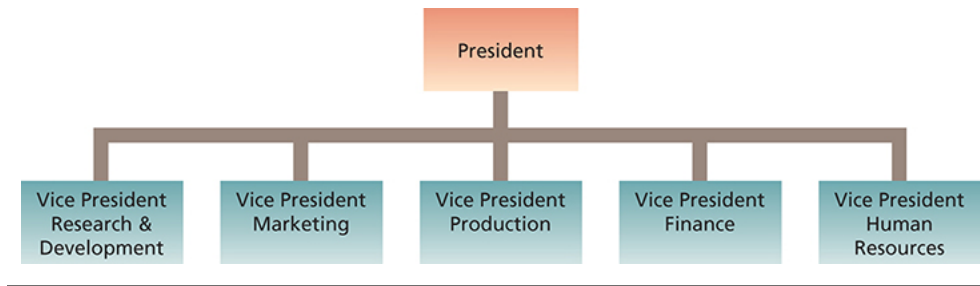
◀ Listen to the Audio

As we suggested earlier, once basic tasks have been combined into jobs, a question still remains as to how to group these jobs so that they can be managed effectively. The assignment of jobs to departments is called departmentation, and it represents one of the core aspects of the horizontal division of labour. A department is simply a grouping of employees with particular responsibilities under a common manager.

Functional Departmentation

This form of organization is basic and familiar. Under **functional departmentation**, employees with closely related skills and responsibilities (functions) are located in the same department (**Exhibit 14.6**). Thus, those with skills in sales and advertising are assigned to the marketing department, and those with skills in accounting and credit are assigned to the finance department. Under this kind of design, employees are grouped according to the kind of resources they contribute to achieving the overall goals of the organization.²² A familiar functional organization is Netflix, which has departments for content development, product development, finance, operations, marketing, and HR.²³

Exhibit 14.6 Functional departmentation.



The most cited advantage of functional departmentation is efficiency. When all the engineers are located in an engineering department, rather than scattered throughout the organization, it is easier to be sure that they are neither overloaded nor underloaded with work. Also, support factors—such as reference books, specialized software, and lab space—can be allocated more efficiently with less duplication. Some other advantages of functional departmentation include the following:

- Communication within departments should be enhanced, since everyone “speaks the same language.”
- Career ladders and training opportunities within the function are enhanced because all parties will share the same view of career progression.
- The performance of functional specialists should be easier to measure and evaluate when they are all located in the same department.

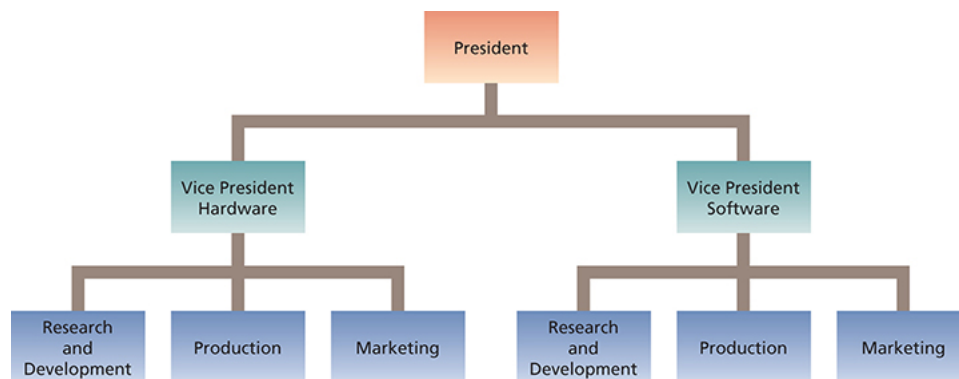
What are the disadvantages of functional departmentation? Most of them stem from the specialization within departments that occurs, leading to a high degree of differentiation between functional departments (often called *silo mentality*). At best, this can cause poor coordination and slow response to organizational problems. At worst, it can lead to open conflict between departments, in which the needs of clients and customers are ignored. Departmental empires might be built at the expense of pursuing organizational goals. There is consensus that functional departmentation works best in small- to medium-sized firms that offer relatively few

product lines or services. It can also be an effective means of organizing the smaller divisions of large corporations. When the scale gets bigger and the output of the organization gets more complex, most firms gravitate toward product departmentation or its variations.

Product Departmentation

Under **product departmentation** [Ⓟ], departments (often called divisions) are formed on the basis of a particular product, product line, or service. Each of these departments can operate fairly autonomously because it has its own set of functional specialists dedicated to the output of that department. For example, Proctor & Gamble has divisions devoted to (1) fabric and home, (2) health and grooming, (3) beauty and hair, and (4) baby, feminine, and family care, each with its own staff of production people, marketers, and research and development personnel (**Exhibit 14.7** [□]).²⁴

Exhibit 14.7 Product departmentation.



One key advantage of product departmentation is better coordination among the functional specialists who work on a particular product line. Since their attentions are focused on one set of products and they have fewer functional peers, fewer barriers to communication should develop.

Other advantages include flexibility, since product lines can be added or deleted without great implications for the rest of the organization. Also, product-focused departments can be evaluated as profit centres, since they have independent control over costs and revenues. This is not feasible for most functional departments (e.g., the HR department does not have revenues). Finally, product departmentation often serves the customer or client better, since the client can see more easily who produced the product (the software group, not Ajax Consulting). All in all, product structures have more potential than functional structures for responding to customers in a timely way. This is one reason why Hewlett-Packard adopted a functional design, consolidating its printer and PC operations in one unit and its enterprise software services in another.²⁵

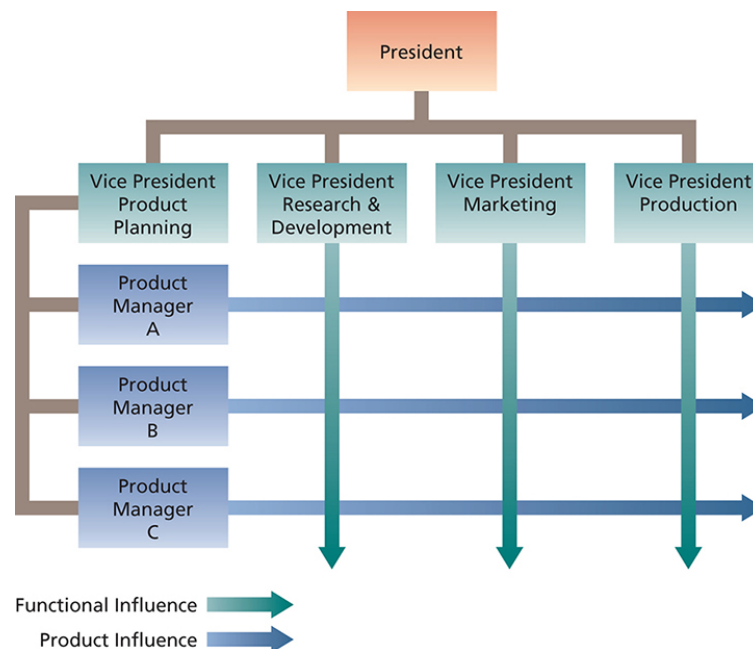
Are there any disadvantages to product departmentation? Professional development might suffer without a critical mass of professionals working in the same place at the same time. Also, economies of scale might be threatened and inefficiency might occur if relatively autonomous product-oriented departments are not coordinated. R&D personnel in an industrial products division and a consumer products division might work on a similar problem for months without being aware of each other's efforts. Worse, product-oriented departments might actually work at cross purposes, as happened when Sony's video, music, and gaming divisions failed to converge on a unified platform for the online delivery of content.²⁶

Canadian Tire moved from a product-oriented structure (e.g., automotive, housewares, and hardware) to a more functional one. This redesign, meant to reduce silo mentality and cut costs, centralized such functions as HR, finance, and information technology.²⁷

Matrix Departmentation

The system of **matrix departmentation** is an attempt to capitalize simultaneously on the strengths of both functional and product departmentation.²⁸ In its most literal form, employees remain tied to a functional department such as marketing or production, but they also report to a product manager who draws on their services (Exhibit 14.8). For example, in a firm in the chemical industry, a marketing expert might matrix with the household cleaning products group. Familiar firms that have matrix designs include IBM, Boeing, BMW, and PricewaterhouseCoopers.

Exhibit 14.8 Matrix departmentation.



There are many variations on matrix design. Most of them boil down to what exactly gets crossed with functional areas to form the matrix and the degree of stability of the matrix relationships. Besides products, a matrix could be based on geographical regions or specific projects. For instance, a mechanical engineer in a global engineering company could report to both the mechanical engineering department at world headquarters and

the regional manager for Middle East operations. This would probably be a fairly stable arrangement. Cisco Technical Services, which supplies equipment and 24/7 help desk support worldwide, converted from a regular functional design to a matrix based on geographic regions in order to better provide integrated services.²⁹ In fact, integrating business in multiple geographic regions is a common stimulus for the matrix design.³⁰

On the other hand, a matrix could be based on shorter-term projects. NASA uses this system, as do many consulting firms and research labs. The cross-functional teams that design cars ([Chapter 7](#)) draw members from various functions (e.g., styling, marketing, and engineering). When the design is completed, members go on to other assignments.

The matrix system is quite elegant when it works well. Ideally, it balances the technical demands of the product or project with the people who actually do the work, resulting in a better outcome. Also, it is very flexible. People can be moved around as project flow dictates, and projects, products, or new regions can be added without total restructuring. Being focused on a particular product or project can also lead to better communication among the representatives from the various functional areas.

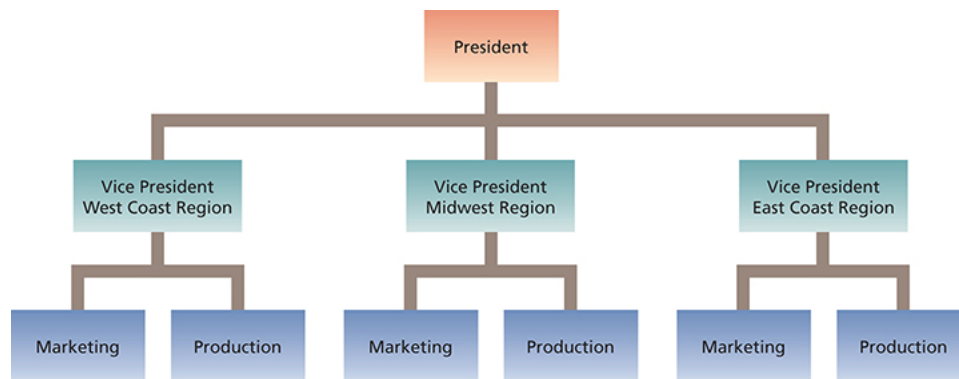
Two interrelated problems threaten the matrix structure. First, there is no guarantee that product or project managers will see eye to eye with various functional managers. This can create conflict that reduces the advantages of the matrix. Also, employees assigned to a product or project team in essence report to two managers, their functional manager and their product or project manager. This violation of a classical management principle (every employee should have only one boss) can result in role conflict and stress, especially at performance review time.

The upshot of this is that managers need to be well trained under matrix structures.

Other Forms of Departmentation

Several other forms of departmentation also exist.³¹ Two of these are simply variations on product departmentation. One is geographic departmentation, which is how McDonald's was previously structured. Under **geographic departmentation**, relatively self-contained units deliver the organization's products or services in specific geographic territories (Exhibit 14.9). This form of departmentation shortens communication channels, allows the organization to cater to regional tastes, and gives some appearance of local control to clients and customers. National retailers, insurance companies, and oil companies generally exhibit geographic departmentation.

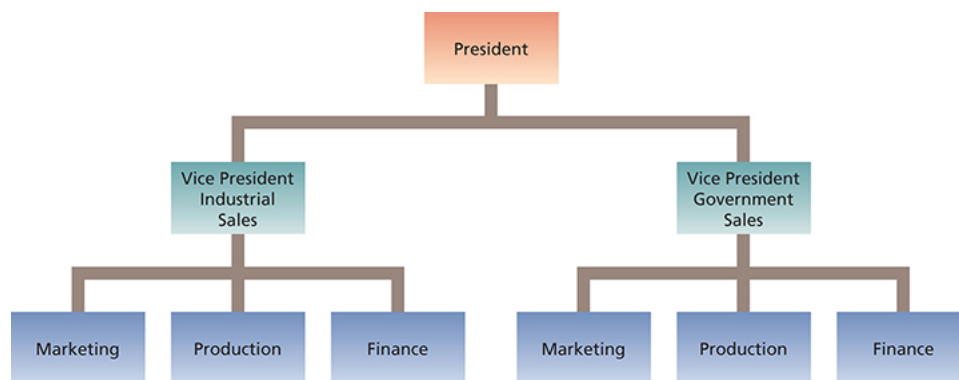
Exhibit 14.9 Geographic departmentation.



Another form closely related to product departmentation is **customer departmentation**. Under customer departmentation, relatively self-contained units deliver products or services to specific customer groups (Exhibit 14.10). The obvious goal is to provide better service to each group through specialization. For example, many banks have separate

commercial lending and consumer loan divisions. An engineering firm might have separate divisions to cater to civilian and military customers. In general, the advantages and disadvantages of geographic and customer designs parallel those for product designs. McDonald's organizational structure is customer focused in that it is based on the firm's maturity in various markets and customer familiarity with the brand, cutting across geographical divides.

Exhibit 14.10 Customer departmentation.



Finally, we should recognize that few organizations represent “pure” examples of functional, product, geographic, or customer departmentation. It is not unusual to see **hybrid departmentation**, which involves some combination of these structures.³² For example, a manufacturing firm might retain human resources, finance, and legal services in a functional form at headquarters but use product departmentation to organize separate production and sales staffs for each product. Similarly, Walmart centralizes many activities at their headquarters but also has geographic divisions that cater to regional tastes and promote efficient distribution. The hybrids attempt to capitalize on the strengths of various structures, while avoiding the weaknesses of others. For an example of an innovative structure, see [Research Focus: Microdivisionalization at Haier Group](#).

Research Focus

Microdivisionalization at Haier Group

Marshall Meyer and colleagues conducted a six-year study of the Haier Group, a \$23 billion Chinese company that produces home appliances and consumer electronics. Of particular interest was Haier's unusual organizational structure. The firm's 60 000 employees are organized into over 2000 teams.

Although team-augmented structures are not uncommon in contemporary organizations, Haier is distinctive in that its teams are empowered to operate as stand-alone businesses, responsible and accountable for their own financial performance. In turn, this performance determines team members' compensation and the continued existence of the team. The researchers labeled this structure microdivisionalization.

Why would Haier opt for this rather complicated structure? For one thing, the domestic Chinese appliance and electronics market is highly fragmented, with many smaller challengers, and highly competitive, due to oversupply and consequent price wars. Profit margins are very thin. This uncertain environment requires decentralized decision making so that Haier, a large firm, can be as nimble as its smaller competitors. This led to the advent of the small "close to customer" teams that are expected to exhibit entrepreneurial spirit while still collaborating with other teams for the greater good of Haier. Revenue targets for teams were public, and this stimulated competition among them. The structure allowed Haier to reward teams that performed well and disband those that didn't. By most standards, the structural choice appears to

have been successful, with good results for revenue growth, profits, and market share. However, implementing the innovative structure was not lacking in challenges.

For one thing, individual compensation was difficult to determine under the team structure. In addition, coordination between teams was sometimes strained, especially between product teams and manufacturing teams when innovative products were proposed. In one case, a product team went to outside suppliers for components when manufacturing refused a product improvement. Finally, although it appeared that the goal of getting close to customers worked out well, there was evidence that some teams got *too* close to customers, moving into their premises or engaging in joint ventures with them.

Source: Meyer M. W., Lu, L., Peng, J., & Tsui, A. S. (2017). Microdivisionalization: Using teams for competitive advantage. *Academy of Management Discoveries*, 3, 3–20.

Basic Methods of Coordinating Divided Labour

◀ Listen to the Audio

When the tasks that will help the organization achieve its goals have been divided among individuals and departments, they must be coordinated so that goal accomplishment is actually realized. We can identify five basic methods of coordination[Ⓟ], which is a process of facilitating timing, communication, and feedback.³³

Direct Supervision

This is a very traditional form of coordination. Working through the chain of command, designated supervisors or managers coordinate the work of their subordinates. For instance, a production supervisor coordinates the work of his or her subordinates. In turn, the production superintendent coordinates the activities of all the supervisors.

Standardization of Work Processes

Some jobs are so routine that the technology itself provides a means of coordination. Little direct supervision is necessary for these jobs to be coordinated. The automobile assembly line provides a good example. When a car comes by, worker X bolts on the left door, and worker Y bolts on the right door. These workers do not have to interact, and they require minimal supervision. Work processes can also be standardized by rules and regulations. McDonald's stringent routine for constructing a burger is an example of such standardization.

Standardization of Outputs

Even when direct supervision is minimal and work processes are not standardized, coordination can be achieved through the standardization of work outputs. Concern shifts from how the work is done to ensuring that the work meets certain physical or economic standards. For instance, employees in a machine shop might be required to construct complex valves that require a mixture of drilling, lathe work, and finishing. The physical specifications of the valves will dictate how this work is to be coordinated. Standardization of outputs is often used to coordinate the work of separate product or geographic divisions. Frequently, top management assigns each division a profit target. These standards ensure that each division “pulls its weight.” Thus, budgets are a form of standardizing outputs.

Standardization of Skills

Even when work processes and output cannot be standardized and direct supervision is unfeasible, coordination can be achieved through standardization of skills. This is seen very commonly in the case of technicians and professionals. For example, a large surgery team can often coordinate its work with minimal verbal communication because of its high degree of interlocked training—surgeons, anaesthesiologists, and nurses all know what to expect from each other because of their standard training. MBA programs provide some standardized skills (e.g., the ability to read a balance sheet) to people with different functional specialties.

Mutual Adjustment

Mutual adjustment relies on informal communication to coordinate tasks. Paradoxically, it is useful for coordinating the most simple and the most complicated divisions of labour. For example, imagine a small florist shop that consists of the owner-operator, a shop assistant, and a delivery

person. It is very likely that these individuals will coordinate their work through informal processes, mutually adjusting to each other's needs. At the other extreme, consider the top executive team of virtually any corporation. Such teams are generally composed of people with a variety of skills and backgrounds (e.g., finance, marketing) and tend to be preoccupied with very non-routine problems. Again, mutual adjustment would be necessary to coordinate their efforts because standardization would be impossible.

The coordination methods we have discussed can be crudely ordered in terms of the degree of *discretion* they permit in terms of task performance. Applied strictly, direct supervision permits little discretion. Standardization of processes and outputs permits successively more discretion. Finally, standardization of skills and mutual adjustment put even more control into the hands of those who are actually doing the work.

Just as division of labour affects the design of jobs, so does the method of coordination employed. As we move from direct supervision toward mutual adjustment, there is greater potential for jobs to be designed in an enriched manner. By the same token, improper coordination can destroy intrinsic motivation. Traditionally, much work performed by professionals (e.g., scientists and engineers) is coordinated by their own skill standardization. If the manager of a research lab decides to coordinate work with a high degree of direct supervision, the motivating potential of the scientists' jobs might be damaged.

The use of the various methods of coordination tends to vary across different parts of the organization. As we noted, upper management relies heavily on mutual adjustment for coordination. Where tasks are more routine, such as in the lower part of the production subunit, we tend to see coordination via direct supervision or standardization of work

processes or outputs.³⁴ Advisory subunits staffed by professionals, such as a legal department or a marketing research group, often rely on a combination of skill standardization and mutual adjustment.

Other Methods of Coordination

◀ Listen to the Audio

The forms of coordination discussed earlier are very basic, in that almost every organization uses them. Sometimes, however, coordination problems are such that more customized, elaborate mechanisms are necessary to achieve coordination. This is especially true when we are speaking of lateral coordination across highly differentiated departments. Recall that the managers of such departments might vary greatly in goals, time spans, and interpersonal orientation. Figuratively at least, they often “speak different languages.” The process of attaining coordination across differentiated departments usually goes by the name of integration.³⁵ Good integration achieves coordination without reducing the differences that enable each department to do its own job well.³⁶ For example, in a high-tech firm, we do not *want* design and engineering to be so cozy that innovative tension is lost.³⁷ Ideally, integration specifies who is accountable for what, enables one department to predict the activities of another, and creates a shared understanding of overarching goals.³⁸

In ascending order of elaboration, three methods of achieving integration include the use of liaison roles, task forces, and full-time integrators.³⁹

Liaison Roles

A liaison role is occupied by a person in one department who is assigned, as part of his or her job, to achieve coordination with another department. In other words, one person serves as a part-time link

between two departments. Sometimes the second department might reciprocate by nominating its own liaison person. For example, in a university library, reference librarians might be required to serve as liaison people for certain academic departments or schools. In turn, an academic department might assign a faculty member to touch base with its liaison in the library. Sometimes, liaison people might actually be located physically in the corresponding department.

Task Forces and Teams

When coordination problems arise that involve several departments simultaneously, liaison roles are not very effective. **Task forces** [Ⓟ] are temporary groups set up to solve coordination problems across several departments. Representatives from each department are included on a full-time or part-time basis, but when adequate integration is achieved, the task force is disbanded.

Self-managed and cross-functional teams ([Chapter 7](#) [□]) are also an effective means of achieving coordination. Such teams require interaction among employees who might otherwise operate in an independent vacuum. Cross-functional teams are especially useful in achieving coordination for new-product development and introduction.

Integrators

Integrators [Ⓟ] are people who are permanently installed between two departments that are in clear need of coordination. They are especially useful for dealing with conflict between departments that (1) are highly interdependent, (2) have very diverse goals, and (3) operate in a very ambiguous environment. Such a situation occurs in many high-tech companies.⁴⁰ For example, a biotech firm might introduce new products almost every month. This is a real strain on the production department, which might need the assistance of the lab to implement a production

run. The lab scientists, on the other hand, rely on production to implement last-minute changes because of the rapidly changing technology. This situation badly requires coordination.

Integrators usually report directly to the executive to whom the heads of the two departments report. Ideally, they are rewarded according to the success of both units. A special kind of person is required for this job, since he or she has great responsibility but no direct authority in either department. The integrator must be unbiased, “speak the language” of both departments, and rely heavily on expert power.⁴¹ He or she should also identify strongly with the overall organization and its goals.⁴² An engineer with excellent interpersonal skills might be an effective integrator for the biotech firm.

Watch the video about organizational structure at Rudi's Bakery. Then, answer the multiple choice questions on the next screen.

Watch Rudi's Bakery: Organizational Structure






























Traditional Structural Characteristics

LO 14.6 Discuss the nature and consequences of *traditional structural characteristics*, and explain the distinction between *organic* and *mechanistic* structures.

 Listen to the Audio

Every organization is unique in the exact way that it divides and coordinates labour. However, management scholars and practising managers have agreed on a number of characteristics that summarize the structure of organizations.⁴³

Span of Control

◀ Listen to the Audio

The **span of control** is the number of employees supervised by a manager. The larger the span, the less potential there is for coordination by direct supervision. As the span increases, the attention that a supervisor can devote to each subordinate decreases. When work tasks are routine, coordination of labour through standardization of work processes or output often substitutes for direct supervision. Thus, at lower levels in production units, it is not unusual to see spans of control ranging to more than 20. Standardization of outputs and skills (such as in creative coding tasks) can result in *much* larger spans in high-tech companies. In the managerial ranks, tasks are less routine, and adequate time is necessary for informal mutual adjustment. As a result, spans at the upper levels tend to be smaller. As we climb the hierarchy, workers with radically different specialties might report to the boss. For example, the president might have to deal with vice presidents of human resources, finance, production, and marketing. Again, the complexity of this task dictates smaller spans.⁴⁴

Flat versus Tall

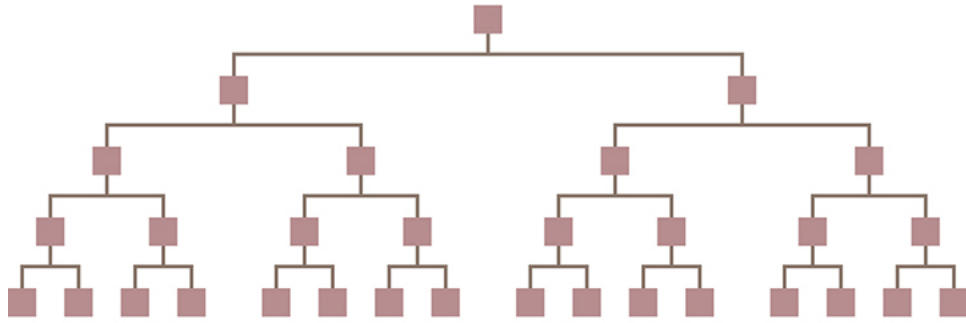
◀ Listen to the Audio

Holding size constant, a **flat organization** has relatively few levels in its hierarchy of authority, while a **tall organization** has many levels. Thus, flatness versus tallness is an index of the vertical division of labour. Again, holding size constant, it should be obvious that flatness and tallness are associated with the average span of control. This is shown in **Exhibit 14.11**. Both schematized organizations have 31 members. However, the taller one has five hierarchical levels and an average span of two, while the flatter one has three levels and an average span of five. Flatter structures tend to push decision-making powers downward in the organization because a given number of decisions are apportioned among fewer levels. Also, flatter structures generally enhance vertical communication and coordination. The Danish toy company Lego flattened its manufacturing division from four levels of management to three levels composed of teams. In the process, the number of managers was reduced by 40 percent.⁴⁵

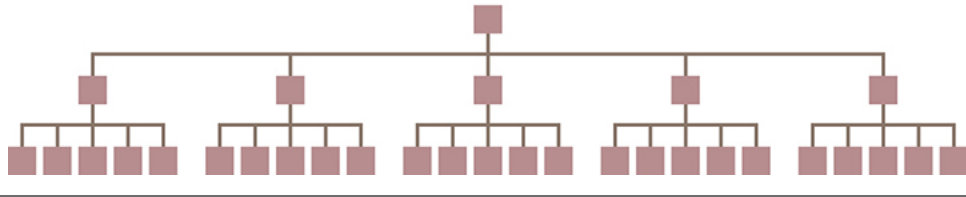
Exhibit 14.11

The relationship between span of control and organizational flatness and tallness.

Tall Organization: 31 Members; 5 Levels; Average Span of Control Is 2



Flat Organization: 31 Members; 3 Levels; Average Span of Control Is 5



Formalization

◀ Listen to the Audio

Formalization⁴⁶ is the extent to which work roles are highly defined by the organization.⁴⁶ A very formalized organization tolerates little variability in the way members perform their tasks. Some formalization stems from the nature of the jobs themselves; the work requirements of the assembly line provide a good example of this. More interesting, however, is formalization that stems from rules, regulations, and procedures that the firm or institution chooses to implement. Detailed, written job descriptions, thick procedure manuals, and the requirement to “put everything in writing” are evidence of such formalization. At McDonald’s, strict standards dictate how customers are greeted, how burgers are cooked, and how employees are dressed and groomed.

Very complex tasks dictate high formalization. In designing its 777 aircraft, Boeing used information technology to manage the development and modification of thousands of drawings and documents, thus coordinating the work of 5000 individuals at more than 20 locations.⁴⁷

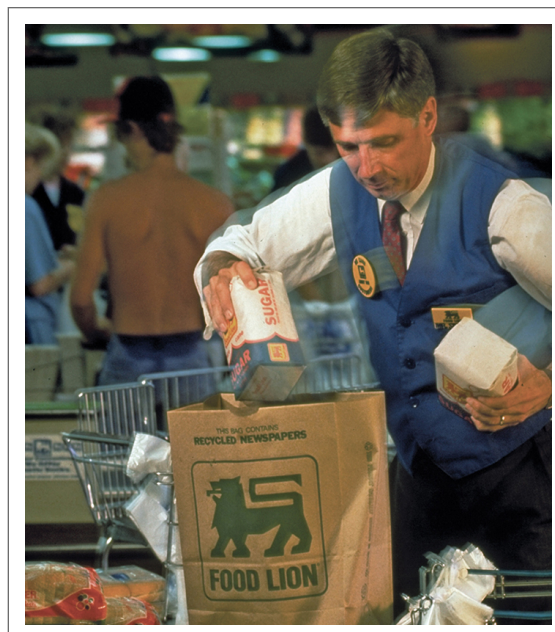
Sometimes, formalization seems excessive. Perhaps this is why so many fast-food employees ignore the hairnet rule. A U.S. Department of Energy document detailing how to change a light bulb in a radioactive area is 317 pages long and specifies duties for 43 people. In the Canadian public service, up to 12 layers of approval can be required to send out a single Twitter post.⁴⁸

Centralization

◀ Listen to the Audio

Centralization [Ⓟ] is the extent to which decision-making power is localized in a particular part of the organization. In the most centralized organization, the power for all key decisions would rest in a single individual, such as the CEO. In a more decentralized organization, decision-making power would be dispersed down through the hierarchy and across departments. Limitations to individual brainpower often prompt decentralization:

How can the Baghdad salesperson explain the nature of his clients to the Birmingham manager? Sometimes the information can be transmitted to one centre, but a lack of cognitive capacity (brainpower) precludes it from being comprehended there. How can the president of the conglomerate corporation possibly learn about, say, 100 different product lines? Even if a report could be written on each, he would lack the time to study them all.⁴⁹



At Food Lion, buying is centralized, but local managers have autonomy to stay close to customers.

©Will McIntyre / Getty Images

The information-processing capacity of executives is not the only factor that dictates the degree of centralization. Some organizations consciously pursue a more participative climate through decentralization. In others, top management might wish to maintain greater control and opt for stronger centralization. One of founder Ray Kroc's innovations was not to permit *regional* franchises that could grow powerful and challenge the basic business principles of McDonald's.⁵⁰ The North Carolina-based supermarket chain Food Lion decentralized with growth, giving local managers more autonomy to stay close to customers and cater to regional differences. However, the buying function and store design remained centralized to maintain efficiency and contain costs. Straying from this formula led to inefficiencies in the Canadian Sobeys chain, where a "convoluted" and "Byzantine" structure had 12 people across the country responsible for buying pet food.⁵¹

Walmart and its French retail competitor Carrefour have pursued different degrees of centralization in their efforts to penetrate the Chinese market. Walmart has mostly replicated its extremely centralized U.S. structure. On the other hand, Carrefour has not centralized logistics and distribution, and it has granted much more autonomy to local store managers. The latter structure seems more appropriate for dealing with China's geographically fragmented and rapidly changing consumer demands.⁵²

The proper degree of centralization should put decision-making power where the best *knowledge* is located. Often, this means decentralizing functions with direct customer contact, while centralizing functions that

have a more internal orientation (e.g., information technology group). Such structural decisions can have life-or-death consequences. After the deadly 2015 Paris terrorist attacks, some observers blamed the excessive centralization of the French police force for a delayed response that contributed to the carnage. Decentralized neighborhood patrols had been deemphasized and centralized, functionally specialized antiterrorist units were instituted. This resulted in a slow response to the mayhem.⁵³

Complexity

◀ Listen to the Audio

Complexity⁵⁴ is the extent to which organizations divide labour vertically, horizontally, and geographically.⁵⁴ A fairly simple organization will have few management levels (vertical division) and not many separate job titles (horizontal division). In addition, jobs will be grouped into a small number of departments, and work will be performed in only one physical location (geographic division). At the other extreme, a very complex organization will be tall, will have a large number of job titles and departments, and might be spread around the world. The essential characteristic of complexity is *variety*—as the organization becomes more complex, it has more kinds of people performing more kinds of tasks in more places, whether these places be departments or geographic territories.

Size and Structure⁵⁵

◀ Listen to the Audio

In general, large organizations (measured by number of employees) are more complex than small organizations.⁵⁶ For example, a small organization is unlikely to have its own legal department or market research group, and these tasks will probably be contracted out. Economies of scale enable large organizations to perform these functions themselves, but with a consequent increase in the number of departments and job titles. In turn, this horizontal specialization often stimulates the need for additional complexity in the form of appointing integrators or creating planning departments. As horizontal specialization increases, management levels must be added (making the organization taller) so that spans of control do not get out of hand.⁵⁷

Complexity means coordination problems, in spite of integrators, planning departments, and the like. This is where other structural characteristics come into play. In general, bigger organizations are less centralized than smaller organizations.⁵⁸ In a small company, the president might be involved in all but the least critical decisions. In a large company, the president would be overloaded with such decisions, and they could not be made in a timely manner. In addition, since the large organization will also be taller, top management is often too far removed from the action to make many operating decisions. How is control retained with decentralization? The answer is formalization—large organizations tend to be more formal than small organizations. Rules,

regulations, and standard procedures help to ensure that decentralized decisions fall within accepted boundaries.

You will recall that product departmentation is often preferable to functional departmentation as the organization increases in size. Logically, then, organizations with product departmentation should exhibit more complexity and more decentralization than those with functional departmentation. A careful comparison of [Exhibits 14.6](#) and [14.7](#) will confirm this logic. In the firm structured by product, research, production, and marketing are duplicated, increasing complexity. In addition, since each product line is essentially self-contained, decisions can be made at a lower organizational level.

Before continuing, have a look at [Applied Focus: Symptoms of Structural Problems](#).

Applied Focus

Symptoms of Structural Problems

It is good to be alert for common symptoms of structural problems in organizations.

- *Bad job design.* There is a reciprocal relationship between job design and organizational structure. Frequently, improper structural arrangements turn good jobs on paper into poor jobs in practice. A tall structure and narrow span of control in a research and development unit can reduce autonomy and turn exciting jobs into drudgery. An extremely large span of control can overload the most dedicated manager.

- *The right hand does not know what the left is doing.* If repeated examples of duplication of effort occur, or if parts of the organization work at cross purposes, structure is suspect. For instance, a Samsung team leader tasked with developing a mobile application learned from an organizational outsider that another team in her own firm was working on a similar app. The general problem here is one of coordination and integration.
- *Persistent conflict between departments.* Managers are often inclined to attribute such conflicts to personality clashes between key personnel in the warring departments. Just as often, a failure of integration is the problem. One clue here is whether the conflict persists even when personnel changes occur.
- *Structure changed to avoid dealing with interpersonal conflict.* Managing real personality clashes by making structural changes to isolate the involved personnel is inefficient. Do you really need both a department of legal affairs and a department of legal compliance?
- *Slow response times.* Ideally, labour is divided and coordinated to do business quickly. Delayed responses might be due to improper structure. Centralization might speed responses when a few decisions about a few products are required (dictating functional departmentation). Decentralization might speed responses when many decisions about many products are required (dictating product departmentation).
- *Decisions made with incomplete information.* Managers generally acquire more than enough information to make decisions. If we find that decisions have been made with incomplete information and the information existed somewhere in the organization, structure could be at fault.

- *A proliferation of committees.* Committees exist in all organizations, and they often serve as one of the more routine integrating mechanisms. However, when committee is piled on committee, or when task forces are being formed with great regularity, it is often a sign that the basic structure of the organization is being “patched up” because it does not work well. A structural review might be in order if too many people are spending too much time in committee meetings.
-

Summarizing Structure—Organic versus Mechanistic

◀ Listen to the Audio

Do the various structural characteristics that we have been reviewing have any natural relationship to one another? Is there any way to summarize how they tend to go together?

In general, the classical organizational theorists tended to favour **mechanistic structures** ⁵⁹. As **Exhibit 14.12** demonstrates, these structures tend toward tallness, narrow spans of control, specialization, high centralization, and high formalization. The other structural and human resources aspects in the exhibit complement these basic structural prescriptions. By analogy, the organization is structured as a mechanical device, each part serving a separate function, each part closely coordinated with the others. Speaking generally, functional structures tend to be rather mechanistic.

Exhibit 14.12 Mechanistic and organic structures.

Organizational Characteristics	Types of Organization Structure	
	Organic	Mechanistic
Span of control	Wide	Narrow
Number of levels of authority	Few	Many
Ratio of administrative to production personnel	High	Low
Range of time span over which an employee can commit resources	Long	Short
Degree of centralization in decision making	Low	High
Proportion of persons in one unit having opportunity to interact with persons in other units	High	Low
Quantity of formal rules	Low	High
Specificity of job goals	Low	High
Specificity of required activities	Low	High
Content of communications	Advice and information	Instructions and decisions
Range of compensation	Narrow	Wide
Range of skill levels	Narrow	Wide
Knowledge-based authority	High	Low
Position-based authority	Low	High

Source: From Seiler, J. A. (1967). *Systems analysis in organizational behavior*. Homewood, IL: Irvin, p. 168. This exhibit is an adaptation of one prepared by Paul T. Lawrence and Jay W. Lorsch in an unpublished "Working paper on scientific transfer and organizational structure," 1963. The latter, in turn, draws heavily on criteria suggested by W. Evans (1963). "Indices of hierarchical structure of industrial organizations." *Management Science*, 9, 468-477, Burns and Stalker, op cit., and Woodward, op cit., as well as those suggested by R. H. Hall (1962). "Intraorganizational structure variables." *Administrative Science Quarterly*, 9, 295-308.

We can contrast mechanistic structures with organic structures. As shown in [Exhibit 14.6](#), **organic structures** tend to favour wider spans of control, fewer authority levels, less specialization, less formalization, and decentralization. Flexibility and informal communication are favoured over rigidity and the strict chain of command. Thus, organic structures are more in line with the dictates of the human relations movement. Speaking generally, the matrix form is organic.

The labels *mechanistic* and *organic* represent theoretical extremes, and structures can and do fall between these extremes. But is one of these structures superior to the other? To answer this, consider the structures of a fast-food restaurant chain like McDonald's and the structure of W.L. Gore & Associates, Inc. At the restaurant level, McDonald's is structured very mechanistically. This structure makes perfect sense for the rather routine task of delivering basic convenience food to thousands of people every day and doing it with uniform quality and speed. McDonald's

headquarters, which deals with less routine tasks (e.g., product development, strategic planning), would be more organically structured. W.L. Gore & Associates, Inc., develops and manufactures products that are highly dependent on fast-changing high technology. Although its GORE-TEX brand breathable waterproof fabric is likely most familiar to you, the company also produces a wide range of medical and environmental products. Gore limits its plants to 200 people and retains a very flat structure to stimulate communication and innovation. New ideas spin off new business units. Its founder also despised bureaucracy.⁶⁰ An organic structure suits Gore perfectly.

There is no “one best way” to organize. In general, more mechanistic structures are called for when an organization’s external environment is more stable and its technology is more routine. Organic structures work better when the environment is uncertain, the technology is less routine, and innovation is important.⁶¹ Many organizations do not have only a single structure, and structure can and should change over time. Innovation (which we will study in detail in [Chapter 15](#)) is one factor that often dictates multiple structures, as we will see in the following section.

Organic versus Mechanistic Structures

Study the characteristics of organic and mechanistic structures, then “Check Your Understanding” to review.

Organic Structures	Mechanistic Structures
Wide spans of control	Narrow spans of control
Few levels of authority	Many levels of authority
Less specialization	More specialization
Flat structures	Tall structures
Decentralization	Centralization
Informal communication	Formal communication
Few rules	Many rules

Check Your Understanding













Contemporary Organic Structures

LO 14.7 Discuss the emergence of *ambidextrous*, *network*, *virtual*, and *modular* organizations.

◀ Listen to the Audio

Recent years have seen the advent of new, more organic organizational structures that offer more flexibility and greater speed of response.⁶² Global competition and deregulation, as well as advances in technology and communications, have stimulated the advent of these structures. Typically, the removal of unnecessary bureaucracy, the decentralization of decision making, and the use of temporary project teams are employed to achieve a more fluid, adaptable organization. Hierarchies are de-emphasized in favour of flexible networks, and organizational boundaries are blurred as firms become more open to the external environment. This openness includes crowdsourcing ([Chapter 11](#)), open innovation ([Chapter 15](#)), and strategic alliances with partner firms (this chapter).⁶³

In this section, we will examine some contemporary organic organizational structures. One interesting example of a contemporary organic organizational structure is called a holacracy. In a holacracy,⁶⁴ the traditional hierarchical organizational structure is replaced by a flat decentralized structure that is made up of self-managing teams called circles in which employees have multiple roles and responsibilities.⁶⁴ To find out how one organization changed its organizational structure to a

holacracy, see [You Be the Manager: Zappos New Organizational Structure](#) .

You Be the Manager: Zappos New Organizational Structure

Zappos is an online shoe retailer that was founded in by Nick Swinmurn in 1999. His plan was to create a website to offer the best selection of shoes and the best customer service. By 2003, gross merchandise sales had grown to \$70 million up from \$1.6 in 2000 and reached \$1 billion in 2008.

In 2009, Zappos was purchased by Amazon for about \$1.2 billion. It operates as an autonomous subsidiary and has become one of the largest online shoe retailers in the world. Zappos has grown so much that in 2010 it was restructured into ten separate companies and now sells a wide assortment of clothing, housewares, cosmetics, and other items in addition to shoes.

In 2014, Zappos made another change to its organizational structure following a six-month pilot project. The traditional hierarchical organizational structure was replaced by a new structure called a holacracy, which does not have any managers or job titles. Employees work in circles and often have multiple roles and responsibilities, which gives them more autonomy.

Zappos CEO Tony Hsieh said that the change was critical to ensure that bureaucracy did not stifle growth. In a four-hour meeting about the change, he told employees, "Darwin said that it's not the fastest or strongest that survive. It's the ones most adaptive to change."

Holarchy refers to organizing units that combine to form a larger organization. There are about 300 organizations that have adopted a holacracy structure, and Zappos is the largest and most well-known organization to have done so.

The basic idea behind a holacracy is that people are accountable for their work and everyone should feel comfortable enough to speak up. Employees work in self-managing teams called circles that they can

Reset

Next

Source: Pau, C. (2016, April 18). Trying too hard. *Canadian HR Reporter*, 29(7), 13; Lu, V. (2014, January 21). Zappos to toss out manager roles, *Toronto Star*, B1, B7; Sherman, L. (2015, April 14). Inside the Zappos Holacracy, *The Business of Fashion*, <http://www.businessoffashion.com/articles/intelligence/inside-the-zappos-holacracy>; Hsieh, T. (2010, July-August). Zappo's CEO on going to extremes for customers. *Harvard Business Review*, 88(7/8), 41-45; Silverman, R. E. (2015, May 21). At Zappos, banishing the bosses brings confusion, *Wall Street Journal (Online)*, <http://www.wsj.com/articles/at-zappos-banishing-the-bosses-brings-confusion-1432175402>; Helmore, E. (2015, May 30). Bring back the boss class, say employees fed up with self-ruling "holacracy." *The Guardian*, <http://www.theguardian.com/business/2015/may/30/bring-back-boss-class-holacracy-zappos>; Greenfield, R. (2015, April 3). Holawhat? Meet the alt-management system invented by a programmer and used by Zappos. *Fastcompany*, <http://www.fastcompany.com/3044352/the-secrets-of-holacracy>; *About Zappos, The Zappos family story: In the beginning—Let there be shoes*, www.zappos.com/d/about-zappos.

The Ambidextrous Organization

◀ Listen to the Audio

An **ambidextrous organization** [Ⓟ] is one that can simultaneously exploit current competencies and explore emerging opportunities.⁶⁵ The word *ambidextrous* means equally capable of using both hands, and the ideal ambidextrous organization is *partly* organic in form. On the other hand, it also exhibits more mechanistic characteristics. The need for ambidexterity stems from an age-old dilemma: how to pursue the core business while engaging in radical innovation. There is an essential tension between getting the most out of existing technology and the bread-and-butter products or services being offered (the firm's current competencies) and at the same time searching for new opportunities and innovating. This distinction is sometimes described as *exploiting* versus *exploring*. Thus, Ford wants to exploit the sale of conventional gasoline-powered vehicles while exploring the domain of autonomous vehicles. The tension between these two strategies stems from the fact that both require organizational resources, most of which are being generated by exploitation. It also stems from the fact that exploiting is a more certain activity, but one with diminishing returns, while exploring is a highly uncertain activity but has the potential to unlock fabulous opportunities for renewal. The question then becomes how to manage this essential tension, and it is generally conceded that proper structuring is part of the solution. This solution is important because ambidexterity is hard to accomplish and thus rare and difficult to imitate, providing a distinct source of competitive advantage.⁶⁶ Indeed, ambidexterity has been

associated with superior innovation, better financial performance, and longer survival, because it provides dynamic capabilities for change.⁶⁷

Two firms noted for their ambidexterity are Apple and Singapore Airlines.⁶⁸ Apple consistently manages to excel in innovation and design while achieving extreme efficiency and low costs. Singapore Airlines is also a cost leader among airlines, while offering service innovations and personalized customer interactions.

There is general agreement among experts that exploration and its quest for innovation require a more organic structure, while exploitation—extracting value from existing competencies—requires a more mechanistic approach. This means that ambidexterity provides great pressure for differentiation, clearly separating the creation of new ideas from the fine-tuning of established ideas. We have seen that differentiation in turn requires special attention to integration. This is particularly true in the case of ambidexterity because of the need to have *synergy* between exploitation and exploration while protecting the exploratory unit from creeping bureaucracy.

Charles O'Reilly and Michael Tushman studied how well-established organizations were structured to support radical innovation, the ultimate test of ambidexterity.⁶⁹ Some firms tried to innovate using regular functional structures. Others set up completely separate innovation units, the ultimate in differentiation. Some used cross-functional teams within an existing structure. However, the most successful structure for achieving ambidexterity was one in which an innovative unit maintained its own culture, structure, and processes but was integrated with the core of the firm by existing senior management. This structure provided resources and protection for the innovative unit and allowed established units to perfect their own business. This suggests that, with proper

structure, exploitation and exploration are complementary rather than contradictory.⁷⁰

O'Reilly and Tushman cite *USA Today* as an example of an organization that made a successful transition to ambidexterity, integrating traditional printed news with the burgeoning but then-uncertain internet news business. A false start positioned USA Today.com as a completely independent operation from the print unit, so isolated that it could not capitalize on the newspaper's resources. Then the publisher reframed *USA Today* as a news *network* that would span paper, web, and TV coverage. This meant that a valuable resource, news content, would be shared, not hoarded (providing integration) but that each part of the news empire could use the content in its own way (maintaining differentiation).

As the *USA Today* story illustrates, innovations often require difficult decisions about existing structures and how to incorporate the innovation. A particular dilemma is the following: innovations entail a good deal of uncertainty, and more organic structures are best for dealing with uncertainty because of their capacity for adjustment. However, existing organizations are often structured more mechanistically to capitalize on efficiency. Also, innovations have life cycles and organizational structures have to correspond to these cycles. Autonomy and differentiation are helpful for introducing innovations, but more integration leads to efficiency as the innovation becomes familiar.⁷¹ To deal with such issues, Google developed the holding company Alphabet to separate its more mature core search and advertising business from its more explorative ventures in autonomous cars, healthcare, urban planning, and the like. However, competition for resources and the tension between autonomy and corporate discipline have been observed.⁷² Nestlé is another company that separates explorative units (e.g., nutritional needs of athletes) from its mainstream business. BMW,

on the other hand, has taken the cyclic approach and alternated between exploitation and exploration over time.⁷³

In theory, it makes sense for established firms to pursue ambidexterity by acquiring more innovative exploratory firms. However, research suggests that acquisitions are often assimilated for exploitation unless they are technologically unique and thus incompatible with the existing order.⁷⁴ This occurred at Alphabet, where some acquisitions felt pressure to generate revenue rather than do the innovation they expected to do.⁷⁵

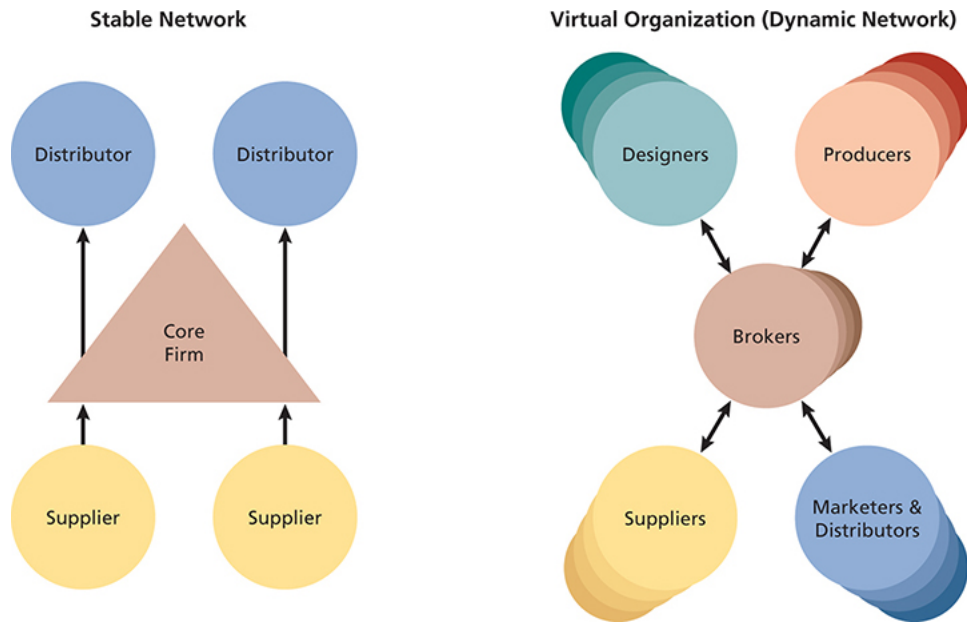
Network and Virtual Organizations

◀ Listen to the Audio

In a **network organization**⁷⁶, various functions are coordinated as much by market mechanisms as by managers and formal lines of authority.⁷⁶ That is, emphasis is placed on who can do what most effectively and economically rather than on fixed ties dictated by an organizational chart. All the assets necessary to produce a finished product or service are present in the network as a whole, not held in house by one firm. Ideally, the network members cooperate, share information, and customize their services to meet the needs of the network. Indeed, diffusion of information and innovation are two important outcomes of network forms, especially when the partner firms are technologically diverse.⁷⁷ However, via resource synergies, networks can also facilitate exploitation of established assets.⁷⁸

In stable networks, core firms that are departmentalized by function, product, or some other factor contract out some functions to favoured partners so that they can concentrate on the things that they do best (see the left side of **Exhibit 14.13**[□]). Many car manufacturers, for instance, have their car seats supplied by upstream firms such as Magna, Lear, and Adient that also do the extensive research associated with seating. These suppliers have a strong incentive to specialize in seating because the car companies are good customers.

Exhibit 14.13 Types of network organizations.



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Particularly interesting networks are dynamic or virtual organizations, such as that illustrated on the right side of [Exhibit 14.13](#). In a virtual organization, an alliance of independent companies shares skills, costs, and access to one another's markets. Thus, they consist of a network of continually evolving independent companies.⁷⁹ A "broker" firm with a good idea invents a network in which a large amount of the work is done by other network partners, who might change over time or projects. Each partner in a virtual organization contributes only in its area of core competencies. Contemporary book publishers are good examples. These firms do not employ authors, print books, or distribute books. Rather, they specialize in contracting authors for a particular project, providing developmental assistance, and marketing the final product. Printing, distribution, and some editorial and design work are handled by others in the network. Such networks are not new, as they have been used for years in the fashion and film industries. However, many firms in other industries, such as computers and biotechnology, now adopt network forms.

A familiar organization that is essentially virtual is Visa, which is at the centre of a network of thousands of financial institutions and many more retailers. Another organization with virtual properties is Google, which licenses its Android operating system at no charge to mobile phone companies and gives applications developers free access to related software. In turn, Google takes a cut of the revenues generated by thousands of applications.⁸⁰

The joint operation of specialization and flexibility in networks can be seen in the video game industry.⁸¹ Although there are some exceptions, the development of video games (e.g., *Minecraft*) and the design and sale of video game consoles (e.g., Xbox, PlayStation, and Switch) are done by separate, specialist organizations. In fact, there are hundreds of game developers (e.g., Ubisoft) and just a few console producers. Game developers make choices about which consoles their games can run on, thus establishing a network tie. Factors such as the age and market dominance of the console affect this choice. On their part, console designers such as Sony and Nintendo have to synchronize the timing of new products so as to cater to the needs of game designers and thus maintain and enlarge their networks.⁸² Wireless gaming has led to even more complex networks, involving game developers, wireless carriers (e.g., Bell), handset makers (e.g., Samsung), platform providers (e.g., Oracle), and game publishers (e.g., Sega).⁸³



The video game industry uses networks extensively to develop and design games and gaming consoles.

John Froschauer/AP Photo/The Canadian Press

Networking often breeds networking. Ubisoft, a French company, has a large and well-established game development studio in Montreal. Many of its veterans have started their own ventures, which then do business with Ubisoft. Such concentrations of talent, often supported by local universities and government subsidies, foster the advent of network organizations.⁸⁴

Network and virtual organizations face some special problems.⁸⁵ Stable networks can deteriorate when the companies dealing with the core firm devote so much of their effort to this firm that they are isolated from normal market demands. This can make them “lazy,” resulting in a loss of their technological edge. Virtual organizations lose their organic advantage when they become legalistic, secretive, and too binding on the other partners. On the other side of the coin, virtual partners sometimes exploit their loose structure to profit at the expense of the core firm. The computer industry has experienced both problems with its network

arrangements. For instance, the main beneficiaries of the advent of the PC were Microsoft (the operating system supplier) and Intel (the microprocessor supplier), not IBM.⁸⁶

The Modular Organization

◀ Listen to the Audio

Many organizations are realizing that there are advantages to not becoming a large and vertically integrated bureaucracy. Instead, they focus on a few core activities that they do best, such as designing and marketing computers, and let other companies perform all the other activities. A **modular organization** ⁸⁷ is a network organization that performs a few core functions and outsources other activities to specialists and suppliers. These core functions tend to focus on intellectual property, such as patents, brands, advertising, and distribution channels.⁸⁷ Services that are often outsourced include the manufacturing of parts, trucking, catering, data processing, and accounting. Thus, modular organizations are like hubs that are surrounded by networks of suppliers that can be added or removed as needed. And unlike a virtual organization, in which the participating firms give up part of their control and are interdependent, the modular organization maintains complete strategic control.⁸⁸

By outsourcing non-core activities, modular organizations are able to keep unit costs low and develop new products more rapidly. It also allows them to use their capital in areas where they have a competitive advantage, such as design and marketing. This enabled companies such as Dell Computer and Nike to experience large and rapid growth in a relatively short period of time, as they did not have to invest heavily in fixed assets. Nike and Reebok concentrate on designing and marketing

high-tech fashionable sports and fitness footwear. Both organizations contract out production to suppliers in countries with low-cost labour.⁸⁹

Modular organizations in the electronics industry buy their products already built, or they buy the parts from suppliers and then assemble them. Dell, for example, assembles computers from outsourced parts, and this allows it to focus on marketing and service. Given this leanness, Dell can afford to invest in areas such as training salespeople and service technicians, although even most of its technicians are outsourced.⁹⁰ The automotive industry in North America is heavily involved in outsourcing and is thus increasingly modular. Most automakers are now outsourcing major parts of their vehicles (e.g., seats, doors) to parts suppliers like Magna in an effort to improve efficiency and quality. The practice is also apparent in Europe and Japan. For example, Toyota has achieved great success by relying on a network of trusted suppliers.⁹¹

One familiar firm with modular network properties is Sweden's IKEA, the biggest furniture retailer in the world. IKEA restricts its own activities to inventing, distributing, and retailing its products. However, the company has 1300 suppliers who manufacture these products, 10 000 sub-suppliers (e.g., wood, coatings), and 500 logistical transportation partners. A key strength of IKEA is its skill in working with its suppliers to *develop* its products and to sustain efficiency in its operations.⁹²

Although there are many advantages to the modular organization, there are also some disadvantages. Modular organizations work best when they focus on the right specialty and have good suppliers. Because they are dependent on so many outsiders, it is critical that they find suppliers who are reliable and loyal and can be trusted with trade secrets. Modular organizations also must be careful not to outsource critical technologies, which could diminish future competitive advantages.⁹³

In summary, the modular organization is a streamlined structure with great flexibility, making it particularly well suited to rapidly changing environments. And although modular structures have been most popular in the trendy, fast-paced apparel and electronics industries, other industries, such as automotive, chemicals, and photographic equipment, are also becoming more modular.⁹⁴

Contemporary Organic Structures

Click each contemporary organic structure to learn more about it, then click “Check Your Understanding” to review.

Holacracy

Ambidextrous Organization

Network Organization

Virtual Organization

Modular Organization

Check Your Understanding













Other Forms of Strategic Response

LO 14.8 Explain how *vertical integration, mergers and acquisitions, strategic alliances*, and the establishment of *legitimacy* reflect strategic responses.

◀ Listen to the Audio

Changes in organizational structure are not the only strategic response that organizations can make. Structural variations often accompany other responses that are oriented toward coping with environmental uncertainty or resource dependence. Some forms of strategy implementation appear extremely routine, yet they might have a strong effect on the performance of the organization. For example, economic forecasting might be used to predict the demand for goods and services. In turn, formal planning might be employed to synchronize the organization's actions with the forecasts. All this is done to reduce uncertainty and to predict trends in resource availability. Lobbying and public relations are also common strategic responses. Simple negotiating and contracting are other forms of implementing strategy. Some more elaborate forms of strategic response are discussed next. Notice how many of these concern relationships *between* organizations.

Vertical Integration

◀ Listen to the Audio

Executives live in fear of disruption on the input or output end of their organizations. A lack of raw materials to process or a snag in marketing products or services can threaten the very existence of the organization. One basic way to buffer the organization against such uncertainty over resource control is to use an inventory policy of stockpiling both inputs and outputs. For example, an automaker might stockpile needed parts in advance of an anticipated strike at a supplier. At the same time, it might have a 30-day supply of new cars in its distribution system at all times. Both inventories serve as environmental “shock absorbers.” A natural extension of this logic is vertical integration⁹⁵, the strategy of formally taking control of sources of supply and distribution. Major oil companies, for instance, are highly vertically integrated, handling their own exploration, drilling, transport, refining, retail sales, and credit. Starbucks, the Seattle-based chain of espresso bars, imports, roasts, and packages its own coffee and, in order to maintain high quality, refuses to franchise its bars.

Mergers and Acquisitions

◀ Listen to the Audio

Mergers of two firms and the **acquisition** of one firm by another have become increasingly common strategic responses in recent years. Some mergers and acquisitions are stimulated simply by economies of scale. For example, a motel chain with 100 motels might have the same advertising costs as one with 50 motels. Other mergers and acquisitions are pursued for purposes of vertical integration. For instance, a paper manufacturer might purchase a timber company. When mergers and acquisitions occur within the same industry, such as the merger between Tim Hortons and Burger King or Cara Operations acquisition of Keg Restaurants, they are being effected partly to reduce the uncertainty prompted by competition. The same goes for Facebook's acquisition of competitors Instagram and WhatsApp.⁹⁶ When they occur across different industries (a diversification strategy), the goal is often to reduce resource dependence on a particular segment of the environment. A portfolio is created so that if resources become threatened in one part of the environment, the organization can still prosper.⁹⁷ This was one motive for Philip Morris to take over food companies such as Kraft; anti-smoking sentiments and legislation have provided much uncertainty for the firm's core cigarette business.


Strategic Alliances

◀ Listen to the Audio

We have all heard about bad blood following a merger or acquisition, especially after a hostile takeover. This failure of cultures to integrate smoothly ([Chapter 8](#)) is only one reason that mergers that look good from a financial point of view often end up as operational disasters. Is there any way to have the benefits of matrimony without the attendant risks? Increasingly, the answer seems to be strategic alliances—that is, actively cooperative relationships between legally separate organizations. The organizations in question retain their own cultures, but true cooperation replaces distrust, competition, or conflict for the project at hand. Properly designed, such alliances reduce risk and uncertainty for all parties and recognize resource *interdependence*. Network organizations, discussed earlier, are one form of strategic alliance.



Organizations can engage in strategic alliances with competitors, suppliers, customers, and unions.⁹⁸ Among competitors, one common alliance is a research and development consortium in which companies band together to support basic research that is relevant for their products. Another is an alliance to pool scarce resources. For instance, Montreal's four universities share a joint PhD program in business administration, and British Columbia's Interior University Research Coalition facilitates the sharing of research-related resources among three smaller schools.

Another common alliance between competitors is the joint venture, in which organizations combine complementary advantages for economic gain or new experience. In a **joint venture** , two or more organizations form an alliance in the creation of a new organizational entity. Organizations form joint ventures to create new products and services and, in the case of an international joint venture (IJV), to enter new and foreign markets.

Establishing Legitimacy

◀ Listen to the Audio

It is something of a paradox that environmental uncertainty seems to increase the need to make correct organizational responses but, at the same time, makes it harder to know which response is correct! One strategic response to this dilemma is to do things that make the organization appear *legitimate* to various constituents.⁹⁹ **Establishing legitimacy** involves taking actions that conform to prevailing norms and expectations.¹⁰⁰ This will often be strategically correct, but equally important, it will have the *appearance* of being strategically correct. In turn, management will appear to be rational, and providers of resources will feel comfortable with the organization's actions.

How can legitimacy be achieved? Probably the most common way of achieving legitimacy is to imitate management practices that other firms have institutionalized so as to look normal and proper. Another way is by associating with higher-status individuals or organizations. For example, an organization without much established status might put a high-status outsider on its board or form a strategic alliance with a more prestigious partner. Consider how WestJet first established its legitimacy:

In its formative year, the Calgary-based company had no direct experience in running an airline and it expected to be treated with skepticism by potential investors. To pre-empt this, it approached David Neeleman, former president of Morris Air, which had just been acquired by Dallas-based Southwest Airlines. Mr. Neeleman became one of WestJet's initial investors and joined its board of directors. In this way, WestJet was able to demonstrate that it had not just a business plan that copied Southwest's successful style but also an experienced entrepreneur on side, committed to the idea. WestJet took off.

WestJet continues to pay attention to public legitimacy, or what its [former] CEO, Clive Beddoe, describes as “winning the hearts and minds of customers and employees.”¹⁰¹

Another way to achieve legitimacy is to be seen as doing good deeds in the community. Thus, many companies engage in corporate philanthropy and various charity activities. A third way is to make very visible responses to social trends and legal legislation; many firms have appointed task forces and directors of workforce diversity or established official units to deal with employment equity guidelines. For example, the Bank of Montreal has an executive committee that oversees equity and diversity issues. Although such highly visible responses are not the only way to proceed with these matters, they do send obvious signals to external constituents that the organization is meeting social expectations.













Summary: Environment, Strategy, and Structure

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 14.

14.1 Discuss the *open systems* concept of an organization and the components of an organization's *external environment*, and explain how *environmental uncertainty* and *resource dependence* affect what happens in organizations.

Organizations are *open systems* that take inputs from the external environment, transform some of these inputs, and send them back into the environment as outputs. The external environment includes all the events and conditions surrounding the organization that influence this process. Major components of the environment include the economy, customers, suppliers, competitors, social/political factors, and existing technologies. *Environmental uncertainty* exists when an environment is vague, difficult to diagnose, and unpredictable. Uncertainty is a function of complexity and rate of change. *Resource dependence* refers to the dependency of organizations on environmental inputs, such as capital, raw materials, and human resources, and outputs such as customers. Organizations must develop strategies for managing environmental uncertainty and resource dependence for their survival and success.

14.2 Define *strategy*, and describe how organizational structure can serve as a strategic response to environmental demands.

14.3 Define *organizational structure* and explain how it corresponds to division of labour.

14.4 Discuss the relative merits of various forms of *departmentation*.

14.5 Review the more basic and more elaborate means of achieving organizational *coordination*.

14.6 Discuss the nature and consequences of *traditional structural characteristics*, and explain the distinction between *organic* and *mechanistic* structures.

14.7 Discuss the emergence of *ambidextrous*, *network*, *virtual*, and *modular* organizations.

14.8 Explain how vertical *integration*, *mergers and acquisitions*, *strategic alliances*, and the establishment of *legitimacy* reflect strategic responses.

Key Terms

Start Over

Swap

0/38 REVIEWED · 0 MASTERED

Matrix departmentation



Previous

Next

Got It!



* On-the-Job Challenge Question

Ford's Executive Shakeup

At the Ford Motor Company, 2017 was a year of change. Jim Hackett, who had just come to Ford to oversee the development of its self-driving car, was soon named CEO. But Hackett wasn't a car guy; he was a design-oriented freethinker known for turning around the fortunes of Steelcase, an office furniture manufacturer. Upon becoming CEO, Hackett acted quickly to reduce his own span of control, shrinking his executive team by having several of them report to subordinate executives in global markets and global operations. At about the same time, Ford veteran Sherif Marakby returned to the company after having served time as a vice president at Uber Technologies.

Why would Ford make Jim Hackett CEO when his background was in office furniture? Why would Hackett reduce his own span of control? And why would Ford welcome back an executive who had defected to Uber?

Sources: Naughton, K. (2017, May 26). Ford's executive shakeup aimed at accelerating decision making. *Vancouver Sun*, C1; Isidore, C. (2017, May 22). Why Ford fired its CEO. *CNN.Com*. <http://money.cnn.com/2017/05/22/news/companies/ford-ceo-fields-hackett/index.html>.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Organizational Structure Preference Scale

In most organizations, there are differences of opinion and preferences as to how the organization should be structured and how people should conduct themselves. Following are a number of statements concerning these matters. The purpose of this survey is for you to learn about your own preferences regarding the structure of organizations. Please use the response scale to indicate the extent to which you agree with each statement.

1—Disagree strongly

2—Disagree

3—Neither agree nor disagree

4—Agree

5—Agree strongly

_____ **1** I get most of my motivation to work from the job itself rather than from the rewards the company gives me for doing it.

_____ **2** I respect my supervisors for what they know rather than for the fact that the company has put them in charge.

_____ **3** I work best when things are exciting and filled with energy. I can feel the adrenalin rushing through me, and I like it.

_____ **4** I like it best if we can play things by ear. Going by the book means you do not have any imagination.

- _____5 People who seek security at work are boring. I don't go to work to plan my retirement.
- _____6 I believe that planning should focus on the short term. Long-term planning is unrealistic. I want to see the results of my plan.
- _____7 Don't give me a detailed job description. Just point me in the general direction, and I will figure out what needs to be done.
- _____8 I don't expect to be introduced to new people. If I like their looks, I'll introduce myself.
- _____9 Goals should be set by everyone in the organization. I prefer to achieve my own goals rather than those of someone else.
- _____10 One of the things I prefer most about a job is that it be full of surprises.
- _____11 I like a job that is full of challenges.
- _____12 Organization charts are only needed by people who are already lost.
- _____13 Technology is constantly changing.
- _____14 Supervision and control should be face to face.
- _____15 Organizations focus on problem solving, the bottom line will take care of itself.
- _____16 I would never take a job that involved repetitive activities.
- _____17 Organizations are constantly in a state of change. I don't worry about how the players line up.
- _____18 Every decision I make is a new one. I don't look for precedents.
- _____19 When people talk about efficiency, I think they really don't want to do a good job.
- _____20 The people who know the most about the work should be put in charge.

Scoring and Interpretation

To calculate your organizational structure preference score, simply add up your responses to each of the 20 questions. Scores can range from 20 to 100. Your score on this survey indicates your preference for a mechanistic or organic organizational structure. A score of less than 50 indicates a preference for a mechanistic or formal organizational structure. Mechanistic structures tend to favour tallness, narrow spans of control, specialization, centralization, and formalization. Scores above 50 indicate a preference for a more organic or informal organizational structure. Organic structures tend to favour wider spans of control, fewer authority levels, less specialization, less formalization, and decentralization. Flexibility and informal communication are favoured over rigidity and the strict chain of command.

Source: Hoffman, R., & Ruemper, F. (1997). Exercise 20: Mechanistic or organic organizational design. In *Organizational behaviour: Canadian cases and exercises*, 3rd ed. Toronto: Captus Press Inc.), 298–299. Reprinted with permission of Captus Press Inc., www.captus.com.

To facilitate class discussion and your understanding of organizational structure, form a small group with several members of the class and consider the following questions:

1. Each group member should present his or her organizational structure preference score. What is the range of scores (lowest and highest) and the average score in your group? Overall, do members of your group prefer a mechanistic or organic organizational structure? What kind of organizational structure do you prefer?
2. Given the characteristics of mechanistic (tallness, narrow spans of control, specialization, centralization, and formalization) and organic structures (wider spans of control, fewer authority levels, less specialization, less formalization, and decentralization), try to classify the organization where you currently work or the organization where you last worked. Based on the characteristics

of mechanistic and organic organizations, was the structure of your organization mechanistic or organic?

3. Group members should compare their organizational structure preference score to the structure of their organization. To what extent is there a match between group members' organizational structure preference score and the structure of their organization? Are group members with a better match more satisfied with their job and committed to their organization? What are the implications of having a preference for an organic structure but working in an organization with a mechanistic structure? What are the implications of having a preference for a mechanistic structure but working in an organization with an organic structure?
- *4. What are the implications of your organizational structure preference for your choice of an organization and your job attitudes and work behaviours?
5. What have you learned about yourself from this exercise, and how can it be useful to you in your future employment and career?

* Question 4 is also assignable in Writing Space.

Case Incident

SusTech Fails to Get Organized

SusTech was a new European firm in a new industry, formed to develop operating software for “smart cities” that would leverage technology to improve the lives of everyday citizens. One of its key goals was to partner with government and corporate stakeholders to establish a small demonstration city to develop and refine smart city technology. The SusTech founders were acutely aware that it was vitally important to establish legitimacy for what is a new and unfamiliar concept, the concerted application of high technology to city infrastructure. Thus, they devoted tremendous energy, with apparent success, to hiring prestigious experts, partnering with prominent and respected companies, and garnering copious positive attention in the media.

However, despite these externally oriented successes, SusTech failed to achieve an adequate level of internal organization. Self-imposed deadlines for software development were routinely missed, and little progress was made on several explicit initiatives, such as a demonstration project involving smart taxis and buses. In addition, attempts to secure funding frequently met with failure. Remarkably, there was very little reflection on these obvious internal implementation problems in executive meetings. Rather, the CEO repeatedly focused on external events that had contributed to the selling of the SusTech brand. Negative feedback was seen as evidence of small thinking. A disproportionate number of senior hires also focused on external relations rather than doing the basic coding that was necessary to meet deadlines and achieve milestones. SusTech had developed a brand without a product.

1. The chapter discussed the merits of being alert to the external environment. Can an organization be *too* focused on the environment?
2. Although achieving legitimacy is necessary for this new smart city venture, how did it conflict with the need to develop structure and make progress?
- *3. How would you structure SusTech to avoid the problems discussed in the case?

Source: Based on Zuzul, T., & Edmondson, A. C. (2017). The advocacy trap: When legitimacy building inhibits organizational learning. *Academy of Management Discoveries*, 3, 302–321.

* Question 3 is also assignable in Writing Space.

Case Study

Chris Peterson at DSS Consulting

Late Thursday afternoon, Chris Peterson was reflecting on the meeting she would have tomorrow with her boss, Meg Cooke. The purpose of the meeting was to give Meg an update on the status of the integrated budget and planning system her team had been working on over the past six months and plans for the team to begin marketing this system and other new DSS consulting services to clients.

Overall, Chris was quite pleased with the work her team had done. The team had been formed as part of a strategic change, including a somewhat controversial reorganization at DSS. The changes and new structure had created dissatisfaction and a fair amount of anxiety among many of DSS's consultants, but Chris felt her team had overcome their concerns to become a very effective group. They had worked together well, avoided the conflicts that often plague these kinds of teams, and generally maintained a high level of motivation and satisfaction. Most of all, Chris was proud of the work her team had done. They had created a budget and planning system that the team believed would be embraced by DSS's clients. The team had not gotten much support from other groups at DSS in developing the system, so team members had done much of the technical work on their own that would have normally been done by support people in the company. Despite this, Chris was very pleased with the system and looked forward to sharing her team's accomplishments with Meg.

DSS Consulting

DSS Consulting was formed in 1997 to provide administrative support to small school districts primarily in the midwest and mountain west. The company was founded by three retired school district administrators to help small school districts that had limited staff deal with difficult and somewhat specialized administrative problems, such as negotiating labor agreements or setting up procurement systems.

During the late 1990s, DSS grew rapidly as small school districts faced more complex challenges and pressures to cut costs, particularly in administration. In response to this growth, DSS organized itself into four practice departments—Procurement and Systems, Information Technology, Contract Negotiation, and Facilities Planning—to deal with different types of engagements. Business came primarily through contacts the five founders had developed. Once DSS was engaged, the project would be referred to the head of the appropriate practice group who would assign consultants to the project.

By 2005, a number of changes had begun to affect DSS. First, the founders were cutting back their involvement in the company. As a result, management decisions were being passed on to new leaders, including people hired from other consulting companies. In addition, since much of DSS's business was generated through contacts established by the founders, their reduced involvement was creating a need for new marketing strategies. Second, the types of problems for which districts were looking for help were becoming more diverse and often didn't fit clearly into a specific practice area. The increasing complexities districts were facing were both reducing the need for the relatively straightforward projects DSS had been working on and creating demands for new types of services. Finally, state standards for school districts were diverging from one another, so that certain issues were more important in one region than in another. All of these changes led to stagnation in revenue growth for DSS.

Because of these changes, the founders decided that a shift in strategy would be necessary for DSS to continue to grow and be successful. As a first step, they promoted Meg Cooke to the position of chief operating officer. Meg had joined DSS in the Contract Negotiation group about four years earlier after spending time with a larger east coast firm. Two years after joining DSS, she had been promoted to head the Contract Negotiation group. The founders and Meg had concluded that if DSS was to continue to be successful, it would need to expand beyond its traditional customer base of small districts and offer services to larger districts much more than it had in the past. They felt that accomplishing this would require developing new services and reorganizing into a more cross-functional, customer-focused organization. A major part of the strategic change involved reorganizing DSS from a purely practice-oriented functional structure to a hybrid structure. Most of the consultants would now be assigned to new cross-functional teams that would be responsible for marketing and delivering services to districts within a particular geographic region. The practice groups were maintained to provide specialized expertise to support the cross-functional teams in their work but with many fewer staff members than in the past.

The new cross-functional teams were given two responsibilities. Over the long run, the teams were to build relationships with the school districts in their regions and provide a full range of DSS consulting services to those districts. The teams were also to develop new consulting offerings in response to district needs. The expectations were that the cross-functional teams would eliminate the functional “silos” that constrained the services DSS could provide and help DSS develop services that could be sold to larger districts. Both these were seen as crucial steps in the plan to grow DSS.

Chris Peterson and the Southwest Region Team

Chris Peterson joined DSS in 2001. She had started her career as a high school teacher in a small school district in Iowa. When the district began to deploy personal computers, she was asked to head up the implementation in her school. The process went so smoothly that she was asked to give up classroom teaching and work full-time for the district in rolling out technology across all the schools. After five years in that job, she joined DSS as a consultant in the Information Technology group. She rose to the position of project manager in the group and had been very successful in leading consulting projects. When the decision was made to reorganize into cross-functional teams, Chris was seen as a “natural” to lead one of the teams and was assigned to head the Southwest Region team.

Chris looked on her new assignment with a mixture of excitement and apprehension. Much of the excitement came from the opportunity to lead a permanent team rather than coordinate individuals for short consulting projects. Her apprehension came in large part because of some uncertainties about how the new strategy would unfold. Chris was aware that many people were ambivalent about the new strategy and uncertain about the necessity of the change and whether or not it was likely to be successful. The result of this was that there was a great deal of anxiety among many consultants about the future of DSS and their roles in the new structure. Chris also suspected that the strategy was still evolving and might change as management got a sense of how well the new organization was working.

One of the decisions that Meg had made about the new teams was that the team leaders ought to have a great deal of flexibility in inviting people to join their teams. Chris welcomed this opportunity. In thinking about

who she wanted for the team, she considered two factors. First, she wanted people who had good skills and were experienced in the DSS consulting process. Second, she felt she needed people who would be able to work together well. She believed this would be important because of both the nature of the work to be done and her fear that the anxiety created by the change would boil over into dissatisfaction if people had trouble working together.

Chris gave a great deal of thought about who to ask to join the Southwest Region team. She decided that one thing that would help the group work together smoothly would be to select people who already had some experience in working with one another. Overall, Chris was quite happy with the team she was able to put together. She ended up asking two consultants each from Contract Negotiations, Procurement and Systems, and Information Technology, and one consultant from the Facilities group to join the team, all of whom accepted. Even though the consultants had not worked on specific projects with each other in the past, they knew one another and had a great deal in common. Nearly all of them had worked on DSS's annual Habitat for Humanity project, and all had started at DSS at about the same time. Many members of the group socialized with one another outside of work. At the first group meeting, Chris realized that her strategy had worked well. Two of the consultants marveled about how nice it would be to work with people who were both very competent and friends as well. Another consultant mentioned that he didn't know many people at DSS other than the members of his new team, and he was really looking forward to the project. Like most DSS consultants, members of Chris's new team had some questions about the new strategy and leadership; however, all believed that their new team had tremendous potential.

Beginning the Work

As DSS was making the transition to the new structure, consultants continued to finish existing projects even as they began working with their new teams. Chris believed it was very important that her team members be located together as soon as possible even though the team would not be working together full-time right away. She believed that co-locating the team would allow the group to get a quick start on the major deliverable of developing new products for DSS and prevent the group from getting distracted by some of the uncertainties created by the new structure. Chris was able to identify some space and a plan that could bring the full team together. Since none of the other new team managers felt as strongly about the co-location of their teams as Chris did, Meg allowed Chris's team to move together before the other teams did.

Once the team got settled into its new location, they quickly got to work. Chris believed that the first issue for the team would be to share their experiences and use their collective knowledge to identify one or more potential new products, and that her initial job would be to help the group pull together their experiences. The group had a number of meetings over the next month, discussing their perspectives. Chris was very pleased with what happened in the meetings. The team members seemed comfortable sharing information with one another. If a disagreement emerged, the team dealt with it without creating animosity or substantial delay. Chris was particularly pleased when two of the team members told her that this was one of the best groups they had ever been a part of.

Even though they were from different functional areas, the team members found that they had very similar experiences in dealing with districts. All of them had at least one story about how they had been delayed in a project because the people they were working with in the district were not able to get accurate data about budgets or long term plans. What emerged from the discussions was that small districts seemed to lack any

integrated system for linking plans and budgets over time. The superintendent of the district seemed to be the only person who knew everything that was going on, and if he or she was not available, it was difficult to get timely information. The team concluded that what small districts needed was an integrated system for planning and budgeting. Although most large districts had the systems or the human resources to do this, the costs were prohibitive for a small district. The team determined, therefore, that a scaled down system could provide the level of planning small districts needed at a price they could afford. Further, this project both excited the team and was something they felt they could do well.

Planning the New Product

As members of the team began finishing the consulting projects they had been working on, they were able to devote more time to developing specifications for the new system. The majority of the team were now spending nearly all their time working with one another and saw less and less of the other consultants who were not on the team. Occasionally people would bring up what other consultants had said their teams were doing, but this seldom generated much interest and was sometimes seen as almost a distraction to the group. At this point in time, Chris had two primary goals for the team. First, she wanted to keep the group focused on the jobs of defining the new system and determining exactly how DSS consultants would use it. Second, she wanted to help the group avoid distractions and continue to build cohesion.

In addition to working with the team, Chris tried to deal with people outside the group. She had developed friendships with two superintendents in small districts, and when she saw them, she took the opportunity to describe the system her team was developing. Generally, the feedback she received was positive, and she relayed this to her team.

Chris also met occasionally with Meg to update her on the project; however, these meetings were generally short. Chris observed that some of the other team leaders spent more time meeting with Meg than she did, but she didn't see that there was much need for her to do so, given the progress her team was making.

Developing the Planning and Budgeting System

Once the specific design of the proposed budget and planning system was complete, Chris felt it was time to share the work of the team with others. She took a detailed description of the program out to a number of districts she had worked with in the past and asked for comments. She also emailed the program description to Meg and some of the DSS functional specialists who would have to provide some technical support in developing the consulting protocols and specifying parts of the code for managing the database.

The conversations with people in the districts were informative and more or less positive. While generally expressing support for the new system, people in the districts raised some specific questions. Many of the comments or questions were about how the system would deal with issues that were unique to a district. A few questions emerged about the price of the product and how it would differ from other products already on the market. When Chris took these comments back to the group, they tried to modify the initial design and specifications of the program to meet the concerns that were raised. This worked well in the short run, but as more comments came in, the group began to flounder as the team tried to adapt the design to meet many of the questions from outsiders.

The reactions from others inside DSS were different from those in the districts. Most of the functional specialists who received descriptions of

the project simply acknowledged receiving them but did not offer any real comments. Meg responded by asking a couple of questions and saying that she and Chris would talk more about it later. Overall, the group was pleased with these responses; no one had raised any objections to the program design or identified any difficulties that would slow the project down.

As the group worked to change the project specifications in response to the comments coming in from the districts, Chris felt that the effective process the group had developed was beginning to break down. There were disagreements about how important various comments actually were, and progress in finalizing the specifications seemed to slow. Team members began to voice more concerns than they had in the past about the direction DSS was going and question whether the team would be able to accomplish its task. Chris decided that something needed to be done to get the group back on track. She cancelled work on the next Friday and had the whole team meet at a nearby nature preserve. After a hike, the group returned to Chris's house for a barbeque lunch. Following lunch, the members spent the rest of the afternoon discussing how they were performing and what they needed to do to finish designing the project. Overall, this seemed to work quite well. When the team got back to work on Monday, they quickly finalized the specifications and identified the steps that would be necessary to actually develop the product and consulting protocols.

The team turned its attention to completing the project. The project had four components: a database program provided by a third-party vendor, a program for putting information into the database program written by an outside consulting firm, a set of forms districts would use to organize information about schedules and budgets, and a set of instructions for consultants to use in helping districts use the program and its results. The team split into sub-groups to work on pieces of the final project.

Putting together the forms and developing instructions for consultants were the most challenging parts of the project. Both of these tasks required detailed knowledge about the different types of projects districts might undertake. Although members of the team had the knowledge and experience to complete most of this work, they often found that they needed to draw on the specialized knowledge of the DSS specialists in the practice groups. When a specific question came up that the team could not answer, one member of the Southwest team would either email a question or have a face-to-face meeting with the specialist. This worked well for simple issues but not for more complex problems. When team members tried to get functional specialists to spend time working on these more complex problems, they were often not given much help and were occasionally rebuffed. Chris found that she often had to go directly to the manager of the practice area to try to get support. Even this didn't always work. One event typified the problem Chris was experiencing. She met with the head of Contract Negotiation to identify the specific information about a district's employees that would need to be entered into the program. He told Chris that he would ask one of his specialists to work on it with the team. When one member of Chris's team contacted the specialist, he was told that this project had not been built into her schedule and that she would not be able to help him until other things got done.

When Chris learned of this, she scheduled a meeting with Meg to discuss the difficulty her team was having in getting support. From Chris's perspective, the meeting with Meg did not go particularly well. Meg seemed sympathetic to the difficulty Chris was having getting support and suggested that she could keep working with the practice group managers to get the final elements of the project completed. Chris had hoped that Meg would take more direct action. When Chris reported back to the team, the overall reaction by team members was negative. There were a number of comments about how decisions at DSS seemed to be

more “political” under the new organization and how the “new Meg” seemed to be playing favorites.

Finishing the Project

Despite the difficulty in getting support from others in the organization, Chris knew that the project was close to completion and could still be a success in the market. Chris conveyed this to her team. She reminded them that even if they were not getting the type of support they would like, they had the experience necessary to finish the program on their own. Chris’s optimism was contagious. The team increased their efforts and did independent research to fill in their own knowledge gaps. The project came together quickly, and within 10 days the team had a full product ready for beta testing. A few weeks earlier, Chris had recruited a district that would be willing to serve as a test site, and a date was scheduled for the team to go into the district to demonstrate the product.

The Meeting with Meg Cooke

As Chris came into work on Friday morning, she thought back over the past few months and was quite pleased. The group had done a terrific job of specifying and developing a new product that was ready for a beta test. Initially her team members had had doubts about the new strategy and their new roles, but they had overcome those, and some real obstacles, to finish the assignment. Chris was looking forward to sharing this with Meg.

From Chris’s perspective, the Friday morning meeting with Meg started off very well. Chris outlined the progress her team had made on the integrated budget and planning system. She spoke about how she was managing the beta test for the program and of the positive comments she was getting from the district. She also talked about how effective her team was. They worked together very well, were cohesive, and made decisions

easily and quickly. Chris also mentioned that a number of the team members had not supported the reorganization at first but despite that had invested a great deal of effort in making the team and project work and were now committed to the new direction for DSS. In particular, Chris complimented the team members on their initiative in finishing the project even when they didn't have a great deal of help from the specialists in the practice groups.

Meg thanked Chris for all the hard work on the project and mentioned that she had heard very positive things about Chris's leadership from members of the Southwest Region team. Meg then shifted the conversation and asked Chris for a report about the types of services districts in her region might be looking for DSS to provide in the future and whether some of the other projects the DSS regional teams were working on would be of interest to the districts. Chris responded that she had a general idea of what the other teams had been working on but did not feel she had sufficient information to present them to districts at this time. She went on to say that her team had focused on their project and that the plan was for them to go out and meet with all districts in the region after the project was in a beta test so that they would have something specific to discuss. She reassured Meg that although she did not have a clear answer to the question right now, she would in the near future. Meg then asked Chris how she saw the integrated budget and planning system being marketed to large school districts, given that most of them already seemed to have either systems or personnel to do this. Chris responded that she understood the concern and that, at this point in time, large districts might not be interested in the system in its current form. She went to say that as the system was modified and expanded, it would very likely be of interest to larger districts. After this, Chris and Meg exchanged a few pleasantries and the meeting ended.

The Monday Morning Meeting

When Chris arrived for work on Monday morning, she found that she had a message from Meg asking if they could meet for coffee at 10:30. Chris was curious about the meeting but quickly responded that she would be available, and the two agreed to meet at a nearby coffee shop. After getting coffee and talking a bit about the weekend, Meg told Chris that after reviewing her team's project and its potential, she had decided that DSS would not go forward with the scheduling and budgeting project. When Chris asked for the reasons for this decision, Meg replied that the number of new products DSS could support was limited and that teams in the other regions had not reported any interest on the part of the districts they had worked with for this type of product. Meg also said that she was concerned that the project would not be of interest to the large districts. Chris responded that she certainly understood the issue about large districts but did not agree with Meg's observation. She went on to say that she did not understand how other regional teams could say that there would not be a demand for the product when they did not even know what the planning and scheduling system could do. Meg said that she appreciated Chris's concerns but that the decision to cancel the project was final.

An awkward silence followed this last exchange. After a moment or two, Meg said that there was one more thing left to discuss. She said that the Southwest Region Team would focus exclusively on marketing DSS products and not be involved in product development work in the future and that there would be some change to the composition of the team. Meg ended by asking Chris if she was prepared to lead the group in a new direction or if she would be more comfortable and successful returning to the IT practice group as a functional specialist.

Case titled "Chris Peterson at DSS Consulting" by Deborah Ancona and David Caldwell. Retrieved from

<https://mitsloan.mit.edu/LearningEdge/Leadership/DSSConsulting/Pages/default.aspx>. Used by permission from MIT Sloan Management Review.

Questions

1. Describe the organizational structure of DSS Consulting in the late 1990s. What method of departmentation did they use, and why did they use it?
2. Discuss the changes that began to affect DSS in 2005. Use the material in the chapter on the components of the external environment, interest groups, environmental uncertainty, and resource dependence to explain how the environment was affecting DSS.
3. How did DSS Consulting respond to the changes in the environment? Use [Exhibit 14.4](#) to explain their response. Do you think this was an appropriate response to the changes in the environment?
4. Discuss the new organizational structure in terms of the division and coordination of labour and departmentation. What are the pros and cons of the new organizational structure? What effect did the new organizational structure have on the Southwest Region team and its ability to successfully complete its project?
5. What effect do you think the new organizational structure had on the decision to cancel the Southwest Region's project? Explain your answer.
- *6. Do you think the outcome of the Southwest Region's project would have been more positive if a different organizational structure had been adopted? Is there anything else that might have prevented the cancellation of the project? Consider the potential effects of the different methods of coordinating divided labour. What might have saved the project?

* Question 6 is also assignable in Writing Space.













































Chapter 15

Organizational Change, Development, and Innovation

◀ Listen to the Audio



Learning Objectives

After reading Chapter 15, you should be able to:

- 15.1 Explain the environmental forces that motivate organizational change, and describe the factors that organizations can change.
- 15.2 Explain how organizations learn and what makes an organization a *learning organization*.
- 15.3 Describe the basic *change process* and the issues that require attention at various stages of change.
- 15.4 Explain how organizations can deal with *resistance to change*.
- 15.5 Define *organizational development*, and discuss its general philosophy.
- 15.6 Discuss *team building*, *survey feedback*, *total quality management*, and *reengineering* as organizational development efforts.
- 15.7 Define *innovation*, and discuss the factors that contribute to successful organizational innovation.

- 15.8 Understand the factors that help and hurt the diffusion of innovations.

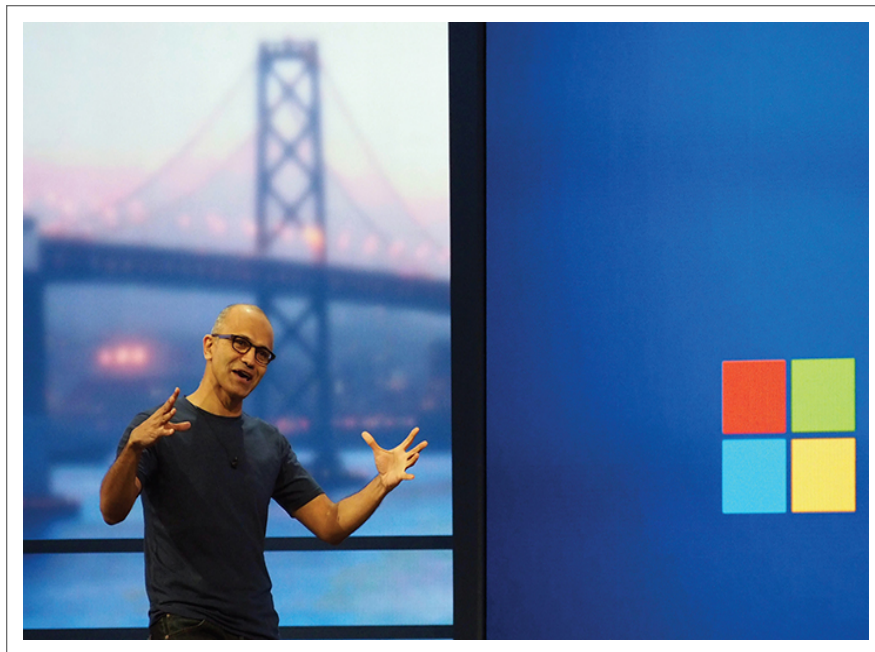
Microsoft's Ongoing Transformation

In early 2015, what some thought was unthinkable happened—Apple's market capitalization more than doubled that of its competitor Microsoft. Although Microsoft had posted solid financial performance over the years, many industry observers attributed the disparity in performance between the two firms to Microsoft's inability to truly master the lucrative electronic consumer products market. The company that challenged IBM's mainframe dominance by putting a PC on every desk wasn't able to keep up with Apple's strategy of putting a smartphone in everyone's pocket. Although Microsoft consumer products such as the Xbox were successful, its Windows Phone, Windows 8 operating system, and the early Surface tablets were less than well received. A Vanity Fair article described then-CEO Steve Ballmer's reign as "Microsoft's lost decade." Reportedly, Ballmer had dismissed the best-selling Apple iPhone and iPad as inconsequential when they were introduced.

One aspect of Microsoft's struggle was the company's inability to identify important consumer trends and tolerate, let alone nurture, disruptive innovation. While Apple was happy to allow its iPhone to cannibalize the sales of its iPod, Microsoft exhibited a near-obsessive desire to retain the centrality of its Windows system and Office software suite, despite the need at hand, and it was slow to identify the core importance of mobile, touchscreen, and web-based technologies. In a telling example, the company's pioneering effort in ebooks was abandoned, reportedly because the user interface didn't have a

Windows-like look. Although many insiders boasted of the company's engineering-focused culture, this often clashed with consumer culture. Consumers want intuitive and easy-to-use products, while much Microsoft thinking was dominated by complex features and arcane technical data.

In addition to a rather insular and critical engineering culture, Microsoft was known for meetings, red tape, and bureaucracy, all of which work against innovation. Furthermore, its brutal "stack-ranking" performance review, held every six months, required managers to give negative reviews to those lowest ranked, even if they were actually good performers. This reportedly led to a severe lack of teamwork and to short-term political activity, rather than motivating attention to the longer-term big picture that can foster real innovation.



Satya Nadella transformed Microsoft's culture.

Following the publication of the Vanity Fair article, Microsoft abandoned the “stack-ranking” review system, and Satya Nadella was named the company’s third CEO in early 2014. Nadella, a veteran Microsoft insider in charge of cloud computing, was viewed by many industry insiders as an unlikely choice to transform the company. However, in four years, he presided over a culture shift that contributed to a \$250 billion increase in market capitalization. Industry observer Bob Evans described it as an “extraordinary turnaround, transformation, rejuvenation, re-imagining, overhaul, restoration, resurrection, and near-miracle reversal.” Nadella began his transformation by having top executives read Nonviolent Communication, a book about collaborating with empathy, signalling his goal to reduce corporate infighting and turn a know-it-all culture into a learn-it-all culture. Weekly senior leadership team meetings kicked off with regular presentations of amazing Microsoft research projects rather than corporate financials. Deals with rivals such as Dropbox and applications of Linux, the open-source alternative to Windows, would have been unheard of in the past.

Gradually, collaboration and product focus emerged. On the consumer side, the firm has written off its mobile phone aspirations and resisted pursuing every emerging technology fad, while Windows 10 and recent Surface tablets have been well received by the public. However, capitalizing on its software roots, it is enterprise-focused cloud computing, artificial intelligence, augmented reality, and machine learning that have increasingly driven Microsoft’s turnaround. A customer-centric 5000-person department has been established to pursue the conversion of data into artificial intelligence for sustaining customer competitive advantage. Of course, only time will tell if Microsoft can best rivals Google and Amazon at this game.¹

Microsoft was required to substantially change its culture to innovate and embrace the needs of the marketplace, and this story reflects some key themes of our chapter. We will discuss the concept of organizational change, including the whys and whats of change. Then we will consider the process by which change occurs and examine problems involved in managing change. Following this, we will define organizational development and explore several development strategies as well as innovation, a special class of organizational change.

The Concept of Organizational Change

◀ Listen to the Audio

- LO1 Explain the environmental forces that motivate organizational change, and describe the factors that organizations can change.
- LO2 Explain how organizations learn and what makes an organization a *learning organization*.

Consider the following examples of organizational change:²

- The transition to shopping on smartphones occurred so fast that even ecommerce pioneers such as Shopify had to scramble to embrace the mobile-first technology.
- The advent of economical ride-hailing services such as Uber and Lyft have had a profound impact on the economic infrastructure of airports, which traditionally derive 42 percent of their revenues from ground transport and parking. Fewer people are renting cars, using taxis, or parking at the airport.
- With the rise of YouTube, Instagram, and social influencers, cosmetic companies have shifted millions of advertising dollars from TV and print formats to social media. Smaller firms with limited resources have exploited social media to compete with the big players.

As consumers, we are aware that changes such as smartphone shopping, ride hailing, and social media advertising can strongly influence our

satisfaction with the product or service in question. However, these changes also have a strong impact on the people who work at the organizations that are pursuing and affected by these transformations. In and of themselves, such changes are neither good nor bad. Rather, it is the way in which they are implemented and managed that is crucial to both customers and organizational members. This is the focus of the present chapter.

Why Organizations Must Change

◀ Listen to the Audio


All organizations face two basic sources of pressure to change—external sources and internal sources.

In [Chapter 14](#), we pointed out that organizations are open systems that take inputs from the environment, transform some of these inputs, and send them back into the environment as outputs. Organizations work hard to stabilize their inputs and outputs. For example, a manufacturing firm might use a variety of suppliers to avoid a shortage of raw materials and attempt to turn out quality products to ensure demand. However, there are limits on the extent to which such control over the environment can occur. In this case, environmental changes must be matched by organizational changes if the organization is to remain effective.

Probably the best recent example of the impact of the external environment in stimulating organizational change is the increased competitiveness of business. Brought on, in part, by a more global economy, deregulation, and advanced technology, this competitiveness has forced businesses to become, as the cliché goes, leaner and meaner. Many firms have laid off thousands of employees and done away with layers of middle managers, developing flatter structures that are more responsive to competitive demands. Mergers, acquisitions, and joint ventures with foreign firms have become commonplace, as have less adversarial relationships with unions and suppliers.

Change can also be provoked by forces in the internal environment of the organization. Low productivity, conflict, strikes, sabotage, and high absenteeism and turnover are some of the factors that signal that change is necessary. Employee opinion can also be a force for change. For example, a number of Microsoft employees publish online blogs, some of which are critical of the firm's strategy. Very often, internal forces for change occur in response to organizational changes that are designed to deal with the external environment. Thus, many mergers and acquisitions that were to bolster competitiveness have been followed by cultural conflict between the merged parties.

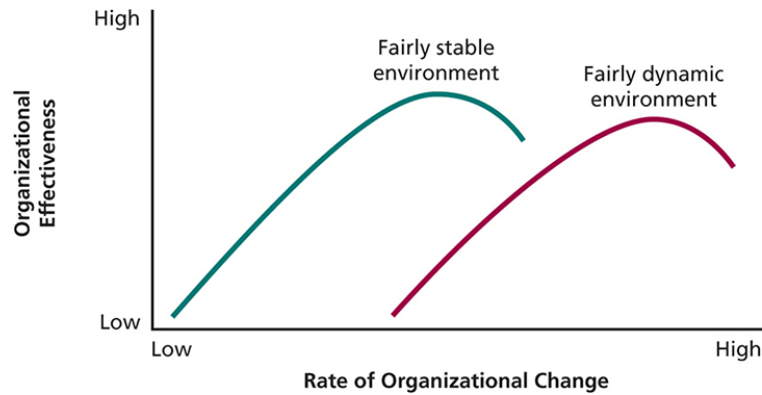
A word should be said about the perception of threat and change. Sometimes, when threat is perceived, organizations "unfreeze" (discussed later), scan the environment for solutions, and use the threat as a motivator for change. Other times, though, organizations seem paralyzed by threat, behave rigidly, and exhibit extreme inertia. Change almost always entails some investment of resources, be it money or management time. Also, it almost always requires some modification of routines and processes.³ If either of these prerequisites is missing, inertia will occur. For example, one of your authors observed a university program threatened by low enrolment. The involved faculty spent many hours ostensibly revising the curriculum. However, the revised curriculum looked much like the old curriculum. Here, resources were invested, but the routines of teaching were not modified to counter the threat.

In spite of trends toward change, the internal and external environments of various organizations will be more or less dynamic. In responding to this, organizations should differ in the amount of change they display. **Exhibit 15.1**  shows that organizations in a dynamic environment must generally show more change to be effective than those operating in a more stable environment. Also, change is in and of itself not a good thing, and organizations can exhibit too much change as well as too little. The

company that is in constant flux fails to establish the routines that are necessary for effectiveness, and employees become cynical.

Exhibit 15.1

Relationships among environmental change, organizational change, and organizational effectiveness.



Despite the importance of change, an IBM study, *Making Change Work*, found that most CEOs saw their organizations as being poor at executing change. Project leaders responsible for changes reported only a 41 percent success rate. The majority reported budget, quality, or time problems, and 15 percent of projects were complete failures.⁴

What Organizations Can Change

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Since change is a broad concept, it is useful to identify several specific domains in which modifications can occur. Of course, the choice of what to change depends on a well-informed analysis of the internal and external forces signalling that change is necessary.⁵ Factors that can be changed include the following:

- *Goals and strategies.* Organizations frequently change their goals and the strategies they use to reach these goals. Expansion, the introduction of new products, and the pursuit of new markets represent such changes. Electronics giant Samsung changed its strategy from producing low-cost, imitative products to pursuing quality, collaboration, and innovation. Over the years, Microsoft's strategy has been reinvented several times to cope with changes in its external environment.
- *Technology.* Technological changes can vary from minor to major. The introduction of enterprise social media is a fairly moderate change. Moving from a rigid assembly line to flexible manufacturing is a major change.
- *Job design.* Companies can redesign individual groups of jobs to offer more or less variety, autonomy, identity, significance, and feedback, as we discussed in [Chapter 6](#).
- *Structure.* Organizations can be modified from a functional to a product form or vice versa. Formalization and centralization can be manipulated, as can tallness, spans of control, and networking with

other firms. Structural changes also include modifications in rules, policies, and procedures.

- *Processes.* The basic processes by which work is accomplished can be changed. For instance, some stages of a project might be done concurrently rather than sequentially.
- *Culture.* One of the most important and difficult changes that an organization can make is to change its culture, as illustrated in the Microsoft vignette. In fact, culture change is so critical that the main reason reported for the failure of organizational change programs is the failure to change an organization's culture. In addition, because organizational culture is known to be a major factor in providing an organization with a competitive advantage and long-term effectiveness, changing an organization's culture is considered to be a fundamental aspect of organizational change.⁶
- *People.* The membership of an organization can be changed in two senses. First, the actual *content* of the membership can be changed through a revised hiring process. This is often done to introduce "new blood" or to take advantage of the opportunities that a more diverse labour pool offers. Second, the existing membership can be changed in terms of skills and attitudes by various training and development methods.

Notice that a change in one area very often calls for changes in others. Failure to recognize this systemic nature of change can lead to severe problems. For example, consider the functionally organized East Coast chemical firm that decides to expand its operations to the West Coast. To be effective, this goal and strategy change might require some major structural changes, including a more geographic form and decentralization of decision-making power.

Additionally, changes in goals, strategies, technology, structure, process, job design, and culture almost always require that organizations give

serious attention to people changes. As much as possible, necessary skills and favourable attitudes should be fostered *before* these changes are introduced. For example, although providing bank employees with a revised IT system is a fairly minor technological change, it might provoke anxiety on the part of those whose jobs are affected. Adequate technical training and clear, open communication about the change can do much to alleviate this anxiety.

For an example of a government initiative incorporating multiple changes, see Applied Focus: [*Canadian Digital Service Spearheads Change*](#) .

Applied Focus

Canadian Digital Service Spearheads Change

Jason White heads off on his tour of duty in early January. He's not going into danger, not joining the military—he's actually just going down the street. Canada needs his brain. "I absolutely feel like this is an opportunity for me to give back to the country," said the Ottawa resident. This 39-year-old data programmer and engineer has the skills the federal government is trying to attract right now as it creates its very own startup, the Canadian Digital Service (CDS). CDS has a mandate to help federal departments create better online connections to Canadians, whether they're veterans looking into their eligibility for services or immigrants trying to book a citizenship exam. White is among the people who helped Canada's ecommerce darling, Shopify, go public and reach the multi-billion-dollar valuation it boasts today. Next month, he'll leave his colleagues and Shopify's perks behind to take a three-month sabbatical with the federal government. "Going from Shopify to the

government is about as diametrically opposed as you can get,” said White. It’s a transition “from a business in which process is a bad word to government, where it’s entirely the opposite.”

CDS is not quite six months old, but it aims to grow fast. “This is mission-driven work,” said Anatole Papadopoulos, executive director of CDS. “We’re not looking for people to sign up for life. We’re looking for people to do a tour of duty.” The CDS staff of about 30 is currently stuffed elbow to elbow into two small rooms in a non-descript federal government building on Elgin Street. Depending on recruitment, the CDS workforce is set to more than triple. Recruiters are finding “flexibility” in the federal hiring process to bring in data analysts, design and product managers—even a CEO—from across the country or overseas as quickly as possible. “We just have some of the best kind of bureaucracy hackers from around our system who really know how to take advantage,” said Papadopoulos.

Borrowing methods from start-up culture, this group aims to work in “quick sprints,” tackling projects quickly and changing direction as needed rather than getting bogged down in red tape. “We’re a very flat, non-hierarchical organization, and we give our team a lot of leeway and room to do their best work,” said Papadopoulos. Unlike many other government offices, CDS has an open Wi-Fi network, uses open source software, and publishes its computer coding for all to see. “Using open source allowed us to tap into the expertise of the IT community around us,” said Pascale Elvas, the director at CDS. “So we published our website in open source, and we openly blog about our work, with candid reflections.” That said, CDS also anticipates pushback from others inside government. In fact, Papadopoulos said they’ve seen some already. But he said his team must do things differently.

For Canada, the most recent IT failure is the federal government's Phoenix pay fiasco. It took seven years to develop and has left roughly half the government workforce improperly paid. Phoenix is an example of "where the traditional approach to developing software is kind of falling down," said White. "The tech sector in general has developed different ways of doing things, involving shorter iterations, permission to fail, newer approaches that I'm looking forward to applying." CDS is actually being given "permission to fail" from those at the top. "What we want to focus on is if something is going to fail, we want to know early, and we want to be able to try something else," said Scott Brison, president of the Treasury Board, during a recent visit to CDS. "Canadians don't understand why when they go to renew their passport, they don't get the same quality of service they get from Amazon We need to up our game."

Source: Excerpted from Ireton, J. (2017, December 14). Canadian Digital Service takes startup approach to building better IT for government. *CBC News*. <http://www.cbc.ca/news/canada/ottawa/canadian-digital-service-recruiting-it-brains-prevent-phoenix-1.4445010>.

The Change Process

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By definition, change involves a sequence of events or a psychological process that occurs over time. The distinguished psychologist Kurt Lewin suggested that this sequence or process involves three basic stages—unfreezing, changing, and refreezing.⁷

Unfreezing

Unfreezing [Ⓢ] occurs when it is recognized that the current situation is unsatisfactory. This might involve the realization that the present structure, task design, or technology is ineffective, or that member skills or attitudes are inappropriate. Crises are especially likely to stimulate unfreezing. A dramatic drop in sales, a big lawsuit, or an unexpected strike are examples of such crises. Top executives sometimes engage in dramatic symbolic acts to underline the need for change, as Microsoft's Satya Nadella did in asking his team to read *Nonviolent Communication*. Samsung's CEO, dismayed by product quality, burned 150 000 phones and fax machines in a giant bonfire. IBM's CEO removed the chairs from conference rooms to signal the need for speedy, decisive strategic decisions. And Bausch + Lomb's CEO changed R&D to D&R to emphasize commercial development over pure research.⁸ Of course, unfreezing can also occur without such drama. Employee attitude surveys, customer surveys, and accounting data are often used to anticipate problems and to initiate change before crises are reached.



Veley, Bradford

Change

Change ¹ occurs when some program or plan is implemented to move the organization or its members to a more satisfactory state. Change efforts can range from minor to major. A simple skills-training program and a revised hiring procedure constitute fairly minor changes, in which few organizational members are involved. Conversely, major changes that involve many members might include extensive job enrichment, radical restructuring, or serious attempts at empowering the workforce or opening new markets.

In order for change to occur, people must have the capability *and* the opportunity *and* the motivation to change. In other words, some degree of all three factors must be present for successful change.⁹ For example, suppose top management envisions a cultural change to make a traditional firm more innovative and entrepreneurial. This might suggest creativity training to enhance the capability of key employees. Also, opportunities for innovation must be presented to employees. For

example, idea fairs and design competitions might be instituted to signal openness to new ideas. Finally, for motivation, incentive systems should be aligned to reward innovative ideas and avoid punishment for the inevitable failures that accompany innovation.

Refreezing

When changes occur, the newly developed behaviours, attitudes, or structures must be subjected to refreezing⁹—that is, they must become an ongoing aspect of the organization. At this point, the effectiveness of the change can be examined, and the desirability of extending the change further can be considered. Refreezing does not mean fixed in stone. Rather, it simply means that routines and policies are in place to support the change.

There has been much debate about whether Lewin's simple model of change, especially the refreezing component, applies to firms in so-called hyperturbulent environments, where constant, unpredictable, non-linear change is the norm.¹⁰ Although this turbulence clearly applies to the software, nanotechnology, and biotechnology industries, it can also be seen in a less extreme form in consumer electronics, as the Microsoft story illustrates. While the model probably applies, there is little doubt that organizations in hyperturbulent environments face special challenges that require them to be constantly acquiring, assimilating, and disseminating information so that they are ready for rapid change. Ideally, this permits something that looks like seamless "morphing" rather than the step-like process described by Lewin.¹¹ To achieve this seamless change, they have to have the qualities of a learning organization.

The Learning Organization

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Organizational learning ¹² refers to the process through which organizations acquire, develop, and transfer knowledge throughout the organization. There are two primary methods of organizational learning. First, organizations learn through *knowledge acquisition*. This involves the acquisition, distribution, and interpretation of knowledge that exists external to the organization. Second, organizations also learn through *knowledge development*. This involves generating new knowledge internally through dialogue and experience. Organizational learning occurs when members interact and share experiences and knowledge, and through the distribution of new knowledge throughout the organization.¹²

Some organizations are better at learning than others because they have processes and systems in place to facilitate learning and the transfer of knowledge throughout the organization. These kinds of organizations are known as learning organizations. A **learning organization** ¹³ is an organization that has systems and processes for creating, acquiring, and transferring knowledge to modify and change its behaviour to reflect new knowledge and insights.¹³ As a result, organizational change is much more likely to occur in a learning organization. In fact, it has even been suggested that a learning organization is “an organization that is adaptive in its capacity for change.”¹⁴

As long as organizations survive, they typically improve their performance with increasing experience, and this is due to organizational learning. But is the experience effect mostly due to the fact that they learn from successes or failures? Research suggests that failure is a more potent determinant of organizational learning than success because failure stimulates far greater information search and acquisition.¹⁵ It is paradoxical that while organizations learn the most from failure, failure is frequently stigmatized, and thus ignored, hidden, or redefined as success. Thus, taking a less punitive, more supportive stance toward failures might garner great benefits for organizational learning. Also paradoxically, it is much easier to gain access to write case studies about successes than about failures!

There are four key dimensions that are critical for a learning organization:¹⁶

- *Vision/support.* Leaders must communicate a clear vision of the organization's strategy and goals, in which learning is a critical part and key to organizational success.
- *Culture.* A learning organization has a culture that supports learning. Knowledge and information sharing, risk taking, and experimentation are supported, and continuous learning is considered to be a regular part of organizational life and the responsibility of everybody in the organization.
- *Learning systems/dynamics.* Employees are challenged to think, solve problems, make decisions, and act according to a systems approach by considering patterns of interdependencies and by "learning by doing." Managers must be active in coaching, mentoring, and facilitating learning.
- *Knowledge management/infrastructure.* Learning organizations have established systems and structures to acquire, code, store, and distribute important information and knowledge so that it is available

to those who need it, when they need it. This requires the integration of people, processes, and technology.

All in all, these four factors contribute to the opportunity, motivation, and capability to learn (especially from failures) and thus change.¹⁷

Conference Board of Canada research has shown that learning organizations are almost 50 percent more likely to have higher overall levels of profitability than those organizations not rated as learning organizations, and they are also better able to retain essential employees.¹⁸

One organization that excels at learning is Singapore Airlines. The company has created a culture that values extracting copious information from customers and using the information in a systematic way to improve customer service. In addition to using formal surveys and analyses of complaints, the airline has a system in place to note and codify verbal complaints and suggestions made to aircrew personnel. The level of detail achieved has led to many specific innovations in customer service, such as in-flight email.¹⁹

An organization that failed to exhibit effective learning is the Sears department store chain. Sears Canada closed all of its stores after 65 years of operation. Many observers attributed its demise to the parent company's weaknesses in implementing online shopping. This is ironic because Sears had a long history of successful mail catalog sales in rural areas. This should have given them an advantage over their newer ecommerce competitors, but they failed to develop and translate this acquired knowledge about "virtual" catalog shopping to the online environment.

Learning organizations are better able to change and transform themselves because of their greater capacity for acquiring and transferring

knowledge. Thus, learning is an important prerequisite for organizational successful change and transformation. Next, we consider some issues in the change process.















Issues in the Change Process

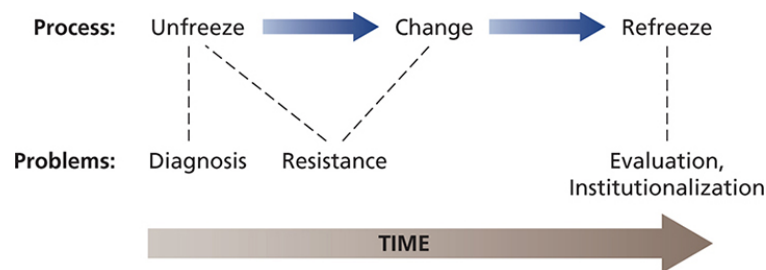
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LO3 Describe the basic *change process* and the issues that require attention at various stages of change.

LO4 Explain how organizations can deal with *resistance to change*.

The simple sketch of the change process presented earlier neglects several important issues that organizations must confront during the process. These issues constitute problems that must be overcome if the process is to be effective. [Exhibit 15.2](#) illustrates the relationship between the stages of change and these problems, which include diagnosis, resistance, evaluation, and institutionalization.

Exhibit 15.2 The change process and change problems.



Diagnosis

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Diagnosis is the systematic collection of information relevant to impending organizational change. Initial diagnosis can provide information that contributes to unfreezing by showing that a problem exists. Once unfreezing occurs, further diagnosis can clarify the problem and suggest just what changes should be implemented. It is one thing to feel that “hospital morale has fallen drastically,” but quite another to be sure that this is true and to decide what to do about it.

For complex, non-routine problems, there is considerable merit in seeking out the diagnostic skills of a change agent. **Change agents** are experts in the application of behavioural science knowledge to organizational diagnosis and change. Some large firms have in-house change agents who are available for consultation. In other companies, outside consultants might be brought in. In any event, the change agent brings an independent, objective perspective to the diagnosis.

It is possible to obtain diagnostic information through a combination of observations, interviews, questionnaires, and the scrutiny of records. Attention to the views of customers or clients is critical. As the next section will show, there is considerable merit in using surveys to involve the intended targets of change in the diagnostic process.

The importance of careful diagnosis cannot be overemphasized. Proper diagnosis clarifies the problem and suggests what should be changed and

the appropriate *strategy* for implementing change without resistance.²⁰

Unfortunately, many firms imitate the change programs of their competitors or other visible firms without doing a careful diagnosis of their own specific needs. A symptom of this is buying some prepackaged intervention from a consulting firm. Similarly, managers sometimes confuse symptoms with underlying problems. This usually leads to trouble.

Resistance

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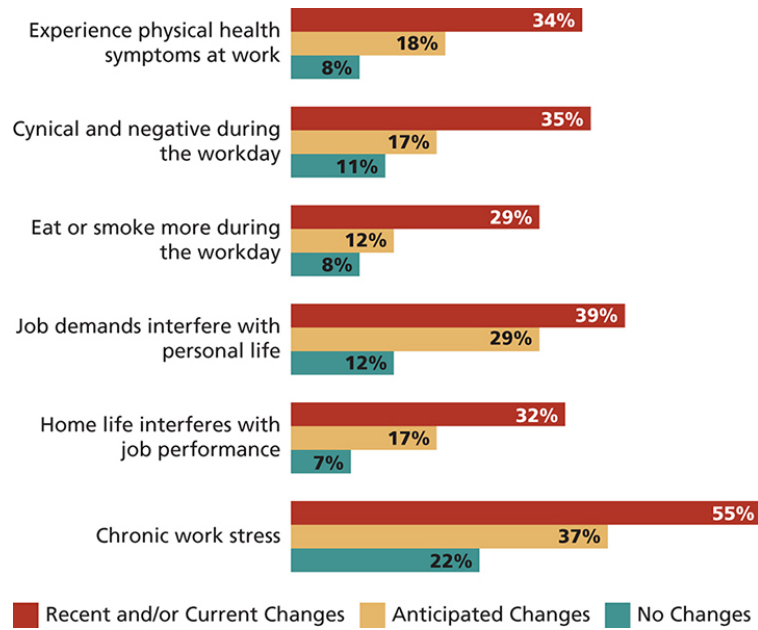
As the saying goes, people are creatures of habit, and change is frequently resisted by those at whom it is targeted.²¹ More precisely, people may resist both unfreezing and change. At the unfreezing stage, defence mechanisms ([Chapter 13](#)) might be activated to deny or rationalize the signals that change is needed.²² Even if there is agreement that change is necessary, any specific plan for change might be resisted.

Causes of Resistance

Resistance to change occurs when people either overtly or covertly fail to support the change effort. Why does such failure of support occur, leading to a lack of readiness for change? Common reasons include the following:²³

- *Politics and self-interest.* People might feel that they personally will lose status, power, or even their jobs with the advent of the change. For example, individual departments will lose power and autonomy when a flat and decentralized structure is centralized and made more hierarchical.
- *Low individual tolerance for change.* Predispositions in personality make some people uncomfortable with changes in established routines. People who seek routine, are cognitively rigid, and have a short-term focus are inclined to resist change.²⁴ Those who feel self-efficacy to change tend to be committed to proposed changes.²⁵

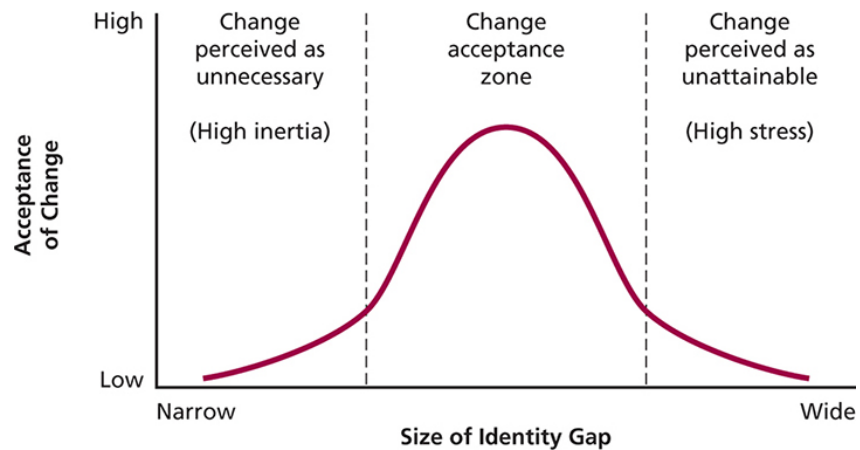
- *Lack of trust.* People might clearly understand the arguments being made for change but not trust the motives of those proposing the change.
- *Different assessments of the situation.* The targets of change might sincerely feel that the situation does not warrant the proposed change and that the advocates of change have misread the situation. For example, at UPS, managers saw the introduction of scanning bar-coded packages as a way to help customers trace goods. Employees saw it as a way to track them and spy on them.²⁶
- *Strong emotions.* Change has the capacity to induce strong emotions in people trying to make sense of the change—emotions that often make people feel helpless, resistant, and even ill.²⁷ In fact, as shown in [Exhibit 15.3](#), an American Psychological Association survey showed that organizational change was associated with a number of indicators of negative well-being, and the stressfulness of change is well documented.²⁸
- *Strong organizational identification.* People who identify very strongly with an organization often resist any change, seeing themselves as guardians of its traditional values and practices.²⁹ Much resistance to mergers and acquisitions stems from the notion that the bond between the person and the “old” organization will be broken in the new merged firm.
- *A resistant organizational culture.* Some organizational cultures have especially stressed and rewarded stability and tradition. Advocates of change in such cultures are viewed as misguided deviants or aberrant outsiders.



Source: American Psychological Association. 2017 *Work and well-being survey*. Washington, DC: American Psychological Association, p. 43.

Underlying these various reasons for resistance are two major themes: (1) change is unnecessary because there is only a small gap between the organization's current identity and its ideal identity; and (2) change is unobtainable (and threatening) because the gap between the current and ideal identities is too large. Exhibit 15.4 shows that a moderate identity gap is probably most conducive to increased acceptance of change because it unfreezes people while not provoking maximum resistance.

Exhibit 15.4 Probability of acceptance of change.



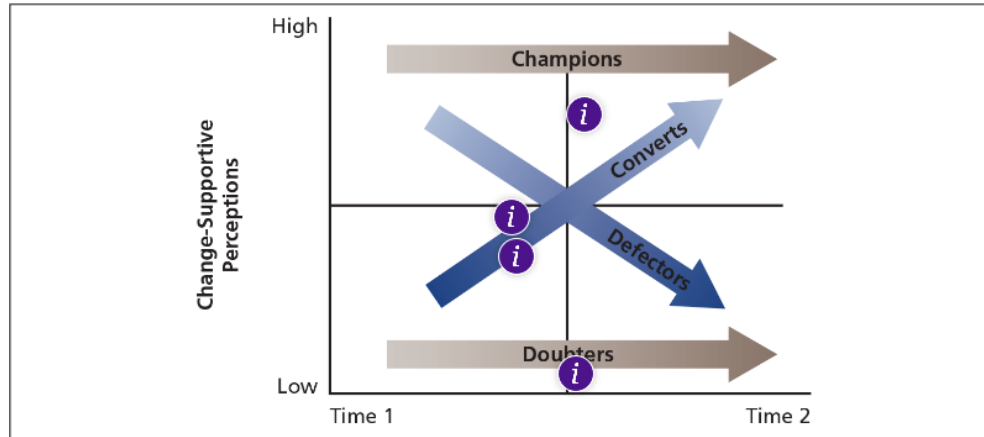
Source: From Reger, R. K., Gustafson, L. T., DeMarie, S. M., & Mullane, J. V. (1994). Reframing the organization: Why implementing total quality is easier said than done. *Academy of Management Review*, 19, 565–584.

Time and Resistance

There are considerable differences in how people react to change over time. As shown in [Exhibit 15.5](#), some people are “champions” of change, welcoming it from the beginning and maintaining change-supportive perceptions over time. Others are “doubters,” resisting change from the get-go and persisting in their resistance. Some employees are “converts” who are resistant at first but come to see the value of change. Finally, “defectors” have initial change-supportive perceptions but become resistant over time. The research supporting this model suggests that it is critical to foster positive perceptions for change early and sustain them over time.³⁰ This is because champions have more momentum for change than converts, and defectors are actually exhibit less momentum than people who were doubters all along.

Exhibit 15.5 Varying Reactions to Organizational Change over Time

There are considerable differences in how people react to change over time. Click on the circles to learn more.



Source: Jansen, K. J., Shipp, A. J., & Michael, J. H. (2016). Champions, converts, doubters, and defectors: The impact of shifting perceptions on momentum for change. *Personnel Psychology*, 69, 673–707.

Dealing with Resistance³¹

Low tolerance for change is mainly an individual matter, and it can often be overcome with supportive, patient supervision.

If politics and self-interest are at the root of resistance, it might be possible to co-opt the reluctant by giving them a special, desirable role in the change process or by negotiating special incentives for change. For example, consider office information systems. Initially, many IT directors resisted the proliferation of personal computers, feeling that this change would reduce their power as departments moved away from dependence on the mainframe. Most organizations countered this resistance by giving IT control over the purchase, maintenance, and networking of personal computers, providing an incentive for change.

If misunderstanding, lack of trust, or different assessments are provoking resistance, good communication can pay off. Contemporary organizations are learning that obsessive secrecy about strategy and competition can have more internal costs than external benefits. It is particularly critical that lower-level managers understand the diagnosis underlying intended change and the details of the change so that they can convey this information to employees accurately.³² Springing “secret” changes on employees, especially when these changes involve matters such as workforce reduction, is sure to provoke resistance. Managers who are generally perceived as fair have a real advantage here because this can lead to the anticipation that change efforts will unfold fairly.³³

Involving the people who are the targets of change in the change process often reduces their resistance.³⁴ This is especially appropriate when there is adequate time for participation, when true commitment (“ownership”) to the change is critical, and when the people who will be affected by the change have unique knowledge to offer.

Finally, transformational leaders ([Chapter 9](#)), such as Microsoft’s Satya Nadella, are particularly adept at overcoming resistance to change.³⁵ One way they accomplish this is by “striking while the iron is hot”—that is, by being especially sensitive to when followers are ready for change. The other way is to unfreeze current thinking by installing practices that constantly examine and question the status quo. One research study of CEOs who were transformational leaders noted the following unfreezing practices:³⁶

- An atmosphere is established in which dissent is not only tolerated but encouraged. Proposals and ideas are given tough objective reviews, and disagreement is not viewed as disloyalty.
- The environment is scanned for objective information about the organization’s true performance. This might involve putting lots of

outsiders on the board of directors or sending technical types out to meet customers.

- Organizational members are sent to other organizations and even other countries to see how things are done elsewhere.
- The organization compares itself along a wide range of criteria *against the competition*, rather than simply comparing its performance against last year's. This avoids complacency.

Transformational leaders are skilled at using the new ideas that stem from these practices to create a revised vision about what the organization can do or be. Often, a radically reshaped culture is the result. In the process, transformational leaders are good at inspiring trust and encouraging followers to subordinate their individual self-interests for the good of the organization. They are also adept at countering employee cynicism so that the proposed change is not seen as the new "flavour of the month."³⁷ This combination of tactics keeps followers within the zone of acceptance shown in [Exhibit 15.4](#).³⁸ By the way, that "flavour of the month" feeling is a bad thing because it suggests poor planning, and perceptions of poor planning provide stressful uncertainty.³⁸

Evaluation and Institutionalization

◀ Listen to the Audio

It seems only reasonable to evaluate changes to determine whether they have accomplished what they were supposed to and whether that accomplishment is now considered adequate. Obviously, objective goals, such as return on investment or market share, might be easiest and most likely to be evaluated. Of course, organizational politics can intrude to cloud even the most objective evaluation.

Organizations are notorious for doing a weak job of evaluating “soft” change programs that involve skills, attitudes, and values. However, it is possible to do a thorough evaluation by considering a range of variables:

- *Reactions*. Did participants like the change program?
- *Learning*. What knowledge was acquired in the program?
- *Behaviour*. What changes in job behaviour occurred?
- *Outcomes*. What changes in productivity, absence, and so on occurred?³⁹

To some extent, reactions measure resistance, learning reflects change, and behaviour reflects successful refreezing. Outcomes indicate whether refreezing is useful for the organization. Unfortunately, many evaluations of change efforts never go beyond the measurement of reactions. Again, part of the reason for this may be political. The people who propose the change effort fear reprisal if failure occurs.

If the outcome of change is evaluated favourably, the organization will wish to institutionalize that change. This means that the change becomes a permanent part of the organizational system, a social fact that persists over time, despite possible turnover by the members who originally experienced the change.⁴⁰ It should be fairly easy to institutionalize a change that has been deemed successful. However, we noted that many change efforts are only weakly evaluated, and without hard proof of success, it is very easy for institutionalization to be rejected by disaffected parties. This is a special problem for extensive, broad-based change programs that call for a large amount of commitment from a variety of parties (e.g., extensive participation, job enrichment, or work restructuring). It is one thing to institutionalize a simple training program but quite another to do the same for complex interventions that can be judged from a variety of perspectives.

Studies of more complex change efforts indicate that a number of factors can inhibit institutionalization. For example, promised extrinsic rewards (such as pay bonuses) might not be developed to accompany changes. Similarly, initial changes might provide intrinsic rewards that create higher expectations that cannot be fulfilled. Institutionalization might also be damaged if new hires are not carefully socialized to understand the unique environment of the changed organization. As turnover occurs naturally, the change effort might backslide. In a similar vein, key management supporters of the change effort might resign or be transferred. Finally, environmental pressures, such as decreased sales or profits, can cause management to regress to more familiar behaviours and abandon change.⁴¹

Let's now examine organizational development, a means of effecting planned change. But first, please consult *You Be the Manager*:

Transforming a Legacy Culture at 3M □.

You Be the Manager: Transforming a Legacy Culture at 3M

3M, founded in 1902 as Minnesota Mining and Manufacturing Company, is one of the world's most admired companies. From its beginnings making sandpaper, the company has leveraged technology and innovation to become a multinational conglomerate employing over 80 000 people in more than 60 countries. In addition to the familiar Scotch Tape and Post-It Notes, its over 55 000 other products span applications from dentistry to biometrics to nanotechnology. The traditional hallmark of 3M's culture has been a fanatical dedication to radical innovation, bolstered by the practice of allowing its scientists to devote 15 percent of their working time to pet "blue sky" projects that might result in radical breakthroughs. However, several years ago, some of its innovative spirit had been sapped by the negative spillover into the R&D environment of systems designed to enhance production efficiency. The result was a focus on easy-to-measure incremental product improvements rather than the risky but hard-to-predict breakthroughs that 3M was noted for. At the same time, the firm was facing increasing global competition and a proliferation of private-label brands. Although the company had low turnover, some felt that an entitlement mindset made employees too complacent. Although 3M was performing well, new CEO George Buckley wondered how the culture could be realigned to make the firm even more innovative and competitive.

Reset

Next

Source: Based on Paul, K. B., & Fenlason, K. J. (2014). Transforming a legacy culture at 3M: Teaching an elephant how to dance. In B. Schneider & K. M. Barbera (Eds.), *The Oxford handbook of organizational climate and culture*. Oxford, England: Oxford University Press.















Organizational Development: Planned Organizational Change

LO 15.5 Define *organizational development*, and discuss its general philosophy.

LO 15.6 Discuss *team building*, *survey feedback*, *total quality management*, and *reengineering* as organizational development efforts.

◀ Listen to the Audio

Organizational development (OD) is a planned, ongoing effort to change organizations to be more effective and more human. It uses the knowledge of behavioural science to foster a culture of organizational self-examination and readiness for change. A strong emphasis is placed on interpersonal and group processes.⁴²

The fact that OD is *planned* distinguishes it from the haphazard, accidental, or routine changes that occur in all organizations. OD efforts tend to be *ongoing* in at least two senses. First, many OD programs extend over a long period of time, involving several distinct phases of activities. Second, if OD becomes institutionalized, continual re-examination and readiness for further change become permanent parts of the culture. In trying to make organizations more *effective* and more *human*, OD gives recognition to the critical link between personal processes—such as leadership, decision making, and communication—and organizational outcomes—such as productivity and efficiency. The fact that OD uses *behavioural science knowledge* distinguishes it from other change strategies

that rely solely on principles of accounting, finance, or engineering. However, an OD intervention may also incorporate these principles. OD seeks to modify *cultural norms and roles* so that the organization remains self-conscious and prepared for adaptation. Finally, a focus on *interpersonal* and *group* processes recognizes that all organizational change affects members and that their cooperation is necessary for implementation.

Traditionally, the values and assumptions of OD change agents were decidedly humanistic and democratic. Thus, self-actualization, trust, cooperation, and the open expression of feelings among all organizational members have been viewed as desirable.⁴³ In recent years, OD practitioners have shown a more active concern with organizational effectiveness and with using development practices to further the strategy of the organization. This joint concern with both people and performance has thus become the credo of many contemporary OD change agents. The focus has shifted from humanistic advocacy to generating data or alternatives that allow organizational members to make informed choices.⁴⁴

Some Specific Organizational Development Strategies

◀ Listen to the Audio

The organization that seeks to “develop itself” has recourse to a wide variety of specific techniques. We discussed some of these techniques earlier in the resource. For example, job enrichment and management by objectives ([Chapter 6](#)), are usually classed as OD efforts, as are diversity training ([Chapter 3](#)), self-managed and cross-functional teams ([Chapter 7](#)), and empowerment ([Chapter 12](#)). In this section, we will discuss four additional OD strategies that illustrate the diversity of the practice.

Team Building

Team building ^① attempts to increase the effectiveness of work teams by improving interpersonal processes, goal clarification, and role clarification.⁴⁵ (What is our team trying to accomplish, and who is responsible for what?) As such, it can facilitate communication and coordination. The term *team* can refer to intact work groups, special task forces, new work units, or people from various parts of an organization who must work together to achieve a common goal.

Team building usually begins with a diagnostic session, often held away from the workplace, in which the team explores its current level of functioning. The team might use several sources of data to accomplish its diagnosis. Some data might be generated through sensitivity training, outdoor “survival” exercises, or open-ended discussion sessions. In

addition, “hard” data, such as attitude survey results and production figures, might be used. The goal at this stage is to paint a picture of the current strengths and weaknesses of the team. The ideal outcome of the diagnostic session is a list of needed changes to improve team functioning. Subsequent team-building sessions usually have a decidedly task-oriented slant—how can we actually implement the changes indicated by the diagnosis? Problem solving by subgroups might be used at this stage. Between the diagnostic and follow-up sessions, the change agent might hold confidential interviews with team members to anticipate implementation problems. Throughout, the change agent acts as a catalyst and resource person.



Outdoor training programs are a popular method of team building in which team members participate in structured outdoor activities to improve their communication and coordination skills and learn how to work together as a team.

Ammit Jack/Shutterstock

When team building is used to develop new work teams, the preliminary diagnostic session might involve attempts to clarify expected role

relationships and additional training to build trust among team members. In subsequent sessions, the expected task environment might be simulated with role-playing exercises.

One company used this integrated approach to develop the management team of a new plant.⁴⁶ In the simulation portion of the development, typical problems encountered in opening a new plant were presented to team members via hypothetical in-basket memos and telephone calls. In role-playing the solutions to these problems, they reached agreement about how they would have to work together on the job and gained a clear understanding of each other's competencies. Plant start-ups were always problem laden, but this was the smoothest in the history of the company.

Survey Feedback

In bare-bones form, survey feedback⁴⁷ involves collecting data from organizational members and feeding these data back to them in a series of meetings in which members explore and discuss the data.⁴⁷ The purpose of the meetings is to suggest or formulate changes that emerge from the data.

As its name implies, survey feedback's basic data generally consist of questionnaires completed by organizational members. Before data are collected, a number of critical decisions must be made by the change agent and organizational management. First, who should participate in the survey? Sometimes, especially in large organizations, the survey could be restricted to particular departments, jobs, or organizational levels where problems exist. However, most survey feedback efforts attempt to cover the entire organization. This approach recognizes the systemic nature of organizations and permits a comparison of survey results across various subunits. It is generally conceded that all members of a target

group should be surveyed. This procedure builds trust and confidence in survey results.

Second, what questions should the survey ask? Two approaches are available. Some change agents use prepackaged, standardized surveys covering areas such as communication and decision-making practices, and employee satisfaction. Such questionnaires are usually carefully constructed and permit comparisons with other organizations in which the survey has been conducted. However, there is some danger that prepackaged surveys might neglect critical areas for specific consideration, and so many change agents choose to devise their own custom-tailored surveys or seek help from consulting firms. Some firms, such as the Hay Group, have large databases that enable organizations to compare their employees' responses with those of other organizations on core questions.

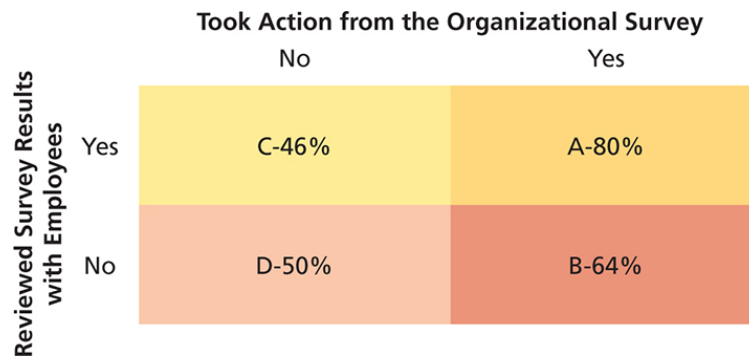
Feedback is most effective when it is presented to natural working units in face-to-face meetings. This rules out presenting only written feedback or feedback that covers only the organization as a whole. In a software firm, a natural working unit might consist of a department, such as development or marketing. In a school district, such units might consist of individual schools. Many change agents prefer that the manager of the working unit conduct the feedback meeting. This demonstrates management commitment and acceptance of the data. The agent attends such meetings and facilitates discussion of the data and plans for change.

Surveys have the most beneficial effects when the results are indeed reviewed with employees and when action is taken in response to the survey. [Exhibit 15.6](#) shows the percentage of favourable survey responses in a multinational consumer products company. The survey is delivered in 40 languages in 200 nations. The most favourable responses (80 percent) occur in quadrant A, where survey results were shared and

action occurred as a result of the survey. Sharing results but not acting (C), or doing neither (D), were both associated with much less favourable responses. The motto is clear: Share and act.

Exhibit 15.6

Percentage of favourable responses to a survey in terms of perceptions that results were reviewed with employees and action was taken.



Source: Reprinted with permission from Emerald Group Publishing Limited, originally published in *Research in organizational change and development* Vol. 20, 223–264 © Emerald Group Publishing Limited (2012).

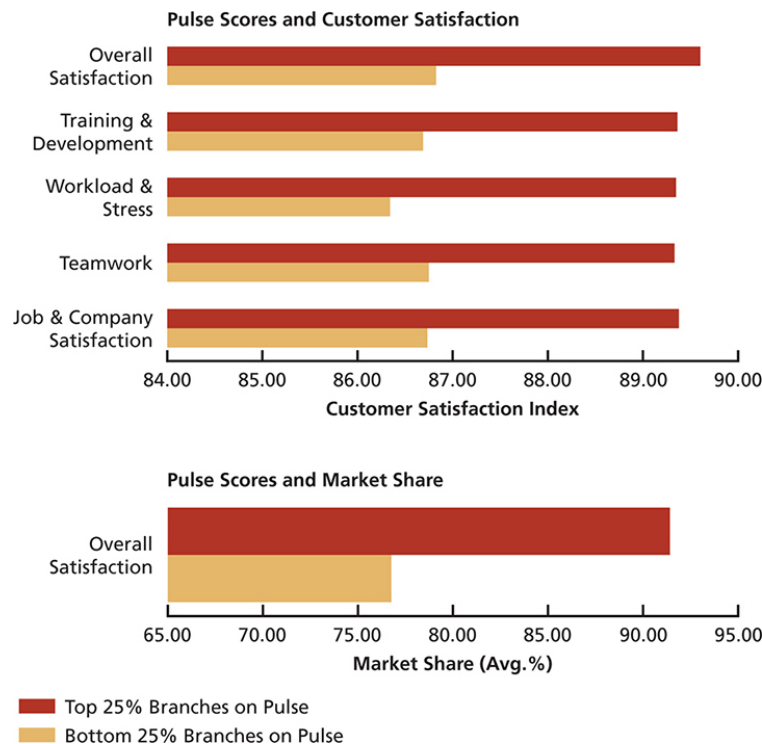
IBM was one of the pioneers in employee surveys, beginning back in 1957. Given its business sector, it was also one of the first firms to use computerized surveying with integrated data collection and data processing, allowing for fast feedback. The company uses quarterly surveys of random samples of employees in 70 countries using 13 languages.⁴⁸ There are core questions and others tailored to local concerns. The company has validated the links from employee job satisfaction to client satisfaction to business performance.

Ford Motor Company also has a comprehensive, yearly, worldwide employee attitude survey called Ford Pulse.⁴⁹ Core questions that are linked to strategic issues are always completed by salaried employees. Supplemental questions are custom developed to cover local issues. On average, thousands of employees in 44 countries respond online in 17

languages. Ford validated the importance of the Pulse results at 147 Ford Credit branches in Canada and the United States.⁵⁰ The results showed that branches with higher Pulse scores had higher customer satisfaction, market share, and business volume and lower loan delinquency and employee turnover. The top part of Exhibit 15.7 shows the association between several Pulse dimensions and customer satisfaction with the branch. The lower part shows the association between Pulse scores and market share. These kinds of bottom-line results go a long way toward enhancing the credibility of the survey to managers and underlining the importance of accountability for “people issues.”

Exhibit 15.7


Relationship between Ford Pulse survey scores and customer satisfaction and market share at Ford Credit branches.



Source: From Johnson, R. H., Ryan, A. M., & Schmit, M. (1994). *Employee attitudes and branch performance at Ford Motor Credit*. Presentation at the annual conference of the Society for Industrial and Organizational Psychology, Nashville, TN. © 1994 Raymond Johnson. Used with permission.

Ford is a member of a consortium of over 40 large premier companies known as the Mayflower Group. Other participants include Microsoft, 3M, Pepsico, and The Home Depot. Participating firms agree to include a number of core items in their employee surveys and share the responses with the consortium at least once every two years. This has provided a normative benchmarking database of over three million employees that enables member companies to compare where they stand on matters such as employee job satisfaction, work engagement, and diversity.⁵¹

Total Quality Management

Total quality management (TQM)  is a systematic attempt to achieve continuous improvement in the quality of an organization's products or services. Typical characteristics of TQM programs include an obsession with customer satisfaction, a concern for good relations with suppliers, continuous improvement of work processes, the prevention of quality errors, frequent measurement and assessment, extensive training, and high employee involvement and teamwork.⁵²


Prominent names associated with the quality movement include W. Edwards Deming, Joseph Juran, and Philip Crosby.⁵³ Although each of these "quality gurus" advocates somewhat different paths to quality, all three are concerned with using teamwork to achieve continuous improvement to please customers. **Exhibit 15.8**  highlights the key principles underlying customer focus, continuous improvement, and teamwork. In turn, each of these principles is associated with certain practices and specific techniques that typify TQM.

Exhibit 15.8 Principles, practices, and techniques of total quality management.

	Customer Focus	Continuous Improvement	Teamwork
Principles	Paramount importance of providing products and services that fulfill customer needs; requires organizationwide focus on customers	Consistent customer satisfaction can be attained only through relentless improvement of processes that create products and services	Customer focus and continuous improvement are best achieved by collaboration throughout an organization as well as with customers and suppliers
Practices	Direct customer contact Collecting information about customer needs Using information to design and deliver products and services	Process analysis Reengineering Problem solving Plan/do/check/act	Search for arrangements that benefit all units involved in a process Formation of various types of teams Group skills training
Techniques	Customer surveys and focus groups Quality function deployment (translates customer information into product specifications)	Flowcharts Pareto analysis Statistical process control Fishbone diagrams	Organizational development methods such as the nominal group technique Team-building methods (e.g., role clarification and group feedback)

Source: From Dean, J. W., Jr., & Bowen, D. E. (1994). Management theory and total quality: Improving research and practice through theory development. *Academy of Management Review*, 19, 392–418.

The concept of continuous improvement sometimes confuses students of TQM—how can something be more than 100 percent good? To clarify this, it is helpful to view improvement as a continuum ranging from responding to product or service problems (a reactive strategy) to creating new products or services that please customers (a proactive strategy).⁵⁴

For example, suppose that you check in to a hotel and find no towels in your room. Obviously, a fast and friendly correction of this error is better than a slow and surly response, and cutting response time from 15 minutes to 5 minutes would be a great improvement. Better yet, management will try to prevent missing-towel episodes altogether, perhaps using training to move from 96 percent toward 100 percent error-free towel stocking. Although such error *prevention* is a hallmark of TQM, it is also possible to upgrade the service episode. For example, the hotel might work closely with suppliers to provide fluffier towels at the same price or encourage guests to not use too many towels, thus reducing laundry and room costs. Finally, a new service opportunity might be identified and acted on. For example, the Chicago Marriott hotel

discovered (after 15 years) that 66 percent of all guests' calls to the housekeeping department were requests for irons or ironing boards. The manager took funds earmarked to install new bathroom TVs and instead equipped each room with an iron and ironing board. No one had ever complained about the TVs in the bathrooms.⁵⁵

This series of hotel examples illustrates several features of continuous improvement and TQM in general.⁵⁶ First, continuous improvement can come from small gains over time (e.g., gradually approaching 100 percent error-free room servicing) or from more radical innovation (e.g., offering a new service). In both cases, the goal is long-term improvement, not a short-term fix. Next, improvement requires knowing where we are in the first place. Thus, TQM is very concerned with measurement and data collection; in our examples, we alluded to speed of service, percent of error-free performance, and frequency of customer requests as examples. Next, TQM stresses teamwork among employees and (in the examples given here) with suppliers and customers. Finally, TQM relies heavily on training to achieve continuous improvement.

Although simple job training can contribute to continuous improvement (as in the towel-stocking example), TQM is particularly known for using specialized training in tools that empower employees to diagnose and solve quality problems. Some tools, noted in the bottom row of [Exhibit 15.7](#), include the following:

- *Flowcharts of work processes.* Flowcharts illustrate graphically the operations and steps in accomplishing some task, noting who does what, and when. For instance, what happens when hotel housekeeping receives a guest request for towels?
- *Pareto analysis.* Pareto analysis collects frequency data on the causes of errors and problems, showing where attention should be directed

for maximum improvement. For instance, the Marriott data on reasons for calls to housekeeping corresponds to Pareto data.

- *Fishbone diagrams*. Fishbone (cause-and-effect) diagrams illustrate graphically the factors that could contribute to a particular quality problem. Very specific causes (“small bones”) are divided into logical classes or groups (“large bones”). In the hotel example, classes of causes might include people, equipment, methods, and materials.
- *Statistical process control*. Statistical process control gives employees hard data about the quality of their own output that enables them to correct any deviations from standard performance. TQM places particular emphasis on reducing variation in performance over time.

These tools to improve the diagnosis and correction of quality problems will not have the desired impact if they fail to improve quality in the eyes of the customer. An essential problem here is that quality has many different and potentially incompatible definitions. For example, *ultimate excellence*, *value for the money*, *conformance to specifications*, and *meeting or exceeding customer expectations* are all potential definitions of quality.⁵⁷

Although this last definition would seem to be closest to the TQM principle of customer focus, it is not without its weaknesses. For example, customers might have contradictory expectations. Also, they are more likely to have clear expectations about familiar products and services than about new or creative products or services. Nevertheless, organizations with a real commitment to TQM make heavy use of customer surveys, focus groups, mystery shoppers, and customer clinics to stay close to their customers. Harley-Davidson holds customer clinics and sponsors bike rallies to learn from its customers. Also, survey feedback programs allow organizations to obtain information about internal customers (such as how the adjacent department views your department’s performance).

TQM programs have succeeded in firms such as L.L. Bean, Motorola, and Ritz-Carlton Hotels. However, they have also had their share of

problems, which ultimately get expressed as resistance. Despite allowing for radical innovation, TQM is mainly about achieving small gains over a long period of time. This long-term focus can be hard to maintain, especially if managers or employees expect extreme improvements in the short term.

Reengineering

Reengineering [Ⓢ] is the radical redesign of organizational processes to achieve major improvements in such factors as time, cost, quality, or service.⁵⁸ Reengineering does not fine-tune existing jobs, structures, technology, or human resources policies. Rather, it uses a “clean slate” approach that asks basic questions, such as *What business are we really in?* and *If we were creating this organization today, what would it look like?* Then, jobs, structure, technology, and policy are redesigned around the answers to these questions.

A key word in our definition of reengineering is *processes*. **Organizational processes** [Ⓢ] are *activities* or *work* that the organization must accomplish to create outputs that customers (internal or external) value.⁵⁹ For example, designing a new product is a process that might involve people holding a variety of jobs in several different departments (R&D, marketing, production, and finance). In theory, the gains from reengineering will be greatest when the process is complex and cuts across a number of jobs and departments. In contrast to TQM, which usually seeks incremental improvements in existing processes, reengineering involves radical revisions of processes.

What factors prompt interest in reengineering? One factor is “creeping bureaucracy,” which is especially common in large, established firms. With growth, rather than rethinking basic work processes, many firms have simply tacked on more bureaucratic controls to maintain order. This

leads to overcomplicated processes and an internal focus on satisfying bureaucratic procedures rather than tending to the customer. Many corporate downsizings have been unsuccessful because they failed to confront bureaucratic controls and basic work processes.

Information technology has also stimulated reengineering. Many firms were disappointed that initial investments in such technology did not result in anticipated reductions in costs or improved productivity. This is because existing processes were simply automated rather than reengineered to correspond to the capabilities of the new technology. Now it is commonly recognized that advanced technology allows organizations to radically modify (and usually radically simplify) important organizational processes. In other words, work is modified to fit technological capabilities rather than simply fitting the technology to existing jobs.

How does reengineering actually proceed? In essence, much reengineering is oriented toward one or both of the following goals:⁶⁰

- The number of mediating steps in a process is reduced, making the process more efficient.
- Collaboration among the people involved in the process is enhanced.

Removing the number of mediating steps in a process, if done properly, reduces labour requirements, removes redundancies, decreases chances for errors, and speeds up the production of the final output. Enhanced collaboration often permits simultaneous, rather than sequential, work on a process and reduces the chances for misunderstanding and conflict.

The detailed aspects of reengineering include some of the following practices. You will notice that we have covered many of them in other contexts earlier in the resource.⁶¹

- *Jobs are redesigned and usually enriched.* Frequently, several jobs are combined into one to reduce mediating steps and provide greater employee control.
- *A strong emphasis is placed on teamwork.* Teamwork (especially cross-functional) is a potent method of enhancing collaboration.
- *Work is performed by the people most logically suited to the task.* Some firms train customers to do minor maintenance and repairs themselves or turn over the management of some inventory to their suppliers.
- *Unnecessary checks and balances are removed.* When processes are simplified and employees are more collaborative, expensive and redundant controls can sometimes be removed.
- *Advanced technology is exploited.* Computerized technology not only permits combining of jobs, it also enhances collaboration via email, groupware, and so on.

It is easiest to get a feel for the success of reengineering by considering some of the reductions in mediating steps and improvements in speed that have resulted. Using cross-functional teams and advanced technology, Chrysler cut the design time of its successful Jeep Cherokee by 40 percent.⁶² Such “concurrent engineering” is now the norm. At popular clothing stores, fashions move from design to store in days rather than the former two *seasons*. Thus, a firm is much more responsive to fickle swings in trends and taste.

Because reengineering has the goal of radical change, it requires strong CEO support and transformational leadership. Also, before reengineering begins, it is essential that the organization clarify its overall strategy. What business should we really be in? (Do we want to produce hardware, software, or both?) Given this, who are our customers, and what core processes create value for them? If such strategic clarification is lacking, processes that do not matter to the customer will be reengineered. Strong

CEO support and a clear strategy are important for overcoming resistance that simply dismisses people who advocate reengineering as “more efficiency experts.” Resistance due to self-interest and organizational politics is likely when radical change may lead to layoffs or major changes in work responsibilities.

Reengineering must be both broad and deep to have long-lasting, bottom-line results—that is, it should span a large number of activities that cut costs or add customer value, and it should affect a number of elements, including skills, values, roles, incentives, structure, and technology.⁶³ Half-hearted attempts do not pay off.

Organizational Development Strategies

Click each organizational development strategy to learn more about it, then click “Check Your Understanding” to review.

Team Building

Survey Feedback

Total Quality Management (TQM)

Reengineering

Check Your Understanding

Does Organizational Development Work?

◀ Listen to the Audio

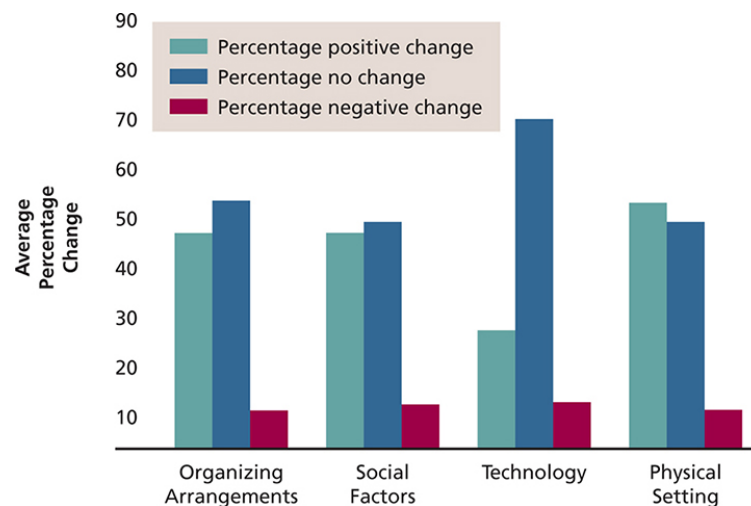
Does it work? That is, do the benefits of OD outweigh the heavy investment of time, effort, and money? At the outset, we should re-emphasize that most OD efforts are *not* carefully evaluated. Political factors and budget limitations might be prime culprits, but the situation is not helped by some OD practitioners who argue that certain OD goals (e.g., making the organization more human) are incompatible with impersonal, scientifically rigorous evaluation. Three large-scale reviews of a wide variety of OD techniques (including some we discussed in this chapter as well as job redesign, MBO, and goal setting from [Chapters 5](#) and [6](#)) reached the following conclusions:⁶⁴

- Most OD techniques have a positive impact on productivity, job satisfaction, or other work attitudes.
- OD seems to work better for supervisors or managers than for blue-collar workers.
- Changes that use more than one technique seem to have more impact.
- There are great differences across sites in the success of OD interventions.

[Exhibit 15.9](#) summarizes the results of a large number of research studies on the impact of OD efforts on changes in a variety of outcomes such as performance and turnover. Organizational arrangements included

changes in formal structure and some quality interventions. Social factors included the use of team building and survey feedback. Technology changes mainly involved job redesign. Finally, physical-setting interventions (which were rare) included things such as changes to open-plan offices.

Exhibit 15.9 Organizational change due to organizational development efforts.



Source: Modified and reproduced by special permission of the publisher, Davies-Black Publishing, an imprint of CCP Inc., Palo Alto, CA 94303 from Dunnette, M. D., & Hough, L. M. (Eds.). (1992). *Handbook of industrial and organizational psychology*, 2nd ed. (Vol. 3). Copyright by Davies-Black Publishing, an imprint of CPP, Inc. All rights reserved. Further reproduction is prohibited without the publisher's written consent.

As you can see, a healthy percentage of studies reported positive changes following an OD effort. However, many studies also reported no change. This underlines the difficulty of introducing change, and it also suggests that variations in how organizations actually implement change may greatly determine its success. The relative lack of negative change is encouraging, but it is also possible that there is a bias against reporting bad outcomes.⁶⁵

Weak methodology has sometimes plagued research evaluations of the success of OD interventions, although the quality of research seems to be

improving over time.⁶⁶ Some specific problems include the following:⁶⁷

- OD efforts involve a complex series of changes. There is little evidence of exactly which of these changes produce changes in processes or outcomes.
- Novelty effects or the fact that participants receive special treatment might produce short-term gains that really do not persist over time.
- Self-reports of changes after OD might involve unconscious attempts to please the change agent.
- Organizations may be reluctant to publicize failures.

Let's hope that promise will overcome problems as organizations try to respond effectively to their increasingly complex and dynamic environments. Speaking of such responses, let's turn now to innovation.















The Innovation Process

LO 15.7 Define *innovation*, and discuss the factors that contribute to successful organizational innovation.

LO 15.8 Understand the factors that help and hurt the diffusion of innovations.

◀ Listen to the Audio

Do you recognize the name Arthur Fry? Probably not. But Arthur Fry is famous in his own way as the inventor of the ubiquitous, sticky-backed Post-It Notes, a top seller among paper office supplies. Fry, a researcher at the innovative 3M Company, developed the product that became Post-Its in response to a personal problem: how to keep his place marker from falling out of his church choir hymnal.

What accounts for the ability of individuals like Arthur Fry and organizations like 3M to think up and exploit such innovative ideas? This is the focus of this section of the chapter.⁶⁸

What Is Innovation?

◀ Listen to the Audio

Innovation⁶⁹ is the process of developing and implementing new ideas in an organization. The term *developing* is intentionally broad. It covers everything from the genuine invention of a new idea to recognizing an idea in the environment, importing it to the organization, and giving it a unique application.⁶⁹ The essential point is a degree of creativity. Arthur Fry did not invent glue, and he did not invent paper, but he did develop a creative way to use them together. Then, 3M was creative enough to figure out how to market what might have appeared to less probing minds to be a pretty mundane product.

We can roughly classify innovations as product (including service) innovations, process innovations, or managerial innovations.⁷⁰ *Product innovations* have a direct impact on the cost, quality, style, or availability of a product or service. Thus, they should be very obvious to clients or customers. It is easiest to identify with innovations that result in tangible products, especially everyday consumer products. Thus, we can surely recognize that the iPhone, the iPod, and Post-It Notes have been innovative products. Perhaps coming less readily to mind are service innovations, such as purchasing via eBay, researching via Google, and downloading music via the iTunes Store.

Process innovations are new ways of designing products, making products, or delivering services. In many cases, process changes are invisible to customers or clients, although they help the organization to perform

more effectively or efficiently. Thus, new technology is a process innovation, whether it be new manufacturing technology or a new management information system.

Managerial innovations are new forms of strategy, structure, human resource systems, and managerial practices that facilitate organizational change and adaptation. Examples might include job enrichment, participation, reengineering, and quality programs.⁷¹ Visa, GE, DuPont, and Procter & Gamble are particularly noted for managerial innovations.⁷²

Innovation is often conceived of as a stage-like process that begins with idea generation and proceeds to idea implementation. For some kinds of innovations, it is also hoped that the implemented innovation will diffuse to other sites or locations. This applies especially to process innovations that have begun as pilot or demonstration projects:

IDEA GENERATION → IDEA IMPLEMENTATION → IDEA DIFFUSION

In advance of discussing these stages, let us note several interesting themes that underlie the process of innovation. First, much idea generation is due to serendipity. Thus, IKEA's signature flat-packed "take it home yourself" furniture actually stemmed from a temporary labour shortage, not some grand plan to lower costs and save warehouse space.⁷³ Second, the beginning of innovation can be pretty haphazard and chaotic, and the social conditions necessary to generate a new idea, elaborate it, champion it, and implement it are not the same.⁷⁴ In a related vein, although organizations have to innovate to survive, such innovation might be resisted just like any other organizational change. The result of these tensions is that innovation is frequently a highly political process (Chapter 12).⁷⁵ This important point is sometimes overlooked because innovation often involves science and technology, domains that

have a connotation of rationality about them. However, both the champions of innovation and the resisters might behave politically to secure or hold on to critical organizational resources. Finally, the generation of good ideas is no guarantee that they will be implemented and diffused.⁷⁶

Generating and Implementing Innovative Ideas

◀ Listen to the Audio

Innovation requires creative ideas, someone to fight for these ideas, good communication, and the proper application of resources and rewards.

Individual Creativity

Creative thinking by individuals or small groups is at the core of the innovation process. **Creativity** is usually defined as the production of novel but potentially useful ideas. Thus, creativity is a key aspect of the “developing new ideas” part of our earlier definition of innovation. However, innovation is a broader concept, in that it also involves an attempt to implement new ideas. Not every creative idea gets implemented.

When we see a company like SpaceX, which is known for its innovations, or we see an innovative project completed successfully, we sometimes forget about the role that individual creativity plays in such innovations. However, organizations that have a consistent reputation for innovation have a talent for selecting, cultivating, and motivating creative individuals. Such creativity can come into play at many “locations” during the process of innovation. Thus, the salesperson who discovers a new market for a product might be just as creative as the scientist who developed the product.

What makes a person creative?⁷⁷ For one thing, you can pretty much discount the romantic notion of the naïve creative genius. Research shows that creative people tend to have an excellent technical understanding of their domain—that is, they understand its basic practices, procedures, and techniques. Thus, creative chemists will emerge from those who are well trained and up-to-date in their field. Similarly, creative money managers will be among those who have a truly excellent grasp of finance and economics. Notice, however, that the fact that creative people have good skills in their area of specialty does not mean that they are extraordinarily intelligent. Once we get beyond subnormal intelligence, there is no correlation between level of intelligence and creativity.

Most people with good basic skills in their area are still not creative. What sets the creative people apart are additional *creativity-relevant* skills. These include the ability to tolerate ambiguity, withhold early judgment, see things in new ways, and be open to new and diverse experiences. Some of these skills reflect certain personality characteristics, such as curiosity and persistence. Interestingly, creative people tend to be socially skilled but lower than average in need for social approval. They can often interact well with others to learn and discuss new ideas, but they do not see the need to conform just to get others to like them. Many creativity-related skills can actually be improved by training people to think in divergent ways and to withhold early evaluation of ideas.⁷⁸ Frito-Lay and DuPont are two companies that engage in extensive creativity training.

Finally, people can be experts in their field and have creativity skills, but still not be creative if they lack intrinsic motivation for generating new ideas. Such motivation is most likely to occur when there is genuine interest in and fascination with the task at hand and the work being done is seen as meaningful. Also, a sense of making progress is important for intrinsic motivation. Making progress on meaningful work results in

positive affect and a good mood, factors that are known to stimulate creativity. This is not to say that extrinsic motivation irrelevant to innovation, as we shall see shortly. Rather, it means that intrinsic motivation lies at the *core* of creativity.

Having a lot of potentially creative individuals is no guarantee in itself that an organization will innovate. Let's now turn to some other factors that influence innovation.

Idea Champions

Again and again, case studies of successful innovations reveal the presence of one or more **idea champions**⁷⁹, people who see the kernel of an innovative idea and help guide it down the path toward eventual implementation.⁷⁹ This role of idea champion is often an informal emergent role, and “guiding” the idea might involve talking it up to peers, selling it to management, garnering resources for its development, or protecting it from political attack by guardians of the status quo. A key factor is establishing *legitimacy* for the idea.⁸⁰ Champions often have a real sense of mission about the innovation and are frequently known by other labels. In larger organizations, they might be labelled *intrapreneurs* or *corporate entrepreneurs*. In R&D settings, one often hears the terms *project champion* or *product champion*. The label is less important than the function, which is one of sponsorship and support.

A good example of an idea champion is Deepak Chopra, the former Canada Post president and CEO, who guided the organization into an ecommerce transformation by partnering with firms such as Shopify. Early in his term, Chopra was requested to downsize an already tiny innovation team that was literally working in the basement on something he realized was very important—the development of an iPhone app that customers could use to track parcels. However, the enthusiastic four-

person team was so under-resourced that it did not even have a company-issued iPhone to test its work. The same day, Chopra approved a funding increase that led to the introduction of one of the most popular free business apps in Canada and reinforced Canada Post's strategic direction in ecommerce and parcel delivery.⁸¹

For a modest innovation whose merits are extremely clear, it is possible for the creative person who thinks up the idea to serve as its sole champion and to push the idea into practice. In the case of more complex and radical innovations, especially those that demand heavy resource commitment, it is common to see more than one idea champion emerge during the innovation process. For example, a laser scientist might invent a new twist to laser technology and champion the technical idea within her R&D lab. In turn, a product division line manager might hear of the technical innovation and offer to provide sponsorship to develop it into an actual commercial product. This joint emergence of a technical champion and a management champion is typical. Additional idea champions might also emerge. For example, a sales manager in the medical division might lobby to import the innovation from the optics division.

An interesting program of research headed by Jane Howell examined champions who spearheaded the introduction of technology or product innovations in their firms (e.g., new management information systems).⁸² This research compared "project champions" with non-champions who had also worked on the same project. The champions had very broad interests and saw their roles as being broad. They were very active in scouting for new ideas, using a wide variety of media for stimulation. They were skilled at presenting the innovation in question as an opportunity rather than framing it as countering a threat (e.g., "This will give us a whole new line of business" versus "This will keep us from getting sued"). Also, they exhibited clear signs of transformational

leadership (Chapter 9), using charisma, inspiration, and intellectual stimulation to get people to see the potential of the innovation. They used a wide variety of influence tactics to gain support for the new system. In short, the champions made people truly want the innovation despite its disruption of the status quo.

Some idea champions feel compelled to engage in creative deviance, which means they defy orders by management to stop work on a creative idea. This sometimes involves “bootlegging” funds from other (approved) projects or camouflaging one’s creative work from management scrutiny. Creative successes as diverse as the production of *The Godfather* to the advent of LED lighting have been attributed to creative deviance.⁸³

Idea champions and creative deviance are often necessary because of the paradox by which organizations profess to want creativity but are inclined to reject creative ideas. Research suggests that decision makers tasked with allocating resources develop an economic mindset that predisposes them to reject creative ideas, in part because they are swayed by (often incorrect) views of how socially acceptable the ideas are.⁸⁴

External Communication

Effective communication with the external environment and effective communication within the organization are vital for successful innovation.

The most innovative firms seem to be those that are best at recognizing the relevance of new, external information, importing and assimilating this information, and then applying it.⁸⁵ Such processes are consistent with organizational learning. Recognition and assimilation are more chaotic and informal than one might imagine. Rather than relying on a formal network of journal articles, technical reports, and internal

memoranda, technical and creative personnel are more likely to be exposed to new ideas via informal oral or virtual communication networks. In these networks, key personnel function as gatekeepers who span the boundary between the organization and the environment, importing new information, translating it for local use, and disseminating it to project members. These people have well-developed communication networks with other professionals outside the organization and with those on their own team or project. Thus, they are in key positions to both receive and transmit new technical, creative, or scientific information.⁸⁶ “Well developed” does not necessarily mean large. Strong ties with a sparse but diverse network seem to be key.⁸⁷ Also, they are perceived as highly competent and as a good source of new ideas. Furthermore, they have an innovative orientation, they read extensively, and they can tolerate ambiguity.⁸⁸ Gatekeeping is essentially an informal, emergent role, since many gatekeepers are not in supervisory positions.

Organizations can do several things to enhance the external contact of actual or potential gatekeepers. Generous allowances for subscriptions, database access, and travel to seminars, short courses, and professional meetings might be helpful.

Technical gatekeepers are not the only means of extracting information from the environment. Many successful innovative firms excel at going directly to users, clients, or customers to obtain ideas for product or service innovation. This works against the development of technically sound ideas that nobody wants, and it also provides some real focus for getting ideas implemented quickly. For example, Nike uses internet-based engagement platforms designed around global customer experiences, such as enthusiasm for soccer or running. These “communities” of customers possess creativity that can find its way into new Nike designs.⁸⁹ Willie G. Davidson, retired chief styling officer and grandson of one of the founders of Harley-Davidson, got ideas from customers at Harley-

Davidson bike rallies, where he often walked around with a notebook in hand and had one-on-one sessions with customers.⁹⁰ Notice that we are speaking here about truly getting “close to the customer,” not simply doing abstract market research on large samples of people. Such market research does not have a great track record in prompting innovation; talking directly to users does. Information can also be extracted from the environment by hiring employees with multicultural experience or providing opportunities for such experience, which has been shown to enhance creativity.⁹¹ Also, research shows that firms that put their R&D activities in several geographic locations exhibit higher levels of imitative innovation because they can access a broader set of knowledge.⁹² For instance, appliance giant Whirlpool has design centres in Shanghai, Milan, New Delhi, São Paulo, Monterrey, Mexico, and Benton Harbor, Michigan.⁹³

Finally, innovative ideas can be extracted from the external environment by holding design competitions, using crowdsourcing ([Chapter 11](#)), making existing product features open source, or making patents public. These tactics broadcast design problems to a large audience of potential innovators. Such strategies are often termed **open innovation** in that they eschew the secrecy frequently associated with the process and invite web-enabled input from a wide variety of external sources.⁹⁴ For example, the Apple’s open App Store facilitates access for external software developers to come up with innovative new applications, and Amazon Studios’ original TV shows are based on a crowdsourcing platform that attracts hopeful scriptwriters. Tesla made hundreds of patents pertinent to electric vehicles public, reasoning that its real competition is the dominant gasoline car and that innovations in electric would only help its own cause.⁹⁵

Open innovation has become more common as the costs of collecting, processing, and storing information have decreased due to web

enablement, and as knowledge has become more widely distributed. In addition, the ability to modularize (i.e., break into pieces) innovation problems is conducive to the practice.⁹⁶ To be successful, open innovation requires an identity shift by in-house R&D and creative employees who may be used to obsessive secrecy and unused to intensive collaboration with external parties.⁹⁷ The not-invented-here bias ([Chapter 11](#)) must be avoided for open innovation to achieve its considerable potential. For an example of open innovation, see Applied Focus: *Guests Help Hotels Innovate*.

Applied Focus

Guests Help Hotels Innovate

There's a "war room" in the basement of Marriott International's headquarters, and it's not one where its executives plot against Hilton. No, this war room is part of Marriott's new 10 000-square-foot Innovation Lab, a place where employees and hotel owners brainstorm, design, and refine their ideas for what the hotel of the future will look like. But they're not doing it all on their own. They're taking their cues from the people they want to please the most—their guests—as part of a new effort to "co-create" with their frequent travelers. "It's really consumer-driven," says Michael Dail, vice-president of Global Brand Marketing for Marriott Hotels. "Rather than someone at the company coming up with the idea and letting consumers validate it, with co-creation the idea starts with the consumer."

Hotels have always turned to focus groups to provide input on ideas and initiatives. But social media have empowered guests to let hotels know what they like and don't like in real time. Hotel companies are now responding to this more demanding

traveler by including them in their design and development process in a much more collaborative way. “For the longest time, hotel brands have followed the ‘closed’ model of innovation by creating amenities in-house and force feeding them to guests,” says Chekitan Dev, an associate professor at Cornell University’s School of Hotel Administration. “With an increasingly dynamic marketplace, and the emergence of a younger and more sophisticated travel consumer, this model no longer works.”

Co-creation, or “crowdsourcing” opinions from the public, is another play for lucrative millennial travellers, whose purchasing power is rapidly rising. Millennials, those born in the 1980s to the early 2000s, have unique habits that are influencing hotel design. They like to stay constantly connected through social media, they like to work and play in coffeehouse-like spaces, they pay attention to design, and they want instant gratification. “When it comes to the preferences of the newest emerging market—the Millennial—firms have realized that to respond to the guest mantra of ‘I want what I want and I want it now,’ a smart way is to open the innovation process to the collective wisdom of its guests,” Dev says.

In addition to inviting frequent guests to its Innovation Lab, Marriott Hotels and Resorts launched a “Travel Brilliantly” campaign this year aimed at Millennials. The company solicited ideas from travellers on everything from design to technology to food and beverage on its website, travelbrilliantly.com.

Last month, Hyatt Hotels partnered with innovation consultancy gravitytank at Chicago Ideas Week to solicit ideas from travellers on how they would reimagine the hotel experience. In September, Hyatt also hosted what it called “The

World’s Largest Focus Group,” during which Hyatt employees around the world led discussions about travel via Twitter and Facebook. The focus group was the second phase in Hyatt’s 18-month listening exercise, which includes more than 40 group discussions around the world. The company says the talks have led to new amenities such as Hyatt Has It, a service providing forgotten items, like deodorant and curling irons, and healthier menu items.

Consumer input was key in the redesign of InterContinental Hotels Group’s Holiday Inn lobbies. IHG reached out to about 5000 consumers for direction on the kind of food, design, and amenities they wanted to see in the lobby. They took the best ideas and created a full-size mock-up of the “Active Lobby Concept” in a warehouse in Boston. Eventually, the concept, which turned separate public areas into one cohesive space for work and play, was tested out at the Holiday Inn Gwinnett Center in Atlanta.

Source: Excerpted from Trejos, N. (2013, November 15). Guests help design the hotel of the future. *USA TODAY*.

Internal Communication

Now that we have covered the importation of information into the organization, let’s focus on the requirements of *internal* communication for innovation. At least during the idea-generation and early design phase, the more the better. Thus, it is generally true that organic structures ([Chapter 14](#)) facilitate innovation more easily than mechanistic structures.⁹⁸ Decentralization, informality, and a lack of bureaucracy all foster the exchange of information that innovation requires. To this mixture, add small project teams or business units and a diversity of member backgrounds to stimulate cross-fertilization of ideas

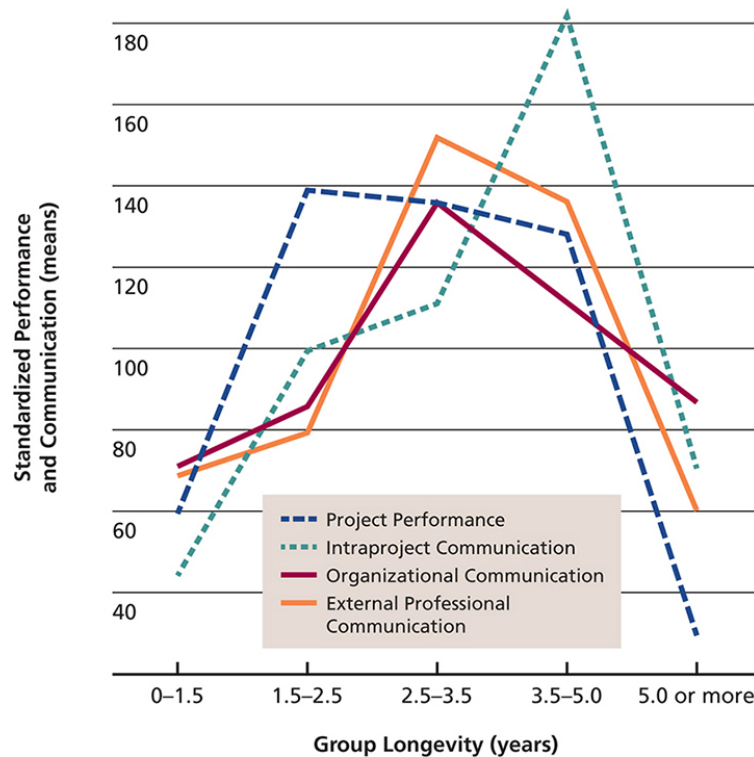
and creative synthesis.⁹⁹ One study of more than 211 000 patents found that the exchange of knowledge among the divisions of diversified firms resulted in the most cited patents.¹⁰⁰ Interdivision communication is a driver of innovation.

In general, internal communication can be stimulated with in-house training, cross-functional transfers, and varied job assignments.¹⁰¹ One study even found that the actual physical location of gatekeepers was important to their ability to convey new information to co-workers.¹⁰² This suggests the clustering of offices and the use of common lounge areas as a means of facilitating communication. As well, enterprise social media ([Chapter 10](#)) can contribute.

One interesting line of research suggests just how important communication is to the performance of research and development project groups.¹⁰³ It found that groups with members who had worked together a short time or a long time engaged in less communication (within the group, within the organization, and externally) than groups that had medium longevity. In turn, performance mirrored communication, the high-communicating, medium-longevity groups being the best performers ([Exhibit 15.10](#)). Evidently, when groups are new, it takes time for members to decide what information they require and to forge the appropriate communication networks. When groups get “old,” they sometimes get comfortable and isolate themselves from critical sources of feedback.

Exhibit 15.10

Group longevity, communication, and performance of research and development groups.



Source: From Katz, R. (1992). Group longevity, communication, and performance of research and development groups, the effects of group longevity on project communication and performance, Figure 3: Standardized Performance and Communication Means as a Function of Group Longevity. *Administrative Science Quarterly*, 27(1), p. 96. *Administrative Science Quarterly*.

Although organic structures seem best in the idea-generation and design phases of innovation, more mechanistic structures are often better for actually implementing innovations.¹⁰⁴ Thinking up new computer applications is an organic task. Marketing them and distributing them online requires more bureaucratic procedures. This transition is important. Although audio and video recording innovations were pioneered in the United States, it was the Japanese who successfully implemented recording products in the marketplace. In part, this stemmed from a recognition of the different organizational requirements for idea generation versus idea implementation.

Resources and Rewards

Despite the romance surrounding the development of innovations on a shoestring, using unauthorized, “bootlegged” funds, abundant resources greatly enhance the chances of successful innovation. Not only do these resources provide funds in the obvious sense, they also serve as a strong cultural symbol that the organization truly supports innovation.¹⁰⁵ Martin Cooper, the recognized inventor of the cellphone, noted that his employer, Motorola, invested \$100 million over 10 years before any revenues were earned!¹⁰⁶



Martin Cooper, the inventor of the cellphone.

Charles Sykes/CP Images

Funds for innovation should be framed as an *investment*, not a *cost*. Several observers have noted that such a culture is most likely when the availability of funding is anarchic and multisourced—that is, because innovative ideas often encounter resistance from the status quo under the best of circumstances, innovators should have the opportunity to seek support from more than one source. At 3M, for instance, intrapreneurs can seek support from their own division, from another division, from

corporate R&D, or from a new ventures group.¹⁰⁷ (Notice how other idea champions might be cultivated during this process.)

Money is not the only resource that spurs innovation. *Time* can be an even more crucial factor for some innovations. At Google, employees can devote up to 20 percent of work time to any personal project that will help advertisers or users.¹⁰⁸

Reward systems must match the culture that is seeded by the resource system. Coming up with new ideas is no easy job, so organizations should avoid punishing failure. Many false starts with dead ends will be encountered, and innovators need support and constructive criticism, not punishment. In fact, Hallmark puts its executives through a simulation in which they must design a line of greeting cards so that they can better appreciate the frustrations felt by the creative staff.

A survey of research scientists found that freedom and autonomy were the *most*-cited organizational factors leading to creativity.¹⁰⁹ Since intrinsic motivation is necessary for creativity, these results support rewarding good past performance with enhanced freedom to pursue personal ideas. In a related vein, many organizations have wised up about extrinsic rewards and innovation. In the past, it was common for creative scientists and engineers to have to move into management ranks to obtain raises and promotions. Many firms now offer dual career ladders that enable these people to be extrinsically rewarded while still doing actual science or engineering. When Hewlett-Packard implemented an incentive program to pay researchers for each patent they filed, the number of filings doubled.¹¹⁰ This corresponds to extensive research evidence that extrinsic rewards that are clearly tied to creativity itself do indeed increase creative behaviour, especially when accompanied by autonomy and positive feedback.¹¹¹ In other words, there can be motivational


synergy between intrinsic rewards and extrinsic rewards when the latter provide positive information and are not seen as a means of control.¹¹²

We have been concerned here mainly with rewarding the people who actually generate innovative ideas. But how about those other champions who sponsor such ideas and push them into the implementation stage? At 3M, bonuses for division managers are contingent on 25 percent of their revenues coming from products that are less than five years old.¹¹³ This stimulates them to pay attention when someone drops by with a new idea.

To summarize this section, we can conclude that innovation depends on individual factors (creativity), social factors (a dedicated champion and good communication), and organizational factors (resources and rewards).

Diffusing Innovative Ideas

◀ Listen to the Audio

Many innovations, especially process innovations, begin as limited experiments in one section or division of an organization. This is a cautious and reasonable approach. For example, a company might introduce new automated technology for evaluation in one plant of its multi-plant organization. If such efforts are judged successful, it seems logical to extend them to other parts of the organization. **Diffusion**  is the process by which innovations move through an organization. However, this is not always as easy as it might seem!

Richard Walton studied the diffusion of eight major process innovations in firms such as Volvo, Alcan, General Foods, Corning, and Shell UK. Each effort was rigorous and broad based, generally including changes in job design, compensation, and supervision.¹¹⁴ All the pilot projects were initially judged successful, and each received substantial publicity, a factor that often contributes to increased commitment to further change. Despite this, substantial diffusion occurred in only one firm—Volvo. What accounted for this poor record?

- Lack of support and commitment from top management
- Significant differences between the technology or setting of the pilot project and those of other units in the organization, raising arguments that “it won’t work here”
- Attempts to diffuse particular *techniques* rather than *goals* that could be tailored to other situations

- Management reward systems that concentrate on traditional performance measures while ignoring success at implementing innovation
- Union resistance to extending the negotiated “exceptions” in the pilot project
- Fears that pilot projects begun in non-unionized locations could not be implemented in unionized portions of the firm
- Conflict between the pilot project and the bureaucratic structures in the rest of the firm (e.g., pay policies and staffing requirements)

Because of these problems, Walton raises the depressing spectre of a “diffuse or die” principle. That is, if diffusion does not occur, the pilot project and its leaders become more and more isolated from the mainstream of the organization and less and less able to proceed alone. As we noted earlier, innovation can be a highly politicized process. Several of the barriers to diffusion that Walton cites were implicated in limiting the influence that the innovative Saturn project had on General Motors, including top management changes, union resistance, and competition for resources from old-line GM divisions.

Some research suggests that innovations are especially difficult to diffuse in organizations dominated by professionals, who tend to focus on their own “silos.” Thus, in hospitals, doctors, nurses, and physiotherapists can have trouble working as multidisciplinary teams to introduce new practices.¹¹⁵

One classic review suggests that the following factors are critical determinants of the rate of diffusion of a wide variety of innovations:¹¹⁶

- *Relative advantage.* Diffusion is more likely when the new idea is perceived as truly better than the one it replaces.

- *Compatibility*. Diffusion is easier when the innovation is compatible with the values, beliefs, needs, and current practices of potential new adopters.
- *Complexity*. Complex innovations that are fairly difficult to comprehend and use are less likely to diffuse.
- *Trialability*. If an innovation can be given a limited trial run, its chances of diffusion will be improved.
- *Observability*. When the consequences of an innovation are more visible, diffusion will be more likely to occur.

To this list we might add *adaptability*, since innovations often have to be custom-tailored to diffuse effectively.¹¹⁷ In combination, these determinants suggest that there is considerable advantage to thinking about how innovations are “packaged” and “sold,” so as to increase their chances of more widespread adoption. Also, they suggest the value of finding strong champions to sponsor the innovation at the new site.

A Footnote: The Knowing–Doing Gap

◀ Listen to the Audio

Despite the need for organizations to change, develop, and innovate, they often exhibit considerable inertia. This is particularly ironic, given that managers are better educated than ever, and there are well-developed bodies of research (many documented in your resource) showing that some management practices are better than others. In addition, short courses, consulting firms, and popular books by management gurus frequently describe in detail the “best practices” of successful firms in various industries. Thus, it seems that many managers know what to do but have considerable trouble *implementing* this knowledge in the form of action. In a very insightful book, Jeffrey Pfeffer and Robert Sutton describe this situation as the *knowing–doing gap*.¹¹⁸ To take just one of their examples, they note that the much-admired and highly efficient Toyota Production System (TPS) has been featured in many books and articles. Toyota readily gives plant tours to illustrate its features. Despite this, firms have had considerable trouble in trying to imitate Toyota.

Why does the knowing–doing gap happen? Pfeffer and Sutton cite a number of reasons. One is the tendency for some organizational cultures to reward short-term talk rather than longer-term action. Meetings, presentations, documentation, and mission statements thus take precedence over action and experimentation. This is only reinforced when mistrust permeates a firm and employees fear reprisals for mistakes. Also, many changes require cooperation among organizational units, but many organizations foster internal competition that is not

conducive to such cooperation. Finally, Pfeffer and Sutton note that when managers do manage to make changes, these changes sometimes fail because techniques are adopted without an understanding of their underlying philosophy. For instance, the TPS is based in part on TQM principles described earlier in this chapter, but some observers just see visible manifestations such as the cords that workers can pull to stop the assembly line. Similarly, one of your authors once heard a consultant say that one of his clients was all in favour of teamwork but did not want to actually implement any teams!

We hope that our resource and your professor have provided you with the knowing. Now it's your turn to do the doing!















Summary: Organizational Change, Development, and Innovation

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for Chapter 15.

15.1 Explain the environmental forces that motivate organizational change, and describe the factors that organizations can change.

All organizations must change because of forces in the external and internal environments. Although more environmental change usually requires more organizational change, organizations can exhibit too much change as well as too little. Organizations can change goals and strategies, technology, job design, structure, processes, culture, and people. People changes should almost always accompany changes in other factors.

15.2 Explain how organizations learn and what makes an organization a *learning organization*.

15.3 Describe the basic *change process* and the issues that require attention at various stages of change.

15.4 Explain how organizations can deal with *resistance to change*.

15.5 Define *organizational development*, and discuss its general philosophy.

15.6 Discuss *team building, survey feedback, total quality management, and reengineering* as organizational development efforts.

15.7 Define *innovation*, and discuss the factors that contribute to successful organizational innovation.

15.8 Understand the factors that help and hurt the diffusion of innovations.

Key Terms

Start Over

Swap

0/21 REVIEWED · 0 MASTERED

Change agents



Previous

Next

Got It!



* On-the-Job Challenge Question

Tesla Not Testing

Before a new car model is introduced, traditional manufacturers spend months putting hundreds of thousands of real world miles on pre-release vehicles in testing designed to ferret out the inevitable problems that occur with new designs. In addition, several expensive trial production runs are employed to ensure that the final product is up to engineering standards and consumer expectations. Thus, industry experts were amazed when Tesla's Elon Musk announced that there would be essentially no pre-release testing or production trials for the firm's new Model 3, a more affordable electric car. In an effort to cut costly development time, the innovative Mr. Musk evidently put great faith in computer simulation rather than expensive real-world testing. Critics asked if Tesla was using buyers as beta-testers, while supporters lauded the innovativeness of the firm.

Is Elon Musk showing yet again that he is an innovator par excellence, shaking up the old school auto industry, or is this a foolish decision meant to capitalize quickly on the many deposits that were paid for Model 3 cars? Do you think there is a bias for or against change in cases like this? That is, is skipping the testing seen as good because it is a new idea or bad because it violates tradition?

Source: Based on Palmer, Z. (2017, July 10). Does Tesla's version of a "production" car meet muster? *Autoweek*. http://autoweek.com/article/green-cars/first-production-tesla-model-3-production-car?utm_source=DailyDrive20170711&utm_medium=enewsletter&utm_term=headline-center&utm_content=body&utm_campaign=awdailydrive.

* The On-the-Job Challenge Question is also assignable in Writing Space.

Experiential Exercise

Measuring Tolerance for Ambiguity

Please read each of the following statements carefully. Then use the following scale to rate each of them in terms of the extent to which you either agree or disagree with the statement.

Completely disagree		Neither agree nor disagree			Completely agree	
1	2	3	4	5	6	7

Place the number that best describes your degree of agreement or disagreement in the blank to the left of each statement.

- _____1. An expert who does not come up with a definite answer probably does not know too much.
- _____2. I would like to live in a foreign country for a while.
- _____3. The sooner we all acquire similar values and ideals, the better.
- _____4. A good teacher is one who makes you wonder about your way of looking at things.
- _____5. I like parties where I know most of the people more than ones where all or most of the people are complete strangers.
- _____6. Teachers or supervisors who hand out vague assignments give a chance for one to show initiative and originality.
- _____7. A person who leads an even, regular life in which few surprises or unexpected happenings arise really has a lot to be grateful for.
- _____8. Many of our most important decisions are based on insufficient information.

- _____9. There is really no such thing as a problem that cannot be solved.
- _____10. People who fit their lives to a schedule probably miss most of the joy of living.
- _____11. A good job is one in which what is to be done and how it is to be done are always clear.
- _____12. It is more fun to tackle a complicated problem than to solve a simple one.
- _____13. In the long run, it is possible to get more done by tackling small, simple problems than large and complicated ones.
- _____14. Often the most interesting and stimulating people are those who do not mind being different and original.
- _____15. What we are used to is always preferable to what is unfamiliar.
- _____16. People who insist on a yes or no answer just do not know how complicated things really are.

Scoring and Interpretation

You have just completed the Tolerance for Ambiguity Scale. It was adapted by Paul Nutt from original work by S. Budner. The survey asks about personal and work-oriented situations that involve various degrees of ambiguity. To score your own survey, add 8 to each of your responses to the odd-numbered items. Then, add up the renumbered *odd* items. From this total, subtract your score from the sum of the *even* numbered items. Your score should fall between 16 and 112. People with lower scores are tolerant of and even enjoy ambiguous situations. People with high scores are intolerant of ambiguity and prefer more structured situations. In Paul Nutt's research, people typically scored between 20 and 80, with a mean around 45. People with a high tolerance for ambiguity respond better to change. They also tend to be more creative and innovative than those with low tolerance for ambiguity.

Source: From Nutt, P. (1989). *Making tough decisions*. John Wiley & Sons. Reprinted with permission of John Wiley & Sons, Inc.

Case Incident

Dandy Toys

Company president George Reed had built a successful toy company called Dandy Toys, which specialized in manufacturing inexpensive imitations of more expensive products. However, with increasing domestic and global competition, he became concerned that his cheap imitations would not be enough to maintain the company's current success. George decided to call a meeting with all the company's managers to express his concerns. He told them that Dandy Toys must change and become more innovative in its products. He told the managers that rather than just knock off other companies' toys, they must come up with creative and innovative ideas for new and more upscale toys. "By the end of this year," George told the managers, "Dandy Toys must begin making its own in-house-designed quality toys." When the managers left the meeting, they were surprised, and some were even shocked, about this new direction for Dandy Toys.

Although a few of the managers suggested some ideas for new toys during the next couple of months, nobody really seemed interested. In fact, business pretty much continued as always at Dandy Toys, and by the end of the year not a single new in-house toy had been made.

- *1. Comment on the change process at Dandy Toys. What advice would you give the president about how to improve the change process? What are some of the things that might be changed at Dandy Toys as part of the change process?

2. Why wasn't the innovation process more successful at Dandy Toys, and what can be done to improve it?
3. the relevance of organizational learning for change and innovation at Dandy Toys. What should the company do to improve learning? Will this help to create change and improve innovation?

* Question 1 is also assignable in Writing Space.

Case Study

Ions Consulting: The MP² Training Program



It was 7:00 p.m. on April 25, 2007, and Clark Loon only had three days left to show the executive board of Ions Consulting Services (ICS) that his newly developed Mentoring Management Project for Professionals (MP²) training program was indeed worth the cost, the time and the resources to implement it across the company. Loon, the newly hired human resources director for ICS, was in charge of developing and implementing a training program that would meet the company's needs of transferring knowledge from older, more experienced project consultants to the junior, inexperienced associates. Loon envisioned that the MP² program would reshape the company's training practices and retain employees over the long term. However, implementing the program proved to be much more difficult than he ever imagined.

Clark turned on his computer and started to replay in his mind the meetings he had during the day. He wondered how to assess the success of the program, how to convince the board that it would work, and whether there was anything that he should be doing differently.

Clark Loon

Clark Loon had worked in the consulting industry for over 20 years, with experience at six different consulting firms in various cities across North

America. At the outset of his career, he never intended to move quickly from one firm to the next, but he longed to experience living in different parts of the continent. Prior to joining ICS as the human resources director, Loon worked as a project management consultant for three years at a small advisory services firm in Detroit, Michigan. He attracted several blue-chip clients to the company's portfolio, considerably enhancing the firm's profile and reputation. However, as time went on, he became less happy being based in Detroit, which prompted him to look for another opportunity.

Ultimately, he returned to ICS in his hometown of Vancouver. Loon was familiar with ICS because he had worked there 14 years previously as an associate consultant, when the firm was just beginning its operation. Although he had decided to leave ICS after six years of service—for reasons of geographic relocation—he continued to maintain close ties with the president of the company. Ultimately, his close relationship with the president is what helped him land his current position as human resources director. However, at no time in the eight months that he had been there did Loon feel at ease. Loon felt that the company had changed for the worse in the 14 years of his absence and was facing severe human resource challenges.

Ions Consulting Services (ICS)

ICS started in 1989 in downtown Vancouver with the concept of offering superior solutions that enabled client organizations to improve project execution with regards to budget, schedule, and efficiency. Over the years, ICS had achieved success by developing its client portfolio primarily with health care and telecom companies, assisting them in various IT-related projects. ICS's core competence lay in IT project solutions, including system integration, network management, custom application development and ecommerce development.

Founded by three experienced aspiring individuals, ICS grew quickly. In 2003, three years prior to Loon rejoining the company, ICS had added offices in two different Canadian cities (Winnipeg and Toronto) in addition to their Vancouver office. At the same time, the firm grew to slightly more than 60 employees. A recent downturn in the IT market had forced ICS to lay off some of its employees in an effort to reduce costs. By the time Loon rejoined the company in 2006, the total number of employees across the three offices had been reduced to approximately 40 employees. As a result, employee morale was low, and the employee turnover rate was the highest it had ever been.

The recent downsizing not only had detrimental effects on the low-performing employees that were let go, but also on some of the high-performing employees, who no longer wanted to remain with the firm because of perceived job insecurity. Among the layoff survivors, employees began to look for jobs elsewhere. Soon enough, the turnover rate soared and the firm was beginning to lose its edge on delivering quality solutions to its customers, as their top performing professional consultants bolted for jobs with competitors. When Loon rejoined ICS in 2006, nearly 60 percent of the employees in the company had fewer than five years of consulting experience. This was a stark contrast to 2001, when the company makeup was a 70-to-30 ratio in favor of employees with five or more years of experience.

ICS's competitive advantage came from having a large pool of experienced consultants. High-profile clients often stated that their satisfaction with ICS resulted from the experienced consultants who produced dynamic results. Unfortunately, ICS had recently been hiring based on availability rather than on consulting experience (that is, they needed "bodies"). This often meant hiring lower-paid and less experienced consultants to fill the void, reducing the quality of work provided to the customers. ICS's former director of human resources was

blamed for these results and was asked to resign. Clark Loon joined the firm to replace her.

Loon's MP² Training Program

Drawing on his past experience, Loon believed that the best way to improve the quality of consultants would be to create a dynamic training program that would assist not only the inexperienced newcomers, but also the experienced professionals in the organization. Loon wanted to create a program that would facilitate teamwork among the employees, provide skill upgrades, and improve the quality of client service. Furthermore, Loon hoped that his new initiative would increase job satisfaction and commitment in order to combat the low morale and rising turnover rates of the company.

Loon's MP² program was designed to pair experienced consultants with inexperienced associates to work on complex and expensive projects for ICS clients. The benefits of this mentoring training program would be twofold, as inexperienced associates would gain the opportunity to learn from experienced consultants in a structured, supported environment; and the experienced consultants would now have more resources and assistance to complete major projects as required.

The MP² program provided an opportunity for allowing associates to obtain valuable training in the presence of experienced consultants, in a mentoring relationship. The inexperienced associates would receive a small-scale project (within a major project) and work under the guidance and leadership of a mentor. Each time associates completed a task, they would be awarded a certain number of credits based on their contributions and the complexity of the task. This program was designed in such a way that each newcomer with fewer than three years of experience had to earn 30 credits before having the opportunity to lead a

project on their own. Loon expected that the average time for an incoming associate to complete 30 credits would be approximately two to three years. Furthermore, the mentor was required to provide regular feedback and evaluations to his or her junior associates in order to further guide their development as a consultant.

Loon's MP² Proposal

Before the program was launched, Loon shared his MP² plan with some of the members of the firm to generate feedback. However, to Loon's surprise, the MP² proposal was met with great resistance from both the executive board and from the employees:

Senior Vice-President of Operations Dale Ellis: "We can't afford to have 80 percent of our employees tied up in projects. If we go with this plan, we are really going to reduce our client portfolio and drive ourselves to the ground! We need to let even the less experienced lead projects on their own."

Managing Director of Client Services, Ray Rones: "What's wrong with our current training program? Our problem isn't training; it's about hiring and retaining the right people."

Senior Consultant Bob Dowry: "I am already overworked with my own projects. I don't have time to hand-hold and look over the work of the new recruits. Some of this stuff is complicated, and I just don't have the time to teach them everything. I want to help, but it's not realistic."

Senior Consultant Jane Platt: "What's the point of helping them when they are going to leave anyway after they have built up their contacts and padded their resumes? But on the other hand, I guess I can use some help in some areas."

Senior Consultant Larry Lay: "I don't need help. They're just going to slow me down. And what if I don't want to be a mentor . . . what are you going to do? Fire me? After working here for 10 years, I wouldn't be surprised if you do!"

Third-Year Associate Consultant Sue Kay: "How is this program going to benefit me? I don't want to do someone else's dirty work. Let me get out there and work. I can do it. I can prove to you that I am capable of managing big projects. I really don't want to put in the unnecessary time."

Incoming Associate Jin Chang: "Three years is a long time before I actually get to do something."

MP² Deployment

Despite facing great resistance from some of the board members and the employees, Loon remained persistent in deploying the MP² program. Eventually, the board collectively agreed on a pilot launch of the MP² program. The board decided on having a few mentors work with several inexperienced associates and they would observe the results. They decided that the company-wide deployment of the MP² would ultimately be based on the success of this initial pilot study. After a four-month trial period, Loon's program received mixed reviews:

Senior Vice-President Operations Dale Ellis: "Despite my initial reservations . . . having more members working on a single project has improved the efficiency and the speed of service. But I still believe we are tying up too many employees on single projects and missing out on new potential projects as a result of this program."

Managing Director of Client Services Ray Rones: "I haven't heard anything different from our clients. Have you?"

Senior Consultant Bob Dowry: "Having to look over three members is way too tough. I feel extremely overworked and burnt out. I'm having trouble looking over the work of the new recruits, let alone focusing on my own work, which I think is more important!"

Senior Consultant Jane Platt: "The associates have been very pleasant to work with. I was extremely impressed with how well they responded to the tasks that were given to them. I really felt like we were a team working together to help our clients reach their goal. I certainly want to work with them again! And I will certainly recommend this program to my colleagues."

Senior Consultant Larry Lay: "They can't do it. They just can't do the work. These young recruits are useless!"

Third-Year Associate Consultant Sue Kay: "What a waste of my time. My son, who is in high school, could do the type of work that I'm being asked to do. Also, my mentor doesn't seem to listen to anything that I say . . . well . . . not that we ever talk much . . . and just between you and me, I think he is utterly incompetent. By the way, after all this is over, how about giving me some 'real' work?"

Incoming Associate Jin Chang: "Wow, I was initially worried that I wasn't going to be involved or actually get to do anything. But my mentor really challenged me to get certain things done. I am just beginning to realize that I have lots more to learn before I can get really comfortable leading a project on my own."

Making Changes?

Once the four-month trial period was over, Loon had only three days left to revise the program, if necessary, and suggest a format that would

guarantee the success of the MP² training program. The fiscal year end was approaching, and the executive board would have to approve adding this project into next year's budget. However, after having reviewed the feedback (most of which echoed the comments shown), Loon couldn't really tell whether the program was working or failing. Loon also didn't know if this program had the potential to resolve the recent turnover issues of the firm. He had to decide what revisions, if any, he should make in his project proposal. Assuming the board gave him the go-ahead, he still had to take steps to ensure employee acceptance of the program. If this program faced employee rejection, it would never work. Thinking about employee acceptance led Loon to muse over the benefits of the MP² program, and he wondered what benefits he should focus on when telling senior and junior employees about it. A final issue of concern for Loon was just how to measure the success of a program like MP². Indeed, it was going to be a long night.

Questions

1. How does the MP² program relate to the concept of organizational learning, and why is organizational learning a particular issue for consulting firms?
2. Some specific examples of resistance to change are given in the case. How would you summarize these? That is, what are the core factors that provoke resistance to the new program?
- *3. The MP² program is a combination of a process innovation with a managerial innovation. Should Clark Loon have proceeded differently to institutionalize and diffuse the innovation? If so, how?
4. What should Clark do now? Be sure to consider the issues raised in the last paragraph of the case.

Source: Seung Hwan (Mark) wrote this case under the supervision of Professor June Cotte solely to provide material for class discussion. The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The authors may have disguised certain names and other identifying information to protect confidentiality. Ivey Management Services prohibits any

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* Question 3 is also assignable in Writing Space.

Integrative Case

Ken Private Limited: Digitization Project



At the end of **Part 3** of the text, on Social Behaviour and Organizational Processes, you answered a number of questions about the Ken Private Limited: Digitization Project Integrative Case that dealt with issues related to groups, subcultures, leadership, communication, decision making, and conflict. Now that you have completed **Part 4** of the text and the chapters on The Total Organization, you can return to the Integrative Case and enhance your understanding of some of the main issues associated with the total organization by answering the following questions that deal with organizational structure, change, and innovation.

Questions

1. What kind of organizational structure does Ken Private Limited employ in terms of departmentation, and how does this have consequences for differentiation and the need for integration?
- *2. The case recounts the need for change and innovation in the production department located in the Philippines. Why is it being resisted? What errors did Shekhar Sharma make, and what could have been done differently?
3. What should Saiyumm Savarker do to salvage the Genesis Digitization Project?

* Question 2 is also assignable in Writing Space.













































Appendix Research in Organizational Behaviour

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Learning Objectives

After reading the [Appendix](#), you should be able to:

- A.1 Explain what a *hypothesis* is and define the meaning of a *variable*.
- A.2 Distinguish between *independent* and *dependent variables* and *moderating* and *mediating variables*.
- A.3 Differentiate *reliability* from *validity* and *convergent validity* from *discriminant validity*.
- A.4 Understand *observational research* and distinguish between *participant* and *direct observation*.
- A.5 Describe *correlational research* and explain why causation cannot be inferred from correlation.
- A.6 Explain *experimental research* and the meaning of *random assignment* and *internal validity*, and discuss *threats to internal validity* and *quasi-experimental designs*.
- A.7 Discuss the relative advantages and disadvantages of different research techniques.

- A.8 Describe *external validity* and *random sampling* and the role they play in the research process.
- A.9 Explain the *Hawthorne effect* and how it can occur.
- A.10 Discuss the basic ethical concerns to which researchers must attend.

Research is a way of finding out about the world through objective and systematic information gathering. The key words here are *objective* and *systematic*, and it is these characteristics that separate the outcomes of the careful study of organizational behaviour from opinion and common sense.

Understanding how researchers conduct their research is important to the study of organizational behaviour for several reasons. First of all, you should be aware of how the information presented in this resource was collected. This should increase your confidence in the advantages of systematic study over common sense. Second, you will likely encounter reports, in management periodicals and the popular press, of interventions to improve organizational behaviour, such as job redesign or employee development programs. A critical perspective is necessary to differentiate those interventions that are carefully designed and evaluated from useless or even damaging ones. Those backed by good research deserve the greatest confidence. Occasionally, a manager may have to evaluate a research proposal or consultant's intervention to be carried out in his or her own organization. A brief introduction to research methodology should enable you to ask some intelligent questions about such plans.

Trained behavioural scientists who have backgrounds in management, applied psychology, or applied sociology carry out research in

organizational behaviour. While this introduction will not make you a trained behavioural scientist, it should provide an appreciation of the work that goes into generating accurate knowledge about organizational behaviour.

The Basics of Organizational Behaviour Research

LO A.1 Explain what a *hypothesis* is and define the meaning of a *variable*.

LO A.2 Distinguish between *independent* and *dependent variables* and *moderating* and *mediating variables*.

LO A.3 Differentiate *reliability* from *validity* and *convergent validity* from *discriminant validity*.

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All research in organizational behaviour begins with a question about work or organizations. Sometimes this question might stem from a formal theory in the field. For example, a motivation theory called equity theory (see [Chapter 5](#)) is concerned with people's reactions to fairness or lack of it. Equity theory suggests the following research question: What do people do when they perceive their pay to be too low in comparison to other people's pay? Other times, a research question might stem from an immediate organizational problem. For example, a human resources manager might ask herself: How can we reduce absenteeism among our customer service employees?

Often, research questions are expressed as hypotheses. A **hypothesis** is a formal statement of the expected relationship between two variables. **Variables** are simply measures that can take on two or more values. Temperature is a variable, but so are pay, fairness, and absenteeism. A formal hypothesis stemming from equity theory might be this: The less

fair people perceive their pay to be, the more likely they will be to resign their jobs. Here, a variable that can take on many values, perceived fairness, is linked to a variable made up of two values, staying and leaving. The human resources manager might develop this hypothesis: The introduction of a small attendance bonus will reduce absenteeism. Here, a variable with two values, bonus and no bonus, is related to one that can take on many values, days of absenteeism.

Types of Variables

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In most research, we are concerned with two kinds of variables: the independent variable and the dependent variable. The **independent variable** is a predictor or cause of variation in a dependent variable. The **dependent variable** is a variable that will vary as a result of changes in the independent variable. So, in the first example, pay fairness perception is the independent variable and resigning is the dependent variable. In the second example, the attendance bonus is the independent variable and absenteeism is the dependent variable. In both cases, scores on the dependent variable are expected to vary as a function of scores on the independent variable.

Two other kinds of variables that we are sometimes interested in are moderating variables and mediating variables. A **moderating variable** is a variable that affects the nature of the relationship between an independent and a dependent variable such that the relationship depends on the level of the moderating variable. Moderating variables are like contingency variables in that they indicate when an independent variable is most likely to be related to a dependent variable. In the example about the attendance bonus, a moderating variable might be pay satisfaction. If the attendance bonus only reduces the absenteeism of employees who are *not* satisfied with their pay and has no effect on the absenteeism of employees who *are* satisfied with their pay, then we would conclude that pay satisfaction moderates the effect of the bonus on absenteeism.

Sometimes we want to know why an independent variable predicts or causes a dependent variable. In such cases, we are interested in a mediating variable. A **mediating variable** ^① is a variable that intervenes or explains the relationship between an independent and a dependent variable. To return to the attendance bonus example, we might want to know why the bonus reduces absenteeism. One possibility might be that the bonus increases worker's *perceived fairness*. Thus, fairness perceptions intervene or mediate the relationship between the attendance bonus and absenteeism.

Measurement of Variables

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Good researchers carefully measure the variables they choose. For one thing, a measure should exhibit high reliability. **Reliability** is an index of the consistency of a research subject's responses. For example, if we ask someone several questions about how fair his or her pay is, the person should respond roughly the same way to each question. Similarly, the person should respond roughly the same way to the same questions next week or next month if there has been no change in pay.

Measures should also exhibit high validity. **Validity** is an index of the extent to which a measure truly reflects what it is supposed to measure. For instance, a good measure of perceived pay fairness should not be influenced by employees' feelings of fairness about other workplace factors, such as supervision. Also, a researcher would expect people who are objectively underpaid to report high pay unfairness and for them to report increased fairness if their pay were increased. Researchers are often able to choose measures with a known history of reliability and validity.

Good measures should also be strongly related to other measures of the same variable and should not be related to measures of different variables. For example, a measure of job satisfaction should be highly correlated to other measures of job satisfaction. This is known as **convergent validity**, and it exists when there is a strong relationship between different measures of the same variable. In addition, good

measures should not be related to measures of different variables. For example, a measure of job satisfaction should not be strongly related to measures of job performance. This is known as discriminant validity ^①, and it exists when there is a weak relationship between measures of different variables. Good measures should have both convergent and discriminant validity. Thus, a measure of job satisfaction should be more strongly related to other measures of job satisfaction than to measures of job performance.

There are three basic kinds of research techniques: observation, correlation, and experimentation. As you will see, each begins with a research question or questions. Correlation and experimentation are most likely to test specific hypotheses and devote explicit attention to measurement quality.

Observational Techniques

LO A.4 Understand *observational research* and distinguish between *participant* and *direct observation*.

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Observational research techniques are the most straightforward ways of finding out about behaviour in organizations and thus come closest to the ways in which we develop common-sense views about such behaviour. In this case, *observation* means just what it implies—the researcher proceeds to examine the natural activities of people in an organizational setting by listening to what they say and watching what they do. The difference between our everyday observations and the formal observations of the trained behavioural scientist is expressed by those key words *systematic* and *objective*.

First, the researcher approaches the organizational setting with extensive training concerning the nature of human behaviour and a particular set of questions that the observation is designed to answer. These factors provide a systematic framework for the business of observing. Second, the behavioural scientist attempts to keep a careful ongoing record of the events that he or she observes, either as they occur or as soon as possible afterwards. Thus, excessive reliance on memory, which may lead to inaccuracies, is unnecessary. Finally, the behavioural scientist is well-informed of the dangers of influencing the behaviour of those under observation and is trained to draw reasonable conclusions from his or her observations. These factors help ensure objectivity.

The outcomes of observational research are summarized in a narrative form, sometimes called a *case study*. This narrative specifies the nature of the organization, people, and events studied; the particular role of and techniques used by the observer; the research questions; and the events observed. In some cases, an observer actively participates in the behaviour under observation, while in other cases he or she does not participate. Let's now consider each of these approaches.

Participant Observation

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One obvious way for a researcher to find out about organizational behaviour is to actively participate in this behaviour. In **participant observation**, the researcher becomes a functioning member of the organizational unit he or she is studying to conduct the research. At this point you may wonder, “Wait a minute. What about objectivity? What about influencing the behaviour of those being studied?” These are clearly legitimate questions, and they might be answered in the following way: In adopting participant observation, the researcher is making a conscious bet that the advantages of participation outweigh these problems. It is doubtless true in some cases that “there is no substitute for experience.” For example, researcher Robert Sutton wanted to find out how employees cope with jobs that require them to express negative emotions.¹ To do this, he trained and then worked as a bill collector. This is obviously a more personal experience than simply interviewing bill collectors.

Another advantage to participant observation is its potential for secrecy—the participants need not know that they are being observed. This potential for secrecy does raise some ethical issues, however. Sociologist Tom Lupton served as an industrial worker in two plants in England to study the factors that influenced productivity.² Although he could have acted in secrecy, he was required to inform management and union officials of his presence to secure records and documents, and he thus felt it unfair not to inform his workmates of his purpose. It should be stressed

that his goals were academic and that he was *not* working for the managements of the companies involved. Sometimes, however, secrecy seems necessary to accomplish a research goal, as the following study of “illegal” industrial behaviour shows.

Joseph Bensman and Israel Gerver investigated an important organizational problem: What happens when the activities that appear to be required to get a job done conflict with official organizational policy?³ Examples of such conflicts include the punch press operator who must remove the safety guard from his machine to meet productivity standards, the executive who must deliver corporate money to a political slush fund, or the police officer who cannot find time to complete an eight-page report to justify having drawn her revolver on a night patrol.

The behaviour of interest to Bensman and Gerver was the unauthorized use of taps by aircraft plant workers. A tap is a hard steel hand tool used to cut threads into metal. The possession of this device by aircraft assemblers was strictly forbidden because the workers could use it to correct sloppy or difficult work like the misalignment of bolt holes in two pieces of aircraft skin or stripped lock nuts; both of these problems could lead to potential structural weaknesses or maintenance problems.

Possession of a tap was a strict violation of company policy, and a worker could be fired on the spot for it. On the other hand, since supervisors were under extreme pressure to maintain a high quota of completed work, the occasional use of a tap to correct a problem could save hours of disassembly and realignment time. How was this conflict resolved? The answer was provided by one of the authors, who served as a participant observer while functioning as an assembler. Put simply, the supervisors and inspectors worked together to encourage the cautious and appropriate use of taps. New workers were gradually introduced to the mysteries of tapping by experienced workers, and the supervisors

provided refinement of skills and signals as to when a tap might be used. Taps were not to be used in front of inspectors or to correct chronic sloppy work. If "caught," tappers were expected to act truly penitent in response to a chewing out by the supervisors, even if the supervisors themselves had suggested the use of the tap. In short, a *social ritual* was developed to teach and control the use of the tap to facilitate getting the work out without endangering the continued presence of the crucial tool. Clearly, this is the kind of information about organizational behaviour that would be extremely difficult to obtain except by participant observation.

Direct Observation

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In **direct observation**, the researcher observes organizational behaviour without participation in the activity being observed. There are a number of reasons why one might choose direct observation over participant observation. First, there are many situations in which the introduction of a new person into an existing work setting would severely disrupt and change the nature of the activities in that setting. These are cases in which the “influence” criticism of participant observation is especially true. Second, there are many job tasks that a trained behavioural scientist could not be expected to learn for research purposes. For example, it seems unreasonable to expect a researcher to spend years acquiring the skills of a pilot or surgeon to be able to investigate what happens in the cockpit of an airliner or in the operating room of a hospital. Finally, participant observation places rather severe limitations on the observers’ opportunity to record information. Existence of these conditions suggests the use of direct observation. In theory, the researcher could carry out such observation covertly, but there are few studies of organizational behaviour in which the presence of the direct observer was not known and explained to those being observed.

Henry Mintzberg’s study of the work performed by executives of two manufacturing companies, a hospital, a school system, and a consulting firm provides an excellent example of the use of direct observation.⁴ At first glance, this might appear to be an inane thing to investigate. After all, everybody knows that managers plan, organize, lead, and control, or

some similar combination of words. In fact, Mintzberg argues that we actually know very little about the routine, everyday behaviour managers use to achieve these vague goals. Furthermore, if we ask managers what they do (in an interview or questionnaire), they usually respond with a variation of the plan-organize-lead-control theme.

Mintzberg spent a week with each of his five executives, watching them at their desks, attending meetings with them, listening to their phone calls, and inspecting their mail. He kept detailed records of these activities and gradually developed a classification scheme to make sense of them. What Mintzberg found counters the common-sense view that some hold of managers—sitting behind a large desk, reflecting on their organization's performance, and affixing their signatures to impressive documents all day. In fact, Mintzberg found that his managers actually performed a terrific amount of work and had little time for reflection. On an average day, they examined 36 pieces of mail, engaged in five telephone conversations, attended eight meetings, and made one tour of their facilities. Work-related reading encroached on home lives. These activities were varied, unpatterned, and of short duration. Half the activities lasted less than nine minutes, and 90 percent less than one hour. Furthermore, these activities tended to be directed toward current, specific issues rather than past, general issues. Finally, the managers revealed a clear preference for verbal communications by either telephone or unscheduled face-to-face meetings; in fact, two-thirds of their contacts were of this nature. In contrast, they generated an average of only one piece of mail a day.

In summary, both participant and direct observation capture the depth, breadth, richness, spontaneity, and realism of organizational behaviour. However, they also share some weaknesses. One of these weaknesses is a lack of control over the environment in which the study is being conducted. Thus, Mintzberg could not ensure that unusual events would

not affect the executives' behaviour. Also, the small number of observers and situations in the typical observational study is problematic. With only one observer, there is a strong potential for selective perceptions and interpretations of observed events. Since only a few situations are analyzed, the extent to which the observed behaviours can be generalized to other settings is limited. (Do most executives behave like the five that Mintzberg studied?) It is probably safe to say that observational techniques are best used to make an initial examination of some organizational event on which little information is available and to generate ideas for further investigation with more refined techniques. Let's now take a closer look at some of these more refined techniques.

Correlational Techniques

LO A.5 Describe *correlational research* and explain why causation cannot be inferred from correlation.

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Correlational research attempts to measure variables precisely and examine relationships among these variables without introducing change into the research setting. Correlational research sacrifices some of the breadth and richness of the observational techniques for more precision of measurement and greater control. It necessarily involves some abstraction of the real event that is the focus of observation to accomplish this precision and control. More specifically, correlational approaches differ from observational approaches in terms of the nature of the data researchers collect and the issues they investigate.

The data of observational studies are most frequently observer notes. We hope that these data exhibit reliability and validity. Unfortunately, because observations are generally the products of a single individual viewing a unique event, we have very little basis on which to judge their reliability and validity.

The data of correlational studies involve surveys and interviews as well as existing data. **Surveys** involve the use of questionnaires to gather data from participants, who answer questions on the relevant variables. The **interview** is a technique in which the researcher asks respondents a series of questions to gather data on the variables of interest. Interview

data can be quantitative and similar to that obtained from a survey, or it can be more qualitative and descriptive. The type of data obtained will depend on the purpose of the interview and the nature of the questions asked. Existing data come from organizational records and include productivity, absence, and demographic information (e.g., age, gender, and tenure). Variables often measured by surveys and interviews include the following:

- Employees' perceptions of how their managers behave on the job
- The extent to which employees are satisfied with their jobs
- Employees' reports about how much autonomy they have on their jobs

It is possible to determine in advance of doing research the extent to which such measures are reliable and valid. Thus, when constructing a questionnaire to measure job satisfaction, the researcher can check its reliability by repeatedly administering it to a group of workers over a period of time. If individual responses remain fairly stable, there is evidence of reliability. Evidence of the validity of a questionnaire might come from its ability to predict which employees would quit the organization for work elsewhere. It seems reasonable that dissatisfied employees would be more likely to quit, and such an effect is partial evidence of the validity of a satisfaction measure.

In addition to differing in the nature of the data collected, correlational studies differ from observational studies in terms of the kinds of events they investigate. Although the questions investigated by observational research appear fairly specific (What maintains an "illegal" behaviour such as tapping? What do executives do?), virtually any event relevant to the question is fair game for observation. Thus, such studies are extremely broad based. Correlational research sacrifices this broadness to investigate the relationship (correlation) between specific, well-defined

variables. The relationship between the variables of interest is usually stated as a hypothesis of the relationship between an independent and a dependent variable. Using the previously mentioned variables, we can construct three sample hypotheses and describe how they would be tested.

- Employees who are satisfied with their jobs will tend to be more productive than those who are less satisfied. To test this, a researcher might administer a reliable, valid questionnaire to measure job satisfaction and obtain production data from company records.
- Employees who perceive their supervisor as friendly and considerate will be more satisfied with their jobs than those who do not. To test this, a researcher might use reliable, valid questionnaires or interview measures of both variables.
- Older employees will be absent less than younger employees. To test this, a researcher might obtain data concerning the age of employees and their absenteeism from organizational records.

In each case, the researcher is interested in a very specific set of variables, and he or she devotes effort to measuring them precisely.

A good example of a correlational study is that of Belle Rose Ragins and John Cotton, who studied employees' willingness to serve as mentors to newer organizational members.⁵ Mentorship was defined as helping a junior person with career support and upward mobility. The major focus of the study was the relationship between gender (the independent variable) and willingness to mentor (the dependent variable). The authors reviewed literature that hypothesized that women may face more barriers to becoming mentors than men because they are in a minority in many employment settings. The authors were also interested in the relationships between age, organizational rank, length of employment, and prior mentorship experience and willingness to mentor.

These variables were measured with questionnaires completed by more than 500 employees in three research and development organizations. The researchers found that men and women were equally willing to serve as mentors, although the women perceived more barriers (e.g., lack of qualifications and time) to being a mentor. They also found that higher rank and prior experience as a mentor or a protégé were associated with greater willingness to mentor. Notice that a study such as this could also incorporate existing data from records. For example, we might hypothesize that those with better performance evaluations would be more confident about serving as mentors.

Correlation and Causation

◀ Listen to the Audio

A final important point should be made about correlational studies. Consider a hypothesis that friendly, considerate supervisors will have more productive employees than unfriendly, inconsiderate supervisors. In this case, a researcher might have some employees describe the friendliness of their supervisors on a reliable, valid questionnaire designed to measure this variable and obtain employees' productivity levels from company records. The results of this hypothetical study are plotted in [Exhibit A.1](#), where each dot represents an employee's response to the questionnaire in conjunction with his or her productivity. In general, it would appear that the hypothesis is confirmed—that is, employees who describe their supervisor as friendly tend to be more productive than those who describe him or her as unfriendly.

Exhibit A.1

Hypothetical data from a correlational study of the relationship between supervisory friendliness and employee productivity.



As a result of this study, should an organization attempt to select friendly supervisors or even train existing supervisors to be friendlier to obtain higher productivity? The answer is no. The training and selection proposal assumes that friendly supervisors *cause* their employees to be productive, and this may not be the case. Put simply, supervisors might be friendly *if* their employees are productive. This is a possible interpretation of the data, and it does not suggest that selection or training to make supervisors friendly will achieve higher productivity. This line of argument should not be unfamiliar to you. Heavy smokers and cigarette company lobbyists like to claim that smoking is related to the incidence of lung cancer because cancer proneness prompts smoking, rather than vice versa. The point here is that *correlation does not imply causation*. How can we find out which factors *cause* certain organizational behaviours? The answer is to perform an experiment. Let's now take a closer look at experimental research techniques.

Experimental Techniques

LO A.6 Explain *experimental research* and the meaning of random assignment and *internal validity*, and discuss threats to internal validity and *quasi-experimental designs*.

LO A.7 Discuss the relative advantages and disadvantages of different research techniques.

◀ Listen to the Audio

If observational research involves observing nature, and correlational research involves measuring nature, experimental research involves manipulating nature. In an experiment, a variable is manipulated or changed under controlled conditions, and the consequence of this manipulation for some other variable is measured. If all other conditions are truly controlled, and a change in the second variable follows the change that was introduced in the first variable, we can infer that the first variable has caused the change in the second variable.

In experimental language, the variable that the researcher manipulates or changes is the independent variable. The variable that the independent variable is expected to affect is the dependent variable. Consider the following hypothesis: The introduction of recorded music into the work setting will lead to increased productivity. In this hypothesis, the independent variable is music, which is expected to affect productivity, the dependent variable. Consider another hypothesis: Stimulating, challenging jobs will increase the work engagement of the workforce.

Here, the design of the job is the independent variable, and work engagement is the dependent variable.

Let's return to our hypothesis that friendly, considerate supervisors will tend to have more productive employees. If we wish to determine whether friendly supervision contributes to employee productivity, the style of supervision becomes the independent variable, and productivity becomes the dependent variable. This means that the researcher must manipulate or change the friendliness of some supervisors and observe what happens to the productivity of their employees. In practice, this would probably be accomplished by exposing the bosses to some form of human relations training designed to teach them to be more considerate and personable toward their workers.


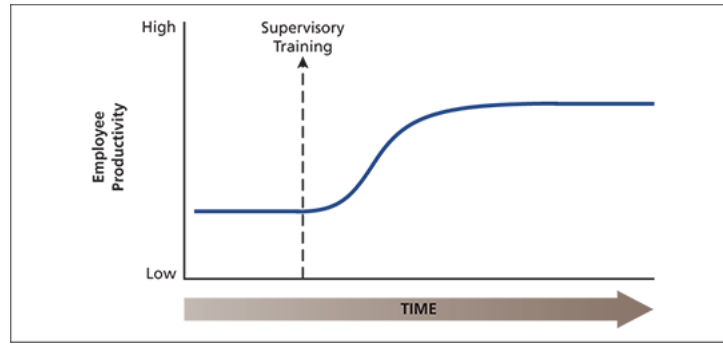
Exhibit A.2  shows the results of this hypothetical experiment. The line on the graph represents the average productivity of a number of employees whose supervisors have received the training. We see that productivity increased and remained higher following the introduction of the training. Does this mean that friendliness indeed increases productivity and that we should proceed to train all of our supervisors in this manner? The answer is again no. We cannot be sure that *something else* did not occur at the time of the training to influence productivity, such as a change in equipment or an employee recognition program. To control this possibility, we need a control group of supervisors who are not exposed to the training, and we need productivity data for their employees.

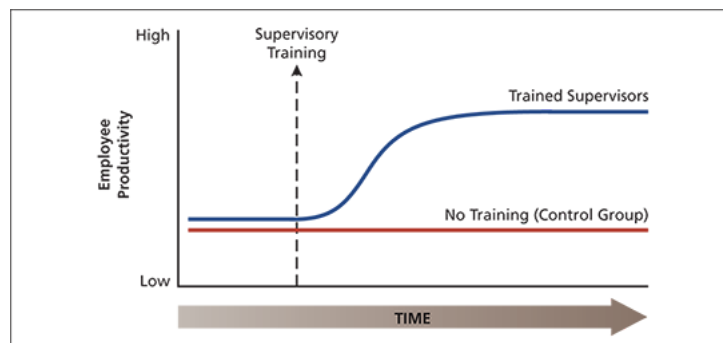
Exhibit A.2 Hypothetical data from an experiment concerning human relations training.



A **control group** is a group of research participants who have not been exposed to the experimental treatment—in this case, not exposed to the training. Ideally, these supervisors should be as similar as possible in experience and background to those who receive the training, and their employees should be performing at the same level. The results of our improved experiment are shown in **Exhibit A.3**. Here, we see that the productivity of the employees whose supervisors were trained increases following training, while that of the control supervisors remains constant. We can, thus, infer that the human relations training affected employee productivity.

Exhibit A.3

Hypothetical data from an improved experiment concerning human relations training.



Another important characteristic of experimental research is **random assignment** of participants to experimental and control conditions. To illustrate the importance of this, we can reconsider the hypothetical study on human relations training. Suppose that instead of randomly assigning supervisors to the experimental and control groups, managers nominate supervisors for training. Suppose further that to “reward” them for their long service, more-experienced supervisors are nominated for the training. This results in an experimental group containing more-experienced supervisors and a control group containing less-experienced supervisors. If supervisory experience promotes employee productivity, we might erroneously conclude that it was the *human relations training* that led to any improved results and that our hypothesis is confirmed. Poor sampling due to a lack of random assignment has biased the results in favour of our hypothesis. To achieve random assignment, it would be a good idea to ascertain that the employees of the experimental and control supervisors were equally productive *before* the training began. Random assignment to conditions is one way to improve **internal validity**, which refers to the extent to which a researcher can be confident that changes in a dependent variable are due to the independent variable.

Note that internal validity is different from the validity of a measure, which was discussed earlier. Internal validity has to do with the validity of an experimental design. To return to the previous example, if a control group was not included in the design then the internal validity would be low because other factors might explain the improvement in productivity. What are some of these other factors? Perhaps something happened at the same time that the supervisors were trained, such as a pay increase or bonus, or perhaps new equipment or technology was implemented. Factors that are alternative explanations for the results of an experiment are called **threats to internal validity** (see [Exhibit A.4](#)). Without a control group, there are many threats to internal validity that might be responsible for a change in productivity. However, with a control group,

one can have much more confidence that the improvement in productivity was due to the training program.

Exhibit A.4 Threats to internal validity.

Selection of participants. When participants selected for the experimental group differ from those in the control group in some way that influences the results of an experiment.

Testing. The process of completing a survey and answering questions at the start of an experiment might sensitize participants to the study and influence how they respond to the same questions after the experiment.

Instrumentation. If different measures are used at different times during the course of an experiment, then any changes in participants' scores might be due to differences in the measures used.

Statistical regression. This is the tendency of scores on a measure to shift over time toward the mean score. Participants who perform poorly on a test before an experiment might have higher scores after an experiment simply due to regression toward the mean.

History. Events or factors that occur during the course of an experiment and can explain changes in the dependent variable.

Maturation. Natural changes in participants that are due to the passage of time (e.g., job experience) and can result in changes in the dependent variable.

Mortality. When certain types of participants drop out of an experiment before it has ended and those who remain and complete the dependent measures differ in some way from those who dropped out.

Random assignment is also a way to lower the threats to internal validity. In the example noted earlier, the threat to internal validity was due to the fact that the supervisors in the experimental condition had more experience than those in the control group (as shown in [Exhibit A.4](#), this threat to internal validity is called *selection of participants*), and this might explain the results of the experiment. Thus, it is important when conducting an experiment that the participants are randomly assigned to the experimental and control groups. This helps to ensure that the participants in both conditions do not differ on important variables such as experience, and it increases the internal validity of the experiment.

Sometimes it is not possible to randomly assign participants to the experimental and control conditions such as when the participants work on different shifts or in different plants. When the participants are not

randomly assigned to the experimental and control conditions, we refer to the study technique as a **quasi-experimental design**. In quasi-experimental designs, we cannot be sure that the participants in each condition are similar, so it is important that we measure variables that they might differ on (e.g., age, organization tenure, and gender) and then compare them on these variables to determine if there are any differences. If differences are found, then we would try to control for them when we analyze the data because such differences might explain any differences between the experimental and control conditions on the dependent variable(s).

Selection of participants. When participants selected for the experimental group differ from those in the control group in some way that influences the results of an experiment.

Testing. The process of completing a survey and answering questions at the start of an experiment might sensitize participants to the study and influence how they respond to the same questions after the experiment.

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Mortality. When certain types of participants drop out of an experiment before it has ended and those who remain and complete the dependent measures differ in some way from those who dropped out.

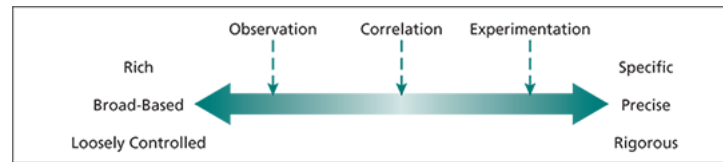
John Ivancevich and Herbert Lyon conducted an interesting experiment that examined the effects of a shortened workweek on the employees of a company that manufactures food-packaging equipment.⁶ The independent variable was the length of the workweek (4 days, 40 hours, versus 5 days, 40 hours). Two of the company's divisions were converted to a 4-40 week from a 5-40 week. A third division, remaining on the 5-40 schedule, served as a control group. Workers in the control division were similar to those in the other divisions in terms of age, seniority, education, and salary. The dependent variables (measured one month before the conversion and several times after) included the workers' responses to a questionnaire concerning job satisfaction and stress, absence data from company records, and performance appraisals conducted by supervisors. After 12 months, several aspects of satisfaction and performance showed a marked improvement for the 4-40 workers when compared with the 5-40 workers. However, at 25 months, this edge existed for only one aspect of satisfaction—satisfaction with personal worth. The authors concluded that benefits that had been proposed for the 4-40 workweek were of short-term duration.

A Continuum of Research Techniques

◀ Listen to the Audio

You might reasonably wonder which of the research techniques just discussed is most effective. As shown in [Exhibit A.5](#), these methods can be placed on a continuum ranging from rich, broad based, and loosely controlled (observation) to specific, precise, and rigorous (experimentation). The method that researchers use to investigate organizational behaviour is dictated by the nature of the problem that interests them. In the writing of this section of the chapter, special pains were taken to choose examples of problems that were well suited to the research techniques employed to investigate them. Bensman and Gerver were interested in variables that were not well defined. The variables were, thus, not easy to isolate and measure precisely, and observation was the appropriate technique. Furthermore, “tapping” was a controversial issue, and the researchers would have had to develop considerable trust to investigate it with questionnaires or formal interviews. Similarly, Mintzberg insists that questionnaires and interviews have failed to tell us what executives actually do. Ragins and Cotton, who studied mentoring, were interested in specific variables that were relatively easily measured. On the other hand, they were not in a position to manipulate the causes of intention to mentor. Ivancevich and Lyon were also interested in a specific set of variables, and they conducted their research on the short workweek in a situation where it was both possible and ethical to manipulate the workweek. In all these cases, the research technique the researchers chose was substantially better than dependence on common sense or opinion.

Exhibit A.5 Continuum of research techniques.



Although we have described each of these techniques as independent approaches for studying organizational behaviour, very often they are combined and used to complement each other. Let's consider how this might be done.

Combining Research Techniques

◀ Listen to the Audio

Robert Sutton and Anat Rafaeli tested what might seem to be an obvious hypothesis—that friendly, pleasant behaviour on the part of sales clerks would be positively associated with store sales.⁷ As obvious as this might seem, it would be a good idea to confirm it before spending thousands of dollars on human relations training for clerks. The study combined correlational and observational methods. In the quantitative correlational part of the study, teams of researchers entered a large North American chain's 576 convenience stores and, posing as shoppers, evaluated the friendliness of the sales clerks on rating scales. They also recorded other factors, such as the length of the line at the register. Existing data from company records provided the total annual sales each store recorded. When the researchers analyzed the data, the results were surprising—the “unfriendly” stores tended to chalk up higher sales!

To understand this unexpected result, the authors resorted to qualitative, observational research techniques. Specifically, each author spent extensive time in many of the convenience stores directly observing transactions between customers and clerks. In addition, each spent time as a participant observer, actually doing the sales clerk's job. This observation resolved the mystery. The researchers found that when the stores were busy, the sales clerks tended to stop the small talk, concentrate on their work, and process customers as quickly as possible. This behaviour corresponded to customers' expectations for fast service in a convenience store. When business was slow, clerks tended to be

friendly and engage in small talk to relieve boredom. Since the busier stores generated higher sales, it is not surprising that their clerks were less friendly. In fact, further analysis of the correlational data showed that clerks were less friendly when the lines were longer.

This study illustrates how two research techniques can complement each other. It also shows that correlation does not imply causation. Although sales were negatively correlated with friendliness, volume of sales affected the expression of friendliness, not the other way around. Of course, these results would probably not generalize to sales settings in which customers expect more personal attention.

Issues and Concerns in Organizational Behaviour Research

LO A.8 Describe *external validity* and *random sampling* and the role they play in the research process.

LO A.9 Explain the *Hawthorne effect* and how it can occur.

LO A.10 Discuss the basic ethical concerns to which researchers must attend.

◀ Listen to the Audio

As in every field of study, particular issues confront researchers in organizational behaviour. Three of these issues include sampling, Hawthorne effects, and ethical concerns.

Sampling

Researchers are usually interested in generalizing the results of their research beyond their study. The extent to which the results of a study generalize to other samples and settings is known as external validity. External validity will be greater when the results of a study are based on large, random samples. Large samples ensure that the results they obtain are truly representative of the individuals, groups, or organizations being studied and not merely the product of an extreme case or two.

Random sampling means that the research participants have been randomly chosen from the population of interest. Random samples ensure that all relevant individuals, groups, or organizations have an

equal probability of being studied and give confidence in the generalizability of the findings. As was noted earlier, observational studies usually involve small samples, and they are seldom randomized. Thus, generalizing from such studies is a problem. However, a well-designed observational study that answers important questions is surely superior to a large-sample, randomized correlational study that enables one to generalize about a trivial hypothesis.

Hawthorne Effect

◀ Listen to the Audio

The Hawthorne effect was discovered as a result of a series of studies conducted at the Hawthorne plant of the Western Electric Company near Chicago many years ago. As explained in [Chapter 1](#), these studies examined the effects of independent variables—such as rest pauses, lighting intensity, and pay incentives—on the productivity of assemblers of electrical components.⁸

In a couple of these loosely controlled experiments, unusual results occurred. In the illumination study, both experimental and control workers improved their productivity. In another study, productivity increased and remained high despite the introduction and withdrawal of factors such as rest pauses, shortened workdays, and so on. These results gave rise to the term Hawthorne effect,⁹ which refers to a favourable response of participants in an organizational experiment to a factor other than the independent variable that is formally being manipulated. Researchers have concluded that this “other factor” is psychological in nature, although it is not well understood.⁹ Likely candidates include participants’ reactions to special attention, including feelings of prestige, heightened morale, and so on. The point is that researchers might misinterpret the true reason for any observed change in behaviour because research participants can have unmeasured feelings about their role in the research.

To return to the human relations training experiment, a Hawthorne effect might occur if the experimental participants are grateful to management for selecting them for this special training and resolve to work harder back on the job. The supervisors might put in longer hours thinking up ways to improve productivity that have nothing to do with the training they received. However, the researcher could easily conclude that the human relations training improved productivity.

It is very difficult to prevent Hawthorne effects. However, it is possible, if expensive, to see whether they have occurred. To do so, investigators establish a second experimental group that receives special treatment and attention but is not exposed to the key independent variable. In the human relations experiment, this could involve training that is not expected to increase productivity. If the productivity of the supervisors' employees in both experimental groups increases equally, the Hawthorne effect is probably present. If productivity increases only in the human relations training condition, it is unlikely to be due to the Hawthorne effect.

Ethics

◀ Listen to the Audio

Researchers in organizational behaviour, no matter who employs them, have an ethical obligation to do rigorous research and to report that research accurately.¹⁰ In all cases, the psychological and physical well-being of the research participants is of prime importance. In general, ethical researchers avoid unnecessary deception, inform participants about the general purpose of their research, and protect the anonymity of research participants. For example, in a correlational study involving the use of questionnaires, investigators should explain the general reason for the research and afford potential participants the opportunity to decline participation. If names or company identification numbers are required to match responses with data in employee files (e.g., absenteeism or subsequent turnover), investigators must guarantee that they will not make individual responses public. In some observation studies and experiments, participants may be unaware that their behaviour is under formal study. In these cases, researchers have special obligations to prevent negative consequences for participants.

Ethical research has a practical side as well as a moral side. Good cooperation from research participants is necessary to do good research. Such cooperation is easier to obtain when people are confident that ethical procedures are the rule, not the exception.

Summary: Research in Organizational Behaviour

Learning Objectives Checklist

Click on the panels below to review the Learning Objectives for the Appendix on Research in Organizational Behaviour.

A.1 Explain what a *hypothesis* is and define the meaning of a *variable*.

All research in organizational behaviour begins with a basic question about work or organizations. Frequently, researchers express the question as a *hypothesis*, a formal statement of the expected relationship between two variables. *Variables* are simply measures that can take on two or more values.

A.2 Distinguish between *independent* and *dependent variables* and *moderating* and *mediating variables*.

A.3 Differentiate *reliability* from *validity* and *convergent validity* from *discriminant validity*.

A.4 Understand *observational research* and distinguish between *participant* and *direct observation*.

A.5 Describe *correlational research* and explain why causation cannot be inferred from correlation.

A.6 Explain *experimental research* and the meaning of *random assignment* and *internal validity*, and discuss *threats to internal validity* and *quasi-experimental designs*.

A.7 Discuss the relative advantages and disadvantages of different research techniques.

A.8 Describe *external validity* and *random sampling* and the role they play in the research process.

A.9 Explain the *Hawthorne effect* and how it can occur.

A.10 Discuss the basic ethical concerns to which researchers must attend.

Key Terms

Start Over

Swap

0/26 REVIEWED · 0 MASTERED

Mediating variable



Previous

Next

Got It!

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Chapter 1

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Chapter 2

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Chapter 3

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Chapter 4

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Chapter 9

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Chapter 10

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Glossary

360-degree feedback

Performance appraisal that uses the input of supervisors, employees, peers, and clients or customers of the appraised individual.

Abusive supervision

The bullying of subordinates by managers.

Accommodating

A conflict management style in which one cooperates with the other party while not asserting one's own interests.

Acquisition

The purchase of one organization by another.

Active listening

A technique for improving the accuracy of information reception by paying close attention to the sender.

Actor-observer effect

The propensity for actors and observers to view the causes of the actor's behaviour differently.

Additive tasks

Tasks in which group performance is dependent on the sum of the performance of individual group members.

Affective commitment

Commitment based on identification and involvement with an organization.

Ambidextrous organization

An organization that can simultaneously exploit current competencies and explore emerging opportunities.

Analytics

Finding meaningful patterns in large datasets.

Anchoring effect

The inadequate adjustment of subsequent estimates from an initial estimate that serves as an anchor.

Attitude

A fairly stable evaluative tendency to respond consistently to some specific object, situation, person, or category of people.

Attribution

The process by which causes or motives are assigned to explain people's behaviour.

Authentic leadership

A positive form of leadership that involves being true to oneself.

Autonomous motivation

Self-motivation or intrinsic motivation that occurs when people feel they are in control of their motivation.

Autonomy

The freedom to schedule one's own work activities and decide work procedures.

Autonomy support

Providing employees with choice and encouragement for personal initiative.

Avoiding

A conflict management style characterized by low assertiveness of one's own interests and low cooperation with the other party.

Behaviour modelling training (BMT)

A training method in which trainees observe a model performing a task followed by opportunities to practice the observed behaviours.

Behavioural plasticity theory

People with low self-esteem tend to be more susceptible to external and social influences than those who have high self-esteem.

Behaviourally anchored rating scale (BARS)

A rating scale with specific behavioural examples of good, average, and poor performance.

Big data

Copious amounts of information that are often collected in real time and can come from a wide variety of sources, particularly digital.

Body language

Non-verbal communication by means of a sender's bodily motions, facial expressions, or physical location.

Boundary roles

Positions in which organizational members are required to interact with members of other organizations or with the public.

Bounded ethicality

The psychological process by which people come to engage in behaviour that violates their own ethical standards.

Bounded rationality

A decision strategy that relies on limited information and that reflects time constraints and political considerations.

Breadth

The number of different activities performed on a job.

Bullying

Repeated negative behaviour that is directed toward one or more individuals of lower power or status and creates a hostile work environment.

Bureaucracy

Max Weber's ideal type of organization that included a strict chain of command, detailed rules, high specialization, centralized power, and selection and promotion based on technical competence.

Burnout

A syndrome of emotional exhaustion, cynicism, and reduced self-efficacy.

Central tendency

The tendency to assign most rates to middle-range job performance categories.

Central traits

Personal characteristics of a target person that are of particular interest to a perceiver.

Centralization

The extent to which decision-making power is localized in a particular part of an organization.

Chain of command

Lines of authority and formal reporting relationships.

Change

The implementation of a program or plan to move the organization or its members to a more satisfactory state.

Change agents

Experts in the application of behavioural science knowledge to organizational diagnosis and change.

Charisma

The ability to command strong loyalty and devotion from followers and thus have the potential for strong influence among them.

Classical viewpoint

An early prescription on management that advocated a high specialization of labour, intensive coordination, and centralized decision making.

Coercive power

Power derived from the use of punishment and threat.

Cognitive biases

Tendencies to acquire and process information in an error-prone way.

Collaborating

A conflict management style that maximizes both assertiveness and cooperation.

Collective efficacy

Shared beliefs that a team can successfully perform a given task.

Communication

The process by which information is exchanged between a sender and a receiver.

Competing

A conflict management style that maximizes assertiveness and minimizes cooperation.

Complexity

The extent to which an organization divides labour vertically, horizontally, and geographically.

Compliance

Conformity to a social norm prompted by the desire to acquire rewards or avoid punishment.

Compressed workweek

An alternative work schedule in which employees work fewer than the normal five days a week but still put in a normal number of hours per week.

Compromise

A conflict management style that combines intermediate levels of assertiveness and cooperation.

Computer-mediated communication (CMC)

Forms of communication that rely on computer technology to facilitate information exchange.

Confirmation bias

The tendency to seek out information that conforms to one's own definition of or solution to a problem.

Conflict

The process that occurs when one person, group, or organizational subunit frustrates the goal attainment of another.

Conflict stimulation

A strategy of increasing conflict to motivate change.

Congruence

A condition in which a person's words, thoughts, feelings, and actions all contain the same message.

Conjunctive tasks

Tasks in which group performance is limited by the performance of the poorest group member.

Consensus cues

Attribution cues that reflect how a person's behaviour compares with that of others.

Conservative shift

The tendency for groups to make less risky decisions than the average risk initially advocated by their individual members.

Consideration

The extent to which a leader is approachable and shows personal concern and respect for employees.

Consistency cues

Attribution cues that reflect how consistently a person engages in a behaviour over time.

Constructive conflict

Conflict for which the benefits outweigh the costs.

Contingency approach

An approach to management that recognizes that there is no one best way to manage and that an appropriate management style depends on the demands of the situation.

Contingency theory

Fred Fiedler's theory that states that the association between leadership orientation and group effectiveness is contingent on how favourable the situation is for exerting influence.

Continuance commitment

Commitment based on the costs that would be incurred in leaving an organization or a lack of suitable job alternatives.

Contrast effects

Previously interviewed job applicants affect an interviewer's perception of a current applicant, leading to an exaggeration of differences between applicants.

Control group

A group of research participants who have not been exposed to the experimental treatment.

Controlled motivation

Motivation that is externally controlled, such as when one is motivated to obtain a desired consequence or extrinsic reward.

Convergent validity

When there is a strong relationship between different measures of the same variable.

Coordination

A process of facilitating timing, communication, and feedback among work tasks.

Core self-evaluations (CSEs)

Refers to a broad personality concept that consists of more specific traits that reflect the evaluations people hold about themselves and their self-worth.

Corporate social responsibility (CSR)

An organization taking responsibility for the impact of its decisions and actions on its stakeholders.

Correlational research

Research that attempts to measure variables precisely and examine relationships among these variables without introducing change into the research setting.

Creative deviance

Defying orders by management to stop working on a creative idea.

Creativity

The production of novel but potentially useful ideas.

Cross-functional teams

Work groups that bring people with different functional specialties together to better invent, design, or deliver a product or service.

Crowdsourcing

Outsourcing aspects of a decision process to a large collection of people.

Cultural context

The cultural information that surrounds a communication episode.

Cultural distance

The extent to which cultures differ in values.

Cultural intelligence

The capability to function and manage well in culturally diverse environments.

Cultural tightness versus looseness

The extent to which cultures have more or less strong standards for behaviour and sanctions for deviation from these standards.

Customer departmentation

Relatively self-contained units deliver an organization's products or services to specific customer groups.

Cyberbullying

Bullying via email, texting, social network platforms, or blogs.

Decision making

The process of developing a commitment to some course of action.

Defence mechanisms

Psychological attempts to reduce the anxiety associated with stress.

Dependent variable

The variable that is expected to vary as a result of changes to the independent variable.

Depth

The degree of discretion or control a worker has over how work tasks are performed.

Developmental networks

Groups of people who take an active interest in a protégé's career and take actions toward advancing it by providing developmental assistance.

Devil's advocate

A person appointed to identify and challenge the weaknesses of a proposed plan or strategy.

Diagnosis

The systematic collection of information relevant to impending organizational change.

Differentiation

The tendency for managers in separate units, functions, or departments to differ in terms of goals, time spans, and interpersonal styles.

Diffusion

The process by which innovations move through an organization.

Diffusion of responsibility

The ability of group members to share the burden of the negative consequences of a poor decision.

Direct observation

Observational research in which the researcher observes organizational behaviour without taking part in the studied activity.

Discrepancy theory

A theory that job satisfaction stems from the discrepancy between the job outcomes wanted and the outcomes that are perceived to be obtained.

Discriminant validity

When there is a weak relationship between measures of different variables.

Disjunctive tasks

Tasks in which group performance is dependent on the performance of the best group member.

Dispositional approach

Individuals possess stable traits or characteristics that influence their attitudes and behaviours.

Dispositional attributions

Explanations for behaviour based on an actor's personality or intellect.

Distal goal

Long-term or end goal.

Distinctiveness cues

Attribution cues that reflect the extent to which a person engages in some behaviour across a variety of situations.

Distributive fairness

Fairness that occurs when people receive the outcomes they think they deserve from their jobs.

Distributive negotiation

Win-lose negotiation in which a fixed number of assets is divided between parties.

Effect dependence

Reliance on others due to their capacity to provide rewards and punishment.

Effective communication

Communication whereby the right people receive the right information in a timely manner.

Emotional contagion

Tendency for moods and emotions to spread between people or throughout a group.

Emotional intelligence

The ability to understand and manage one's own and others' feelings and emotions.

Emotional labour

Requirement for people to conform to emotional "display rules" in their job behaviour in spite of their true mood or emotions.

Emotions

Intense, often short-lived feelings caused by a particular event.

Employee orientation programs

Programs designed to introduce new employees to their job, the people they will be working with, and the organization.

Employee recognition programs

Formal organizational programs that publicly recognize and reward employees for specific behaviours.

Employee stock ownership plans (ESOPs)

Incentive plans that allow employees to own a set amount of a company's shares and provide employees with a stake in the company's future earnings and success.

Employee survey

An anonymous questionnaire that enables employees to state their candid opinions and attitudes about an organization and its practices.

Employer branding

Promoting a clear and consistent image of the positive and distinctive features of an organization as an employer.

Empowering leadership

Implementing conditions that enable power to be shared with employees.

Empowerment

Giving people the authority, opportunity, and motivation to take initiative and solve organizational problems.

Enterprise social media

A private work-related social media platform that is accessible only by organizational members.

Environmental uncertainty

A condition that exists when the external environment is vague, difficult to diagnose, and unpredictable.

Equity theory

A process theory that states that motivation stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group.

Equity theory

A theory that job satisfaction stems from a comparison of the inputs one invests in a job and the outcomes one receives in comparison with the inputs and outcomes of another person or group.

ERG theory

A three-level hierarchical need theory of motivation (existence, relatedness, growth) that allows for movement up and down the hierarchy.

Escalation of commitment

The tendency to invest additional resources in an apparently failing course of action.

Establishing legitimacy

Taking actions that conform to prevailing norms and expectations.

Ethical leadership

The demonstration of normatively appropriate conduct through personal actions and interpersonal relationships.

Ethics

Systematic thinking about the moral consequences of decisions.

Evidence-based management

Translating principles based on the best scientific evidence into organizational practices.

Evidence-based management

Making decisions through the conscientious, explicit, and judicious use of the best available evidence from multiple sources.

Existing data

Data that are obtained from organizational records, such as productivity, absence, and demographic information.

Expectancy

The probability that a particular first-level outcome can be achieved.

Expectancy theory

A process theory that states that motivation is determined by the outcomes that people expect to occur as a result of their actions on the job.

Experimental research

Research that changes or manipulates a variable under controlled conditions and examines the consequences of this manipulation for some other variable.

Expert power

Power derived from having special information or expertise that is valued by an organization.

External environment

Events and conditions surrounding an organization that influence its activities.

External validity

The extent to which the results of a study generalize to other samples and settings.

Extinction

The gradual dissipation of behaviour following the termination of reinforcement.

Extrinsic motivation

Motivation that stems from the work environment external to the task; it is usually applied by others.

Feedback

Information about the effectiveness of one's work performance.

Feedback seeking

Requesting information about how one is performing one's tasks and role.

Filtering

The tendency for a message to be watered down or stopped during transmission.

Flat organization

An organization with relatively few levels in its hierarchy of authority.

Flexible work arrangements

Work options that permit flexibility in terms of "where" and/or "when" work is completed.

Flex-time

An alternative work schedule in which arrival and departure times are flexible.

Force

The effort directed toward a first-level outcome.

Formal mentoring programs

Organization-sponsored programs in which seasoned employees are recruited as mentors and matched with protégés.

Formal work groups

Groups that are established by organizations to facilitate the achievement of organizational goals.

Formalization

The extent to which work roles are highly defined by an organization.

Frame-of-reference (FOR) training

A training method to improve rating accuracy that involves providing raters with a common frame of reference to use when rating individuals.

Framing

Aspects of the presentation of information about a problem that are assumed by decision makers.

Functional departmentation

Employees with closely related skills and responsibilities are assigned to the same department.

Fundamental attribution error

The tendency to overemphasize dispositional explanations for behaviour at the expense of situational explanations.

Gainsharing

A group pay incentive plan based on productivity or performance improvements over which the workforce has some control.

Gatekeepers

People who span organizational boundaries to import new information, translate it for local use, and disseminate it.

General cognitive ability

A person's basic information-processing capacities and cognitive resources.

General self-efficacy (GSE)

A general trait that refers to an individual's belief in his or her ability to perform successfully in a variety of challenging situations.

Geographic departmentation

Relatively self-contained units deliver an organization's products or services in a specific geographic territory.

Glass ceiling

An invisible barrier that prevents women from advancing to senior leadership positions in organizations.

Global leadership

A set of leadership capabilities required to function effectively in different cultures and the ability to cross language, social, economic, and political borders.

Goal

The object or aim of an action.

Goal orientation

An individual's goal preferences in achievement situations.

Goal setting theory

A process theory that states that goals are motivational when they are specific and challenging, when organizational members are committed to them, and when feedback about progress toward goal attainment is provided.

Grapevine

An organization's informal communication network.

Group cohesiveness

The degree to which a group is attractive to its members.

Group

Two or more people interacting interdependently to achieve a common goal.

Groupthink

The capacity for group pressure to damage the mental efficiency, reality testing, and moral judgment of decision-making groups.

Growth need strength

The extent to which people desire to achieve higher-order need satisfaction by performing their jobs.

Halo effect

The rating of an individual on one trait or characteristic tends to colour ratings on other traits or characteristics.

Harshness

The tendency to perceive the job performance of ratees as especially ineffective.

Hawthorne effect

A favourable response by participants in an organizational experiment that is the result of a factor other than the independent variable that is formally being manipulated.

Hawthorne studies

Research conducted in the 1920s and 1930s at the Hawthorne plant of Western Electric, near Chicago, that illustrated how psychological and social processes affect productivity and work adjustment.

Hindsight

The tendency to review the decision-making process to find what was done right or wrong.

Holacracy

A flat decentralized structure made up of self-managing teams called circles in which employees have multiple roles and responsibilities.

Hope

Persevering toward one's goals and, when necessary, making changes and using multiple pathways to achieve one's goals.

Human capital

The knowledge, skills, and abilities (KSAs) embodied in an organization's employees.

Human relations movement

A critique of classical management and bureaucracy that advocated management styles that were more participative and oriented toward employee needs.

Human resources management

Programs, practices, and systems to acquire, develop, motivate, and retain employees in organizations.

Hybrid departmentation

A structure based on some mixture of functional, product, geographic, or customer departmentation.

Hypothesis

A formal statement of the expected relationship between two variables.

Idea champions

People who recognize an innovative idea and guide it through to implementation.

Identification

Conformity to a social norm prompted by perceptions that those who promote the norm are attractive or similar to oneself.

Ill-structured problem

A problem for which the existing and desired states are unclear and the method of getting to the desired state is unknown.

Implicit leadership theory

A theory that states that individuals hold a set of beliefs about the kinds of attributes, personality characteristics, skills, and behaviours that contribute to or impede outstanding leadership.

Implicit personality theories

Personal theories that people have about which personality characteristics go together.

Independent variable

The variable that predicts or is the cause of variation in a dependent variable.

Individualism versus collectivism

Individualistic societies stress independence, individual initiative, and privacy. Collective cultures favour interdependence and loyalty to family or clan.

Influence tactics

Tactics that are used to convert power into actual influence over others.

Informal groups

Groups that emerge naturally in response to the common interests of organizational members.

Information dependence

Reliance on others for information about how to think, feel, and act.

Information overload

The reception of more information than is necessary to make effective decisions.

Information richness

The potential information-carrying capacity of a communication medium.

Information seeking

Requesting information about one's job, role, group, and organization.

Initiating structure

The degree to which a leader concentrates on group goal attainment.

Innovation

The process of developing and implementing new ideas in an organization.

Inputs

Anything that people give up, offer, or trade to their organization in exchange for outcomes.

Instrumentality

The probability that a particular first-level outcome will be followed by a particular second-level outcome.

Integration

The process of attaining coordination across differentiated departments.

Integrative negotiation

Win-win negotiation that assumes that mutual problem solving can enlarge the assets to be divided between parties.

Integrators

Organizational members permanently assigned to facilitate coordination between departments.

Interactional fairness

Fairness that occurs when people feel they have received respectful and informative communication about an outcome.

Interactionist approach

Individuals' attitudes and behaviour are a function of both dispositions and the situation.

Interest groups

Parties or organizations other than direct competitors that have some vested interest in how an organization is managed.

Internal validity

The extent to which a researcher has confidence that changes in a dependent variable are due to the independent variable.

Internalization

Conformity to a social norm prompted by true acceptance of the beliefs, values, and attitudes that underlie the norm.

Interrole conflict

Several roles held by a role occupant involve incompatible expectations.

Intersender role conflict

Two or more role senders provide a role occupant with incompatible expectations.

Interview

A technique in which the researcher asks respondents a series of questions to gather data on the variables of interest.

Intrasender role conflict

A single role sender provides incompatible role expectations to a role occupant.

Intrinsic motivation

Motivation that stems from the direct relationship between the worker and the task; it is usually self-applied.

Jargon

Specialized language used by job holders or members of particular occupations or organizations.

Job crafting

Self-initiated changes that employees make in their job demands and job resources to improve the fit or match between characteristics of their job and their personal abilities and needs.

Job demands–resources model

A model that specifies how job demands cause burnout and job resources cause engagement.

Job design

The structure, content, and configuration of a person's work tasks and roles.

Job enlargement

Increasing job breadth by giving employees more tasks at the same level to perform but leaving other core characteristics unchanged.

Job enrichment

The design of jobs to enhance intrinsic motivation, quality of working life, and job involvement.

Job involvement

A cognitive state of psychological identification with one's job and the importance of work to one's total self-image.

Job rotation

Rotating employees to different tasks and jobs in an organization.

Job satisfaction

A collection of attitudes that workers have about their jobs.

Job scope

The breadth and depth of a job.

Job sharing

An alternative work schedule in which two part-time employees divide the work of a full-time job.

Joint venture

Two or more organizations form an alliance in the creation of a new organizational entity.

Laissez-faire leadership

A style of leadership that involves the avoidance or absence of leadership.

Leader punishment behaviour

The leader's use of reprimands or unfavourable task assignments and the active withholding of rewards.

Leader reward behaviour

The leader's use of compliments, tangible benefits, and deserved special treatment.

Leader-member exchange (LMX) theory

A theory of leadership that focuses on the quality of the relationship that develops between a leader and an employee.

Leadership

has a strong effect on an organization's strategy, success, and very survival, and this is why Catherine Tait was chosen as the new leader of the CBC. Leaders play an important role in changing the direction and strategy of organizations through what is known as strategic leadership.

Leadership categorization theory

People are more likely to view somebody as a leader and to evaluate them as a more effective leader when they possess prototypical characteristics of leadership.

Learning

A relatively permanent change in behaviour potential that occurs due to practice or experience.

Learning goal orientation

A preference to learn new things and develop competence in an activity by acquiring new skills and mastering new situations.

Learning organization

An organization that has systems and processes for creating, acquiring, and transferring knowledge to modify and change its behaviour to reflect new knowledge and insights.

Least preferred co-worker

A current or past co-worker with whom a leader has had a difficult time accomplishing a task.

Legitimate power

Power derived from a person's position or job in an organization.

Leniency

The tendency to perceive the job performance of ratees as especially good.

Liaison role

Role occupied by a person who is assigned to help achieve coordination between his or her department and another department.

LMX differentiation

The variability in the quality of LMX relationships between members of the same workgroup.

Locus of control

A set of beliefs about whether one's behaviour is controlled mainly by internal or external forces.

Locus of control

A set of beliefs about whether one's behaviour is controlled mainly by internal or external forces.

Lump sum bonus

Merit pay that is awarded in a single payment and not built into base pay.

Machiavellianism

A set of cynical beliefs about human nature, morality, and the permissibility of using various tactics to achieve one's ends.

Management

The art of getting things accomplished in organizations through others.

Management by exception

Leadership that involves the leader taking corrective action on the basis of the results of leader-follower transactions.

Management by Objectives (MBO)

An elaborate, systematic, ongoing program designed to facilitate goal establishment, goal accomplishment, and employee development.

Maslow's hierarchy of needs

A five-level hierarchical need theory of motivation that specifies that the lowest-level unsatisfied need has the greatest motivating potential.

Matrix departmentation

Employees remain members of a functional department while also reporting to a product or project manager.

Maximization

The choice of the decision alternative with the greatest expected value.

McClelland's theory of needs

A nonhierarchical need theory of motivation that outlines the conditions under which certain needs result in particular patterns of motivation.

Mechanistic structures

Organizational structures characterized by tallness, specialization, centralization, and formalization.

Mediating variable

A variable that intervenes or explains the relationship between an independent and a dependent variable.

Mentor

An experienced or more senior person in the organization who provides a junior person with guidance and special attention, such as giving advice and creating opportunities to assist him or her during the early stages of his or her career.

Merger

The joining together of two organizations.

Merit pay plans

Systems that attempt to link pay to performance on white-collar jobs.

Moderating variable

A variable that affects the nature of the relationship between an independent and a dependent variable such that the relationship depends on the level of the moderating variable.

Modular organization

A network organization that performs a few core functions and outsources other activities to specialists and suppliers.

Moods

Less intense, longer-lived, and more diffuse feelings.

Motivation

The extent to which persistent effort is directed toward a goal.

Mum effect

The tendency to avoid communicating unfavourable news to others.

Need for achievement

A strong desire to perform challenging tasks well.

Need for affiliation

A strong desire to establish and maintain friendly, compatible interpersonal relationships.

Need for power

A strong desire to influence others, making a significant impact or impression.

Need theories

Motivation theories that specify the kinds of needs people have and the conditions under which they will be motivated to satisfy these needs in a way that contributes to performance.

Negative affectivity

Propensity to view the world, including oneself and other people, in a negative light.

Negative affectivity

Propensity to view the world, including oneself and other people, in a negative light.

Negative reinforcement

The removal of a stimulus that in turn increases or maintains the probability of some behaviour.

Negotiation

A decision-making process among interdependent parties who do not share identical preferences.

Network organization

Liaisons between specialist organizations that rely strongly on market mechanisms for coordination.

Networking

Establishing good relations with key organizational members and outsiders to accomplish one's goals.

Non-verbal communication

The transmission of messages by some medium other than speech or writing.

Normative commitment

Commitment based on ideology or a feeling of obligation to an organization.

Norms

Collective expectations that members of social units have regarding the behaviour of each other.

Not-invented-here bias

The tendency to ignore or harbor negative attitudes toward ideas from outside one's own organization or project team.

Observational learning

The process of observing and imitating the behaviour of others.

Observational research

Research that examines the natural activities of people in an organizational setting by listening to what they say and watching what they do.

Open innovation

The use of web-enabled input from external sources to facilitate innovation.

Open systems

Systems that take inputs from the external environment, transform some of them, and send them back into the environment as outputs.

Operant learning

Learning by which the subject learns to operate on the environment to achieve certain consequences.

Optimism

Making internal attributions about positive events in the present and future and external attributions about negative events.

Organic structures

Organizational structures characterized by flatness, low specialization, low formalization, and decentralization.

Organizational behaviour

The attitudes and behaviours of individuals and groups in organizations.

Organizational behaviour modification (O.B. Mod)

The systematic use of learning principles to influence organizational behaviour.

Organizational citizenship behaviour (OCB)

Voluntary, informal behaviour that contributes to organizational effectiveness.

Organizational commitment

An attitude that reflects the strength of the linkage between an employee and an organization.

Organizational culture

The shared beliefs, values, and assumptions that exist in an organization.

Organizational development (OD)

A planned, ongoing effort to change organizations to be more effective and more human.

Organizational identification

The extent to which individuals define themselves in terms of the organization and what it is perceived to represent.

Organizational learning

The process through which an organization acquires, develops, and transfers knowledge throughout the organization.

Organizational politics

The pursuit of self-interest in an organization, whether or not this self-interest corresponds to organizational goals.

Organizational processes

Activities or work that have to be accomplished to create outputs that internal or external customers value.

Organizational structure

The manner in which an organization divides its labour into specific tasks and achieves coordination among these tasks.

Organizational support theory

A theory that states that employees who have strong perceptions of organizational support feel an obligation to care about the organization's welfare and to help the organization achieve its objectives.

Organizations

Social inventions for accomplishing common goals through group effort.

Outcomes

Consequences that follow work behaviour.

Outcomes

Factors that an organization distributes to employees in exchange for their inputs.

Participant observation

Observational research in which the researcher becomes a functioning member of the organizational unit being studied.

Participative leadership

Involving employees in making work-related decisions.

Path-goal theory

A situational theory of leadership that is concerned with the situations under which various leader behaviours (directive, supportive, participative, achievement oriented) are most effective.

Peer recognition programs

Formal programs in which employees can publicly acknowledge, recognize, and reward their co-workers for exceptional work and performance.

Perceived organizational support (POS)

Employees' general belief that their organization values their contribution and cares about their well-being.

Perceived supervisor support (PSS)

Employees' general belief that their supervisor values their contribution and cares about their well-being.

Perception

The process of interpreting the messages of our senses to provide order and meaning to the environment.

Perceptual defence

The tendency for the perceptual system to defend the perceiver against unpleasant emotions.

Perfect rationality

A decision strategy that is completely informed, perfectly logical, and oriented toward economic gain.

Performance

The extent to which an organizational member contributes to achieving the objectives of the organization.

Performance feedback

Providing quantitative or qualitative information on past performance for the purpose of changing or maintaining performance in specific ways.

Performance-avoid goal orientation

A preference to avoid negative judgments about the outcome of one's performance.

Performance-prove goal orientation

A preference to obtain favourable judgments about the outcome of one's performance.

Personality

The relatively stable set of psychological characteristics that influences the way an individual interacts with his or her environment.

Person-group fit

The match between an employee's values and the values of his or her work group.

Person–job fit

The match between an employee's knowledge, skills, and abilities and the requirements of a job.

Person–organization fit

The match between an employee's personal values and the values of an organization.

Person–role conflict

Role demands call for behaviour that is incompatible with the personality or skills of a role occupant.

Piece-rate

A pay system in which individual workers are paid a certain sum of money for each unit of production completed.

Political skill

The ability to understand others at work and to use that knowledge to influence others to act in ways that enhance one's personal or organizational objectives.

Positive affectivity

Propensity to view the world, including oneself and other people, in a positive light.

Positive leadership

Leadership that focuses on leader behaviours and interpersonal dynamics that increase followers' confidence and result in positive outcomes beyond task compliance.

Positive organizational behaviour (POB)

The study and application of positively oriented human resource strengths and psychological capacities that can be measured, developed, and effectively managed for performance improvement.

Positive reinforcement

The application or addition of a stimulus that increases or maintains the probability of some behaviour.

Power

The capacity to influence others who are in a state of dependence.

Power distance

The extent to which an unequal distribution of power is accepted by society members.

Presenteeism

Attending work when ill.

Primacy effect

The tendency for a perceiver to rely on early cues or first impressions.

Proactive behaviour

Taking initiative to improve current circumstances or creating new ones.

Proactive personality

A stable personal disposition that reflects a tendency to take personal initiative across a range of activities and situations and to effect positive change in one's environment.

Proactive socialization

The process in which newcomers play an active role in their own socialization through the use of a number of proactive socialization behaviours.

Problem

A perceived gap between an existing state and a desired state.

Procedural fairness

Fairness that occurs when the process used to determine work outcomes is seen as reasonable.

Process conflict

Disagreements about how work should be organized and accomplished.

Process losses

Group performance difficulties stemming from the problems of motivating and coordinating larger groups.

Process theories

Motivation theories that specify the details of how motivation occurs.

Product departmentation

Departments are formed on the basis of a particular product, product line, or service.

Profit sharing

The return of some company profit to employees in the form of a cash bonus or a retirement supplement.

Program

A standardized way of solving a problem.

Projection

The tendency for perceivers to attribute their own thoughts and feelings to others.

Prosocial motivation

The desire to expend effort to benefit other people

Proximal goal

Short-term goal or sub-goal.

Psychological capital (PsyCap)

An individual's positive psychological state of development that is characterized by self-efficacy, optimism, hope, and resilience.

Psychological contract

Beliefs held by employees regarding the reciprocal obligations and promises between them and their organization.

Psychological contract breach

Employee perceptions that his or her organization has failed to fulfill one or more of its promises or obligations in the psychological contract.

Psychological safety

A shared belief that it is safe to take social risks.

Punctuated equilibrium model

A model of group development that describes how groups with deadlines are affected by their first meetings and crucial midpoint transitions.

Punishment

The application of an aversive stimulus following some behaviour designed to decrease the probability of that behaviour.

Quasi-experimental design

A research technique in which the participants are not randomly assigned to the experimental and control conditions.

Random assignment

Randomly assigning participants to the experimental and control conditions of an experiment.

Random sampling

The research participants are randomly chosen from the population of interest.

Realistic job previews

The provision of a balanced, realistic picture of the positive and negative aspects of a job to applicants.

Realistic Orientation Program for Entry Stress (ROPES)

An orientation program that is designed to teach newcomers coping techniques to manage workplace stressors.

Recency effect

The tendency for a perceiver to rely on recent cues or last impressions.

Reengineering

The radical redesign of organizational processes to achieve major improvements in such factors as time, cost, quality, or service.

Referent power

Power derived from being well liked by others.

Refreezing

The condition that exists when newly developed behaviours, attitudes, or structures become an enduring part of the organization.

Reinforcement

The process by which stimuli strengthen behaviours.

Relational architecture of jobs

The structural properties of work that shape employees' opportunities to connect and interact with other people.

Relationship conflict

Interpersonal tensions among individuals that have to do with their relationship per se, not the task at hand.

Reliability

An index of the consistency of a research subject's responses.

Resilience

The ability to bounce back or rebound from adversity and setbacks to attain success.

Resistance

Overt or covert failure by organizational members to support a change effort.

Resource dependence

The dependency of organizations on environmental inputs, such as capital, raw materials, and human resources as well as outputs such as customers.

Restriction of productivity

The artificial limitation of work output that can occur under wage incentive plans.

Reward power

Power derived from the ability to provide positive outcomes and prevent negative outcomes.

Risky shift

The tendency for groups to make riskier decisions than the average risk initially advocated by their individual members.

Role ambiguity

Lack of clarity of job goals or methods.

Role conflict

A condition of being faced with incompatible role expectations.

Role congruity theory

Prejudice against female leaders is the result of an incongruity between the perceived characteristics of women and the perceived requirements of leadership roles.

Role overload

The requirement for too many tasks to be performed in too short a time period or to work too many hours.

Roles

Positions in a group that have a set of expected behaviours attached to them.

Rumour

An unverified belief that is in general circulation.

Satisficing

Establishing an adequate level of acceptability for a solution to a problem and then screening solutions until one that exceeds this level is found.

Scientific management

Frederick Taylor's system for using research to determine the optimum degree of specialization and standardization of work tasks.

Self-determination theory

A theory of motivation that relates the satisfaction of three basic psychological needs to autonomous or controlled motivation.

Self-efficacy

Confidence to take on and put in the necessary effort to succeed at challenging tasks.

Self-efficacy beliefs

Beliefs people have about their ability to successfully perform a specific task.

Self-esteem

The degree to which a person has a positive self-evaluation.

Self-managed work teams

Work groups that have the opportunity to do challenging work under reduced supervision.

Self-monitoring

The extent to which people observe and regulate how they appear and behave in social settings and relationships.

Self-regulation

The use of learning principles to regulate one's own behaviour.

Self-serving bias

The tendency to take credit for successful outcomes and to deny responsibility for failures.

Servant leadership

A form of leadership that involves going beyond one's own self-interests and having a genuine concern to serve others and a motivation to lead.

Sexual harassment

Behaviour that derogates, demeans, or humiliates an individual based on that individual's sex.

Shared leadership

An emergent and dynamic team phenomenon whereby leadership roles and influence are distributed among team members.

Shared mental models

Team members share identical information about how they should interact and what their task is.

Signalling theory

Job applicants interpret their recruitment and selection experiences as cues or signals about unknown characteristics of a job and an organization and what it will be like to work in an organization.

Similar-to-me effect

A rater gives more favourable evaluations to people who are similar to the rater in terms of background or attitudes.

Situational approach

Characteristics of the organizational setting influence people's attitudes and behaviour.

Situational attributions

Explanations for behaviour based on an actor's external situation or environment.

Skill variety

The opportunity to do a variety of job activities using various skills and talents.

Skill-based pay

A system in which people are paid according to the number of job skills they have acquired.

Social capital

Social resources that individuals obtain from participation in a social structure.

Social cognitive theory (SCT)

Emphasizes the role of cognitive processes in learning and in the regulation of people's behaviour.

Social exchange theory

Individuals who are treated favourably by others feel obliged to reciprocate by responding positively and returning that favourable treatment in some manner.

Social identity theory

A theory that states that people form perceptions of themselves based on their personal characteristics and memberships in social categories.

Social information processing theory

Information from others is used to interpret events and develop expectations about appropriate and acceptable attitudes and behaviours.

Social loafing

The tendency to withhold physical or intellectual effort when performing a group task.

Social recognition

Informal acknowledgment, attention, praise, approval, or genuine appreciation for work well done from one individual or group to another.

Socialization

The process by which people learn the attitudes, knowledge, and behaviours that are necessary for a person to function in a group or organization.

Socialization tactics

The manner in which organizations structure the early work experiences of newcomers and individuals who are in transition from one role to another.

Span of control

The number of employees supervised by a manager.

Stakeholders

People inside or outside of an organization who have the potential to be affected by organizational decisions.

Status

The rank or social position accorded to group members in terms of prominence, prestige, and respect.

Stereotype threat

Members of a social group feel they might be judged or treated according to a stereotype and that their behaviour and/or performance will confirm the stereotype.

Stereotyping

The tendency to generalize about people in a certain social category and ignore variations among them.

Strategic alliances

Actively cooperative relationships between legally separate organizations.

Strategic contingencies

Critical factors affecting organizational effectiveness that are controlled by a key subunit.

Strategic leadership

Leadership that involves the ability to anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization.

Strategy

The process by which top executives seek to cope with the constraints and opportunities that an organization's environment poses.

Stress

A psychological reaction to the demands inherent in a stressor that has the potential to make a person feel tense or anxious.

Stress reactions

The behavioural, psychological, and physiological consequences of stress.

Stressors

Environmental events or conditions that have the potential to induce stress.

Stretch assignments

Challenging assignments and projects that are larger in scope than one's current job and involve more responsibility.

Strong culture

An organizational culture with intense and pervasive beliefs, values, and assumptions.

Subcultures

Smaller cultures that develop within a larger organizational culture and are based on differences in training, occupation, or departmental goals.

Subunit power

The degree of power held by various organizational subunits, such as departments.

Suggestion systems

Programs designed to enhance upward communication by soliciting ideas for improved work operations from employees.

Sunk costs

Permanent losses of resources incurred as the result of a decision.

Superordinate goals

Attractive outcomes that can be achieved only by collaboration.

Superordinate goals

Attractive outcomes that can be achieved only by collaboration.

Survey feedback

The collection of data from organizational members and the provision of feedback about the results.

Surveys

The use of questionnaires to gather data from participants, who answer questions on the relevant variables.

Talent management

An organization's processes for attracting, developing, retaining, and deploying people with the required skills to meet current and future business needs.

Tall organization

An organization with relatively many levels in its hierarchy of authority.

Task conflict

Disagreements about the nature of the work to be done.

Task forces

Temporary groups set up to solve coordination problems across several departments.

Task identity

The extent to which a job involves doing a complete piece of work, from beginning to end.

Task significance

The impact that a job has on other people.

Team building

An effort to increase the effectiveness of work teams by improving interpersonal processes, goal clarification, and role clarification.

Team reflexivity

The extent to which teams deliberately discuss team processes and goals and adapt their behaviour accordingly.

Techno-stress

Stress from having to use and to master workplace information and communication technologies.

Telecommuting

A system by which employees are able to work at remote locations but stay in touch with their offices through the use of information and communication technology.

Threats to internal validity

Factors that are alternative explanations for the results of an experiment.

Total quality management (TQM)

A systematic attempt to achieve continuous improvement in the quality of an organization's products or services.

Training and development

Training is planned organizational activities that are designed to facilitate knowledge and skill acquisition to change behaviour and improve performance on one's current job; development focuses on future job responsibilities.

Trait activation theory

Traits lead to certain behaviours only when the situation makes the need for the trait salient.

Trait theory of leadership

Leadership depends on the personal qualities or traits of the leader.

Traits

Individual characteristics such as physical attributes, intellectual ability, and personality.

Transactional leadership

Leadership that is based on a straightforward exchange relationship between the leader and the followers.

Transformational leadership

Leadership that provides followers with a new vision that instills true commitment.

Trust

A psychological state in which one has a willingness to be vulnerable and to take risks with respect to the actions of another party.

Type A behaviour pattern

A personality pattern that includes aggressiveness, ambitiousness, competitiveness, hostility, impatience, and a sense of time urgency.

Uncertainty avoidance

The extent to which people are uncomfortable with uncertain and ambiguous situations.

Uncertainty reduction theory

Newcomers are motivated to reduce their uncertainty so that the work environment becomes more predictable and understandable.

Unfreezing

The recognition that some current state of affairs is unsatisfactory.

Valence

The expected value of work outcomes; the extent to which they are attractive or unattractive.

Validity

An index of the extent to which a measure truly reflects what it is supposed to measure.

Values

A broad tendency to prefer certain states of affairs over others.

Variable pay

A portion of employees' pay that is based on a measure of performance.

Variables

Measures that can take on two or more values.

Vertical integration

The strategy of formally taking control of sources of organizational supply and distribution.

Virtual organization

A network of continually evolving independent organizations that share skills, costs, and access to one another's markets.

Virtual teams

Work groups that use technology to communicate and collaborate across time, space, and organizational boundaries.

Voice

The constructive expression of disagreement or concern about work unit or organizational practices.

Wage incentive plans

Various systems that link pay to performance on production jobs.

Well-structured problem

A problem for which the existing state is clear, the desired state is clear, and how to get from one state to the other is fairly obvious.

Whistle-blowing

Disclosure of illegitimate practices by a current or former organizational member to some person or organization that may be able to take action to correct these practices.

Work design characteristics

Attributes of the task, job, and social and organizational environment.

Work engagement

A positive work-related state of mind that is characterized by vigour, dedication, and absorption.

Work engagement

A positive work-related state of mind that is characterized by vigour, dedication, and absorption.

Work sharing

Reducing the number of hours employees work to avoid layoffs when there is a reduction in normal business activity.

Workaholism

“Addiction” to work in which one has an internal compulsion to work, thinks persistently about work, and works excessively.

Workforce diversity

Differences among recruits and employees in characteristics such as gender, race, age, religion, cultural background, physical ability, or sexual orientation.

Workplace spirituality

A workplace that provides employees with meaning, purpose, a sense of community, and a connection to others.

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The left side of the screen shows the text “Audio: Listen and learn as you go with full audio of your text (available for most courses).” The image below shows a smartphone displaying course content, with a button labeled “Listen to the Audio,” and audio controls at the bottom of the screen indicating that the audio is playing. The right side of the screen shows the text “Notifications: Set your own notifications so you never miss a deadline again.” The image below shows a smartphone displaying a Revel notification for an assignment that is due in one day.

The list contains the following:

- Flexible work schedules (flex-time, telecommuting, job sharing, and compressed workweek)
- Stock options, profit-sharing plans, and performance bonuses
- Extensive training and development programs
- Mentorship programs
- Family assistance programs
- On-site fitness facilities, daycare, wellness programs, and spending accounts
- Career development programs including career days, career plans, and tuition subsidies
- Flexible or cafeteria-style benefit plans
- Monthly staff socials, family holiday parties, and picnics
- Stress-reduction programs
- Monthly all-employee meetings
- Formal workplace diversity programs to encourage women and minorities
- Employee recognition and reward programs

The information presented in the chart as follows:

- Managing conflict: 4 percent
- Motivating and reinforcing: 5 percent
- Staffing: 5 percent
- Training and developing: 6 percent
- Socializing and politicking: 9 percent
- Interacting with outsiders: 10 percent
- Controlling: 6 percent
- Decision making: 11 percent
- Planning: 13 percent
- Handling paperwork: 14 percent
- Exchanging information: 15 percent

On the left is a circular diagram with communication at the center. Revolving around communication are the following: work-life balance, health and safety, employee growth and development, employee recognition, and employee involvement. This whole diagram leads to the right side of the diagram, which is labelled context and contains two things, employee well-being and organizational functioning. Arrows point back and forth between these two.

The information presented is as follows. Part one, an introduction. Chapter 1: organizational behaviour and management. Part two, individual behaviour. Chapter 2: personality and learning. Chapter 3: perception, attribution, and diversity. Chapter 4: values, attitudes, and work behaviour. Chapter 5: theories of work motivation. Chapter 6: motivation in practice. Part three, social behaviour and organizational processes. Chapter 7: groups and teamwork. Chapter 8: social influence, socialization, and organizational culture. Chapter 9: leadership. Chapter 10: communication. Chapter 11: decision making. Chapter 12: power, politics, and ethics. Chapter 13: conflict and stress. Part four, the total organization. Chapter 14: environment strategy and structure. Chapter 15: organizational change, development, and innovation. Arrows point down from parts 2, 3, and 4 to organizational performance.

The 5 models are listed and described as follows:

- Extraversion: socialable, talkative versus withdrawn, shy
- Emotional stability: stable, confident versus depressed, anxious
- Agreeableness: tolerant, cooperative versus cold, rude
- Conscientiousness: dependable, responsible versus careless, impulsive
- Openness to experience: curious, original versus dull, unimaginative

Arrows point up and down. The up arrow is labelled high external control and the down arrow is labelled high internal control. The top of the diagram says: behaviour determined by fate, luck, powerful people. The bottom of the diagram says: behaviour determined by self-initiative, personal actions, free will.

The diagram is divided into 2 columns, strategy and effect. Arrows point from items in the strategy category to items in the effect category. Under frequency of reinforcement, continuous points to fast acquisition and partial points to persistence. Under delay of reinforcement, short points to fast acquisition and long points to persistence.

The graph has observational sessions plotted on the horizontal axis and percentage of working practices performed safely. The horizontal axis starts at 1. The curve fluctuates up and down, with a general overall upward trend from about 55 to about 75. At this point, the graph is labelled reinforcement begun. The curve slopes upward steeply from there to about 100 and fluctuates to a lower degree. At the point where the graph is labelled reinforcement terminated, the curve slopes down steeply again to about 65.

The data is as follows:

- Outstanding individual achievement: 72
- Team performance, group award: 62
- Innovation: 54
- Commitment to company values and behaviours: 54
- Teamwork and internal collaboration, individual: 53
- Quality and customer service: 50
- Safety: 50
- Cost reduction: 49
- Challenging task completed: 46
- Employee suggestions and involvement: 40
- Volunteer and community service: 33
- Attendance: 9
- Other, leadership, organizational values, et cetera: 11

The perceiver looks at a target. The arrow between them is labelled situation. The perceiver is labelled experience, motivational state, emotional state. The target is labelled ambiguity.

The table has 4 columns with headers as follows: Caucasian men, n equals 123, Caucasian women, n equals 76, non-Caucasian men, n equals 52, and non-Caucasian women, n equals 17. The rows are as follows:

- Race: 26, 62, 75, 76
- Gender: 31, 87, 71, 82

The table has 4 columns with headers as follows: consistency, consensus, distinctiveness, and likely attribution. The rows are as follows.

- Roshani: high, low, low, disposition
- Mika: high, high, high, situation
- Sam: low, high, low, temporary situation

The table lists 6 arguments as follows.

1. **Cost argument:** As organizations become more diverse, the cost of a poor job in integrating workers will increase. Those who handle this well will thus create cost advantages over those who don't.
2. **Resource Acquisition Argument:** Companies develop reputations on favourability as prospective employers for women and ethnic minorities. Those with the best reputations for managing diversity will win the competition for the best personnel. As the labour pool shrinks and changes composition, this edge will become increasingly important.
3. **Marketing Argument:** For multinational organizations, the insight and cultural sensitivity that members with roots in other countries bring to the marketing effort should improve these efforts in important ways. The same rationale applies to marketing to subpopulations within domestic operations.
4. **Creativity Argument:** Diversity of perspectives and less emphasis on conformity to norms of the past (which characterize the modern approach to management of diversity) should improve the level of creativity.
5. **Problem Solving Argument:** Heterogeneity in decision and problem solving groups potentially produces better decisions through a wider range of perspectives and more thorough critical analysis of issues.
6. **System Flexibility Argument:** An implication of the multicultural model for managing diversity is that the system will become less determinant, less standardized, and therefore more fluid. The increased fluidity should create greater flexibility to react to

environmental changes (i.e., reactions should be faster and at less cost).

This list contains the following companies:

1. L V Lomas Limited
2. Admiral Insurance
3. DEL Property Management Inc.
4. Nycomed, a Takeda Company
5. Royal Lepage Performance Realty
6. SaskCentral (Credit Union Central of Saskatchewan) Ariad
Communications
7. T4G Limited
8. Lutherwood
9. Achievers (Formerly I Love Rewards)

The table has two columns showing strategic initiatives and sample interventions. The information presented is as follows.

Recruiting:

- Employee referral programs
- Diverse recruiting teams
- Internship programs and sponsored scholarships
- Job posting and advertising initiatives targeting specific groups
- Minority conference and job fair attendance
- Recruiting efforts targeting universities and community colleges with diverse student bodies

Retention:

- Corporate-sponsored employee resource or affinity groups
- Employee benefits (e.g., adoption, domestic partner, elder care, flexible health, and dependent spending accounts)
- Work-life programs and incentives (e.g., on-site child care, flexible work schedules, and on-site lactation facilities)

- Leadership development training programs
- Mentoring programs

External Partnership:

- Minority supplier programs
- Community service outreach

Communication:

- Award programs providing public recognition of managers and employees for diversity achievement
- Newsletters, internal websites on diversity
- Senior leadership addresses, town hall meetings, business updates

Training:

- Awareness training on the organization's diversity initiative
- Issue-based or prevention training (e.g., sexual harassment and men and women as colleagues)
- Team-building and group-process training

Staffing and Infrastructure:

- Dedicated diversity staff
- Executive and local diversity councils

At the center of the diagram is trust. Revolving around this center is credibility, fairness, and respect. An arrow points from trust to the employee and back. The arrow is labelled relationship with management. An arrow labelled relationship with other employees points from employee to camaraderie and back. An arrow labelled relationship to your job points from employee to pride and back.

The predictors are as follows: supervisor support, fairness, organizational rewards, job conditions, job enrichment, and human resource practices. These flow to P O S, which flows to the consequences, which are as follows: trust, job satisfaction, organizational commitment, positive mood, performance, reduced stress, and reduced turnover and absenteeism.

In the first example, the first 3 candidates are rated excellent. The fourth candidate is actually moderate, but is perceived as poor. In the second example, the first 3 candidates are poor. The fourth candidate is actually moderate, but perceived as excellent.

The graph shows performance by number of employees. The true performance curve is a gentle bell curve. The central tendency curve is a steep bell curve. The harshness curve peaks near the y axis and then slopes down toward the x axis. The leniency curve slopes up away from the x axis and peaks after the vertex of the true performance curve.

The scale, from top to bottom, is as follows:

- Could be expected to exchange a blouse purchased in a distant town and to impress the customer so much that she would buy three dresses and three pairs of shoes.
- Could be expected to smooth things over beautifully with an irate customer who returned a sweater with a hole in it and turn her into a satisfied customer.
- Could be expected to be friendly and tactful and to agree to reline a coat for a customer who wants a new coat because the lining had worn out in "only" two years.
- Could be expected to courteously exchange a pair of gloves that are too small.
- Could be expected to handle the after-Christmas rush of refunds and exchanges in a reasonable manner.
- Could be expected to make a refund for a sweater only if the customer insists.
- Could be expected to be quite abrupt with customers who want to exchange merchandise for a different colour or style.
- Could be expected to tell a customer that a six-week-old order could not be changed even though the merchandise had actually been ordered only two weeks previously.
- Could be expected to tell a customer who tried to return a shirt bought in Hawaii that a store in the States had no use for a Hawaiian shirt.

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The diagram flows from left to right as follows.

- Amount of effort, persistence of effort, and direction of effort
- Motivation
- Personality
- General cognitive ability
- Task understanding
- Emotional intelligence
- Chance
- Performance

Maslow's need hierarchy flows from basic needs to higher order needs as follows:

- Physiological
- Safety
- Belongingness
- Self esteem
- Self actualization

Alderfer's E R G theory flows from extrinsic motivation to intrinsic motivation as follows:

- Existence
- Relatedness
- Growth

In the diagram, competence, autonomy, and relatedness all point to motivation, autonomous or controlled.

In the model, E equals expectancy, I equals instrumentality, and V equals valence. On the left side of the diagram is force with a question mark. Arrows labelled E point to two circled labelled high productivity, V, and average productivity, V. These are labelled first level outcomes. Lines labelled I point from each of the two circles to 4 more circles labelled money, V, sense of accomplishment, V, peer acceptance, V, and fatigue, V.

Goals, including specific, challenge, goal commitment, and feedback, flows to mechanisms, including direction, effort, persistence, and task strategies, which flows to performance.

The diagram is numbered and has arrows pointing as follows:

- 1, expectancy theory: expectancy and instrumentality. An arrow points to number 3.
- 2, goal setting theory: specific goal, challenging goal, goal commitment, and goal feedback. Two arrows point to numbers 1 and 3.
- 3, motivation (autonomous and controlled): effort, persistence, and direction. An arrow points to number 5.
- 4, Intervening factors: general cognitive ability, emotional intelligence, personality, task understanding, and chance. An arrow points to the arrow between 3 and 5.
- 5, performance. An arrow points to 6.
- 6, needs and valence: intrinsic rewards and extrinsic rewards. Three arrows point to 7, 8, and back to 3.
- 7, equity perception: equity of intrinsic and extrinsic rewards. Two arrows point to 8 and back to 3.
- 8, job satisfaction. An arrow points back to 5.

The graph shows productivity by number of workers. The curve for no wage incentive has a bell curve shape. The curve for with wage incentive has a peak to the right of the first curve, with an immediate drop off as it nears the end of the first curve.

The diagram shows actual pay and manager's estimate. It shows that manager's average subordinate at the bottom, with an overestimation of subordinates pay just above it. Then it shows manager's peer, with an overestimation of the peer's pay just above it. Next it shows an underestimation of the boss's pay, with manager's boss's actual pay just above it.

The diagram shows the first quadrant of a coordinate plane with job breadth plotted on the horizontal axis and job depth on the vertical axis. On both axes, low is shown closer to the origin, moving along a spectrum to high the farther away from the origin travelled. The quadrant is further divided into 4 quadrants. The upper right quadrant, representing high breadth and high depth, is labelled high scope, manager, professor. The other 3 quadrants are labelled low scope. The upper left, representing low breadth and high depth, is labelled quality control, equipment monitoring. The lower left, representing low breadth and low depth, is labelled traditional assembly line job. The lower right, representing high breadth and low depth, is labelled assembly line utility worker.

In the diagram core job characteristics point to critical psychological states, which points to outcomes. These are broken down as follows. Under core job characteristics are: skill variety, task identity, task significance, autonomy, and feedback from job. Under critical psychological states are: experienced meaningfulness of work, which is pointed to by the first 3 job characteristics, experienced responsibility for outcomes of the work, which is pointed to by autonomy, and knowledge of the actual results of the work activities, which is pointed to by feedback. Under outcomes, which are pointed to by all of the psychological states, are: high internal work motivation, high growth satisfaction, high general job satisfaction, and high work effectiveness. Moderators, which point to the connections between the 3 parts above, are: 1, knowledge and skill, 2, growth need strength, and 3, context satisfactions.

The list is as follows.

- Skill variety. High variety: The owner-operator of a garage who does electrical repair, rebuilds engines, does body work, and interacts with customers. Low variety: A body shop worker who sprays paint eight hours a day.
- Task identity. High identity: A cabinet maker who designs a piece of furniture, selects the wood, builds the object, and finishes it to perfection. Low identity: A worker in a furniture factory who operates a lathe solely to make table legs.
- Task significance. High significance: Nursing the sick in a hospital intensive care unit. Low significance: Sweeping hospital floors.
- Autonomy. High autonomy: A telephone installer who schedules his or her own work for the day, makes visits without supervision, and decides on the most effective techniques for a particular installation. Low autonomy: A telephone operator who must handle calls as they come according to a routine, highly specified procedure.
- Job feedback. High feedback: An electronics factory worker who assembles a radio and then tests it to determine if it operates properly. Low feedback: An electronics factory worker who assembles a radio and then routes it to a quality control inspector who tests it for proper operation and makes needed adjustments.

The list is as follows.

Task characteristics. How the work itself is accomplished and the range and nature of tasks associated with a particular job.

- a. Autonomy. The extent to which a job allows freedom, independence, and discretion to schedule work, make decisions, and choose the methods used to perform tasks.
- b. Task variety. The degree to which a job requires employees to perform a wide range of tasks on the job.
- c. Task significance. The degree to which a job influences the lives of others, whether inside or outside the organization.
- d. Task identity. The degree to which a job involves a whole piece of work, the results of which can be easily identified.
- e. Feedback from job. The degree to which the job provides direct and clear information about the effectiveness of task performance.

Knowledge Characteristics. The kinds of knowledge, skill, and ability demands that are placed on an individual as a function of what is done on the job.

- a. Job complexity. The extent to which the tasks on a job are complex and difficult
- to perform.
- b. Information processing. The degree to which a job requires attending to and processing data or other information.
- c. Problem solving. The degree to which a job requires unique ideas or solutions and reflects the more active cognitive processing requirements of a job.

- d. Skill variety. The extent to which a job requires an individual to use a variety of different skills to complete the work.
- e. Specialization. The extent to which a job involves performing specialized tasks or possessing specialized knowledge and skill.

Social Characteristics. The interpersonal and social aspects of work.

- a. Social support. The degree to which a job provides opportunities for advice and assistance from others.
- b. Interdependence. The degree to which the job depends on others and others depend on it to complete the work.
- c. Interaction outside the organization. The extent to which the job requires employees to interact and communicate with individuals external to the organization.
- d. Feedback from others. The extent to which others (e.g., co-workers and supervisors) in the organization provide information about performance.

Contextual Characteristics. The context within which work is performed, including the physical and environmental contexts.

- a. Ergonomics. The degree to which a job allows correct or appropriate posture and movement.
- b. Physical demands. The amount of physical activity or effort required on the job.
- c. Work conditions. The environment within which a job is performed (e.g., the presence of health hazards, noise, temperature, and cleanliness of the working environment).
- d. Equipment use. The variety and complexity of the technology and equipment used in a job.

In the diagram, individual differences and job characteristics point to job crafting, which includes increasing structural job resources, increasing social job resources, increasing challenging job demands, and decreasing hindering job demands. This points to work outcomes.

The circle is labelled as follows. 7 a m to 9 15 a m: flex band. 9 15 a m to 12 p m: core time. 12 p m to 12 30 p m: flex band. 12 30 p m to 1 p m: lunch. 1 p m to 1 30 p m: flex band. 2 p m to 4 15 p m: core time. 4 15 p m to 6 p m: flex band. Nothing is scheduled between 6 p m and 7 a m.

The contingency factors are:

- employee needs
- nature of the job
- organization characteristics
- desired outcome

The motivational practices are:

- individual pay plans, such as piece rate, wage incentive plans, merit pay plans
- group pay plans, such as profit sharing, employee stock ownership plans, gainsharing, skill based pay
- job design, such as job characteristics model, job enrichment, work design, relational job design
- management by objectives
- flexible work arrangements, such as flex time, compressed workweek, job and work sharing, telecommuting

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The process moves from socialization methods to proximal socialization outcomes to distal socialization outcomes. The socialization methods are:

- Realistic job previews
- Employee orientation programs
- Socialization tactics
- Mentoring
- Proactive tactics

The proximal socialization outcomes are:

- Learning
- Task mastery
- Social integration
- Role conflict
- Role ambiguity
- Person job fit
- Person organization fit
- Person group fit

The distal socialization outcomes are:

- Job satisfaction
- Organizational commitment
- Organizational identification
- Organizational citizenship behaviour
- Job performance
- Stress
- Turnover

The diagram is labelled pre entry on the left and organizational member on the left. Hurdles are shown at the transition between the two and near the end of organizational member. The diagram, from left to right, is labelled as follows:

- 1, anticipatory socialization
- Hurdle
- 2, encounter
- Hurdle
- 3, role management

The traditional procedure is as follows:

- Set initial job expectations too high
- Job is typically viewed as attractive
- High rate of job offer acceptance
- Work experience disconfirms expectations
- Dissatisfaction and realization that job not matched to needs
- Low job survival, dissatisfaction, frequent thoughts of quitting

The realistic procedure is as follows:

- Set job expectations realistically
- Job may or may not be attractive, depending on individual's needs
- Some accept, some reject job offer
- Work experience confirms expectations
- Satisfaction; needs matched to job
- High job survival, satisfaction, infrequent thoughts of quitting

Collective versus Individual Tactics The collective tactic consists of a number of new members being socialized as a group, going through the same experiences and facing the same challenges. Army boot camps, fraternity pledge classes, and training classes for salespeople and flight attendants are common examples. In contrast, the individual tactic consists of socialization experiences that are tailor-made for each new member. Simple on-the-job training and apprenticeship to develop skilled craftspeople constitute individual socialization.

Formal versus Informal Tactics Formal tactics involve segregating newcomers from regular organizational members and providing them with formal learning experiences during the period of socialization. Informal tactics do not distinguish a newcomer from more experienced members and rely more on informal and on-the-job learning.

Sequential versus Random Tactics The sequential tactic involves a fixed sequence of steps or stages leading to the assumption of the role, whereas with the random tactic, there is an ambiguous or changing sequence.

Fixed versus Variable Tactics The fixed tactic consists of a timetable for the newcomer's assumption of the role. If the tactic is variable, then there is no time frame to indicate when the socialization process ends and the newcomer assumes his or her new role.

Serial versus Disjunctive Tactics The serial tactic refers to a process in which newcomers are socialized by experienced members of the organization. The disjunctive tactic refers to a socialization process where role models and experienced organization members do not groom new members or show them the ropes.

Investiture versus Divestiture Tactics Divestiture tactics (also known as debasement and hazing) involve putting new members through a series of experiences that are designed to humble them and strip away some of their initial self-confidence and change their attitudes and beliefs.

Debasement is a way of testing the commitment of new members and correcting for faulty anticipatory socialization. Having been humbled and stripped of pre-conceptions, members are then ready to learn the norms of the organization. An extreme example is the rough treatment and shaved heads of U S Marine Corps recruits. The investiture socialization tactic affirms the incoming identity and attributes of new hires rather than denying them and stripping them away. Organizations that carefully select new members for certain attributes and characteristics would be more likely to use the investiture tactic.

Feedback seeking Requesting information about how one is performing.

Information seeking Requesting information about one's job, role, group, and organization.

General socializing Participating in social office events and attending social gatherings (e.g., parties, outings, clubs, and lunches).

Relationship building Initiating social interactions and building relationships with others in one's area or department.

Positive framing Perceiving or framing the new work situation in a positive manner such as by looking at the positive side of things and viewing situations as an opportunity rather than a threat.

Boss-relationship building Initiating social interactions to get to know and form a relationship with one's boss.

Networking Socializing with and getting to know members of the organization from various departments and functions.

Job change negotiation Attempts to change one's job duties or the manner and means by which one performs one's job in order to increase the fit between oneself and the job.

The diagram shows 4 factors that indicate high favourableness versus low favourableness. The factors are as follows:

- Leader member relations: good indicates high and poor indicates low.
- Task structure: both structured and unstructured can indicate high or low, depending on the next factor.
- Position power. Good leader member relations, structured. Strong: 1, Weak: 2. Unstructured. Strong: 3, Weak: 4. Poor leader member relations, structured. Strong: 5, Weak: 6. Unstructured. Strong: 7, Weak: 8.
- Most effective leader orientation: The most effective is good relations, position powers 1, 2, and 3, and task orientation. The moderate to poor is good relations, position power 4 and poor relations, position powers 5, 6, and 7, and relationship orientation. The least effective is poor relations, position power 8, and task orientation.

The diagram starts at leader behaviour, which includes being directive, supportive, achievement oriented, and participative. This points to situational factors, which include employee characteristics and environmental factors. This leads to employee outcomes, which includes job satisfaction, acceptance of leader, and effort.

The diagram is a spectrum with boss centered leadership on the left and employee centered leadership on the right. As the spectrum moves from left to right, the share of use of authority by the manager decreases and the area of freedom for employees increases. From the left to right, the spectrum is labelled as follows:

- Manager makes decision and announces it.
- Manager sells decision.
- Manager presents ideas and invites questions.
- Manager presents tentative decision subject to change.
- Manager presents problem, gets suggestions, makes decision.
- Manager defines limits, asks group to make decision.
- Manager permits employees to function within limits defined by superior.

The tree presents the following information in the legend:

- Q R Quality Requirement: How important is the technical quality of this decision?
- C R Commitment Requirement: How important is subordinate commitment to the decision?
- L I Leader's Information: Do you have sufficient information to make a high-quality decision?
- S T Problem Structure: Is the problem well structured?
- C P Commitment Probability: If you were to make the decision by yourself, is it reasonably certain that your subordinate(s) would be committed to the decision?
- G C Goal Congruence: Do subordinates share the organizational goals to be attained in solving the problem?
- C O Subordinate Conflict: Is conflict among subordinates over preferred solutions likely?
- S I Subordinate Information: Do subordinates have sufficient information to make a high-quality decision?

The decision tree is as follows:

- State the problem. Q R branches through high to C R and through low to C R.
- The low C R branches through low to the A I outcome. It also branches through high to C P.
- C P branches through yes to A I outcome and through no to G I I outcome.
- The C R high branches through high to L I and through low to L I.
- The L I low branches through yes to A I outcome. The L I low also branches through No to S T.

- S T branches through no to C I I outcome. S T also branches through yes to G C, which branches through no to A I I outcome and through yes to C O. C O branches through no to A I I outcome and through yes to C I outcome.
- L I high branches through Yes to C P and through no to S T.
- C P branches through yes to A I outcome and through no to G C. G C branches through no to C I I outcome and through yes to S I. S I branches through no to C I I outcome and through yes to G I I outcome.
- S T branches through yes to C P and through no to C P. The yes C P branches through Yes to G C, which branches through no to A I I outcome and through yes to C O. C O branches through no to A I I outcome and through yes to C I outcome. The yes C P also branches through no to G C, which branches through no to C I I outcome and through yes to C O. C O branches through yes to G I I outcome and through no to S I. S I branches through yes to G I I outcome and through now to C I I outcome.
- The no C P branches through yes to C I I outcome and through no to G C. G C branches through no to C I I outcome and through yes to S I. S I branches through no to C I I outcome and through yes to G I I outcome.

According to Alice Eagly and Linda Carli, legislation that requires organizations to eliminate inequitable practices is not effective for the advancement of women when inequality in an organization is embedded in the organization's culture and structure. If organizations want to remove the barriers that prevent women from advancing to leadership roles, they should do the following:

- Increase people's awareness of the psychological drivers of prejudice toward female leaders, and work to dispel those perceptions.
- Change the long-hours norm.
- Reduce the subjectivity of performance evaluation.
- Use open-recruitment tools, such as advertising and employment agencies, rather than relying on informal social networks and referrals to fill positions.
- Ensure a critical mass of women in executive positions, not just one or two women, to head off the problems that come with tokenism.
- Avoid having a sole female member of any team.
- Help shore up social capital.
- Prepare women for line management with appropriately demanding assignments.
- Establish family-friendly human resources practices.
- Allow employees who have significant parental responsibility more time to prove themselves worthy of promotion.
- Welcome women back.
- Encourage male participation in family-friendly benefits.

The GLOBE project conceptualized and developed measures of nine cultural dimensions. These are aspects of a country's culture that distinguish one society from another and have important managerial implications. The nine cultural dimensions are as follows:

Performance Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) its members for improvement and excellence in their performance.

Assertiveness: The degree to which individuals are (and should be) assertive, confrontational, and aggressive in their interactions with others.

Future Orientation: The extent to which individuals prepare (and should prepare) for the future, for example, by delaying gratification, planning ahead, and investing in the future.

Humane Orientation: The degree to which a collective encourages and rewards (and should encourage and reward) individuals for their fairness, altruism, generosity, caring, and kindness to others.

Institutional Collectivism: The degree to which the institutional practices of organizations and society encourage and reward (and should encourage and reward) collective distribution of resources and collective action.

In-Group Collectivism: The degree to which individuals express (and should express) pride, loyalty, and cohesiveness in their families or organizations.

Gender Egalitarianism: The degree to which a collective minimizes (and should minimize) gender inequality.

Power Distance: The degree to which members of a collective expect (and should expect) power to be distributed evenly.

Uncertainty Avoidance: The extent to which a society, organization, or group relies (and should rely) on social norms, rules, and procedures to lessen the unpredictability of future events.

The following is a partial list of leadership attributes that are universal facilitators, universal inhibitors, or culturally contingent.

Universal Facilitators of Leadership Effectiveness:

- Demonstrating trustworthiness, a sense of justice, and honesty
- Having foresight and planning ahead
- Encouraging, motivating, and building confidence; being positive and dynamic
- Being communicative, informed, a coordinator, and team integrator (team builder)

Universal Impediments to Leadership Effectiveness:

- Being a loner and asocial
- Being irritable and uncooperative
- Imposing your views on others

Culturally Contingent Endorsement of Leader Attributes:

- Being individualistic
- Being constantly conscious of status
- Taking risks

The leadership styles point to the situational factors, which point to effectiveness. The leadership styles are:

- Consideration
- Initiating structure
- Leader reward behaviour
- Leader punishment behaviour
- Participative leadership
- Transactional leadership
- Transformational leadership
- Empowering leadership
- Ethical leadership
- Authentic leadership
- Servant leadership
- Global leadership
- Strategic leadership

The situational factors are:

- Task characteristics
- Organization characteristics
- Employee characteristics
- National culture

Effectiveness includes:

- Employee attitudes
- Employee motivation
- Employee behaviour
- Employee performance

- Group performance
- Organization performance

The table has 3 columns showing the office décor item, the distinctiveness categorization, and the status categorization. The rows are as follows.

- Family photos. Family oriented, balanced, not work focused. Not a player.
- Hobby photos, calendar, poster, artifacts. Ambitious, outgoing, well-rounded. Unprofessional.
- Funny, unusual artifacts and conversation pieces. Fun person, joker, offbeat, approachable, lazy, needs attention. Not serious, unprofessional.
- Formal decor, artifacts. Professional, successful, vain, distant, snobbish. High status, authority ?gure.
- Informal, messy office. Easy-going, busy, true engineer, disorganized, unskilled. Unprofessional.
- Awards, diplomas. Show-off, hard-working, successful, pretentious, vain. Accomplished, intimidating.
- Professional products. Functional expert, company person, geek. Accomplished.
- Ideological artifacts. Patriotic, says I have a social con-science, extreme, radical. Insecure, unprofessional.
- Salient, ?ashy artifacts. Needs to get attention, ?ashy. Insecure.
- High conformity artifacts. Predictable, reliable, conservative, not innovative. Insecure.

The bar graph shows accuracy of bank clocks, with deviations reported in minutes, walking speed, in seconds, and post office speed, in seconds. Note that smaller numbers indicate more accurate clocks, faster walking speeds, and faster post office speeds, respectively. The data for 6 countries is as follows, with accuracy of bank clocks listed first, then walking speed, followed by post office speed.

- Japan: 0.56, 20.67, 25.0
- United States: 0.90, 22.49, 26.7
- Taiwan: 1.19, 25.44, 30.6
- England: 1.20, 21.59, 28.5
- Italy: 1.50, 22.49, 47.0
- Indonesia: 3.25, 27.16, 45.7

At the top, the diagram shows a continuum of idea types with physical or non digital on the left and digital on the right. From left to right, 3 idea types are listed as follows:

- Face to face: social interaction occurring within the same physical proximity.
- Digital communications media: email, text messaging, video conferencing, web 1.0 platforms.
- Social media: Facebook, LinkedIn, web 2.0 platforms.

Face to face points to the following: physicality, accessibility, and latency. Digital communications media points to the following: interdependence and synchronicity. Social media points to the following: permanence, verifiability, and anonymity. All of these point to psychological attributes, which include latent and manifest cognition, affect, and behavior, and their functional interrelationships.

From top to bottom, the process is as follows:

- Identify problem.
- Search for relevant information.
- Develop alternate solutions to the problem.
- Evaluate alternative solutions.
- Choose best solution.
- Implement chosen solution.
- Monitor and evaluate chosen solution.

An arrow labelled recycle points back from the last step to all previous steps.

The rows of the table are as follows, with stage listed first, followed by perfect rationality, followed by bounded rationality.

- Problem identification. Easy, accurate perception of gaps that constitute problems. Perceptual defence, jump to solutions, attention to symptoms rather than problems, mood affects memory.
- Information search. Free, fast, right amount obtained. Slow, costly, reliance on flawed memory, obtain too little or too much.
- Development of alternative solutions. Can conceive of all. Not all known.
- Evaluation of alternative solutions. Ultimate value of each known, probability of each known, only criterion is economic gain. Potential ignorance of or miscalculation of values and probabilities, criteria include political factors, affected by mood.
- Solution choice. Maximizes. Satisfied.
- Solution implementation. Considered in evaluation of alternatives. May be difficult owing to reliance on others.
- Solution evaluation. Objective, according to previous steps. May involve justification, escalation to recover sunk costs, faulty hindsight.

The list is as follows.

- Decision makers tend to be overconfident about the decisions that they make.
- Decision makers tend to seek out information that confirms their own problem definitions and solutions. (Confirmation bias)
- Decision makers tend to remember and incorporate vivid, recent events into their decisions.
- Decision makers fail to incorporate known existing data about the likelihood of events into their decisions.
- Decision makers ignore sample sizes when evaluating samples of information.
- Decision makers overestimate the odds of complex chains of events occurring.
- Decision makers do not adjust estimates enough from some initial estimate that serves as an anchor as they acquire more information. (Anchoring effect)
- Decision makers have difficulty ignoring sunk costs when making subsequent decisions.
- Decision makers overestimate their ability to have predicted events after-the-fact, take responsibility for successful decision outcomes, and deny responsibility for unsuccessful outcomes. (Hindsight)

The diagram consists of 2 parts, the position of group members before discussion and their position after discussion. Each part has a scale with most conservative alternative on the left, medium risk in the middle, and most risky alternative on the right.

The before discussion diagram has 2 X marks halfway between most conservative alternative and medium risk, 2 X marks 3 quarters of the way from most conservative alternative to medium risk, and 4 dots plotted at around the 1 third mark from medium risk to most risky alternative.

The after discussion shows the X marks all shifted slightly to the left representing a conservative shift and all dots shifted slightly to the right representing a risky shift.

The graph shows a continuum of employee cooperation from resistance to compliance to commitment. The bars represent bases of leader power. The bar for coercive rises to the resistance level. The bars for reward and legitimate rise to the compliance level. The bars for expert and referent rise to the commitment level.

The graph shows performance by power. The x axis moves from inadequate through sufficient through excessive and the y axis moves from ineffective to effective as they move from the origin away from it. The curve is a semicircle that opens down. It starts at lack of power at inordinate, ineffective. It rises up to its peak at empowerment at sufficient, effective. Then it falls to and ends at abuse of power at excessive, ineffective.

The diagram has the influence means variable plotted vertically and the influence ends variable plotted horizontally. The diagram is divided into 4 quadrants as follows.

- Quadrant 1, non-political job behaviour: organizationally sanctioned for both means and ends
- Quadrant 2, organizationally dysfunctional political behaviour: sanctioned means and not sanctioned ends
- Quadrant 3, political behaviour potentially functional to the organization: not sanctioned means and sanctioned ends
- Quadrant 4, organizationally dysfunctional political behaviour: not sanctioned for both means and ends

The following all connect at a nexus in the middle of the diagram:
customers, competitors, bankers, politicians, charities and public
organizations, the press, lawyers, and suppliers.

The table lists the observed ethical misconduct and the percent of corporate codes of ethics that cover that particular misconduct. The information is as follows.

- Overall: 41 percent
- Abusive behaviour or behaviour that creates a hostile work environment: 18 percent
- Lying to employees: 17 percent
- A conflict of interest, that is, behaviour that places an employee's interests over the company's interests: 12 percent
- Violating company policies related to internet use: 12 percent
- Discriminating against employees: 12 percent
- Violations of health or safety regulations: 10 percent
- Lying to customers, vendors, or the public: 10 percent
- Retaliation against someone who has reported misconduct: 10 percent
- Falsifying time reports or hours worked: 10 percent
- Stealing or theft: 9 percent
- Violating employee wage, overtime, or benefit rules: 9 percent
- Delivery of substandard goods or services: 9 percent
- Abusing substances, such as drugs or alcohol, at work: 9 percent
- Breaching employee privacy: 8 percent
- Improper hiring practices: 7 percent
- Sexual harassment: 7 percent
- Breaching customer or consumer privacy: 5 percent
- Violation of environmental regulations: 4 percent
- Misuse of company's confidential information: 4 percent
- Violating contract terms with customers or suppliers: 4 percent
- Falsifying invoices, books, and or records: 4 percent

- Accepting inappropriate gifts or kickbacks from suppliers or vendors:
4 percent
- Offering anything of value (e.g., cash, gifts, entertainment) to influence a potential or existing client or customer: 4 percent
- Falsifying expense reports: 4 percent
- Falsifying and or manipulating financial reporting information: 3 percent
- Improper use of competitor's proprietary information: 3 percent
- Offering anything of value (e.g., cash, gifts, entertainment) to influence a public official: 2 percent
- Making improper political contributions to officials or organizations:
2 percent

The graph shows cooperativeness, attempting to satisfy the other's concerns, on the horizontal axis from uncooperative to cooperative, and assertiveness, attempting to satisfy one's own concerns, on the vertical axis, from unassertive to assertive. Five points are plotted as follows:

- Avoiding at uncooperative and unassertive
- Competing at uncooperative and assertive
- Compromise between uncooperative and cooperative and between unassertive and assertive
- Accommodating at cooperative and unassertive
- Collaborating at cooperative and assertive

The model is shaped like a right triangle with the horizontal leg labelled degree of satisfaction of other's concerns and the vertical leg labelled degree of satisfaction of the party's concerns. A vertical line is drawn up from the horizontal leg at not quite the halfway point labelled other's resistance point. The end of the leg is labelled other's target. From the line to the end is labelled other's aspiration range. A horizontal line is drawn from the vertical leg at not quite the halfway point labelled party's resistance point. The top of the leg is labelled party's target. From the line to the top is labelled party's aspiration range. The overlapping region created by both lines is labelled settlement range.

The diagram starts at stressor leads to stress which leads to stress reactions. Personality points to both of these connections. From stress reactions, an arrow labelled anxiety reduction points back to stress. An arrow labelled direct confrontation points back to stressor.

Arrows point back and forth between burnout and engagement. Under burnout is exhaustion, which leads to cynicism, which leads to low self efficacy. Under engagement are vigour, dedication, and absorption.

The table gives the rank, physical health, psychological well being, and job satisfaction positions. The positions under physical health are as follows.

1. Ambulance
2. Teachers
3. Social services providing care
4. Customer services-call centre
5. Bar staff
6. Prison officer
7. Management (private sector)
8. Clerical and admin
9. Police
10. Teaching assistant
11. Head teachers
12. Secretarial and business support
13. Research, academic
14. Lecturers
15. Senior police
16. Nursing
17. Management (public sector)
18. Allied health professionals
19. Medical and dental
20. Accountant
21. Fire brigade
22. Vets
23. Director (public sector)
24. Analyst
25. School lunchtime supervisors
26. Director and M D (private sector)

The positions under psychological well being are as follows.

1. Social services providing care
2. Teachers
3. Fire brigade
4. Ambulance
5. Vets
6. Lecturers
7. Clerical and admin
8. Management (private sector)
9. Prison officer
10. Research, academic
11. Police
12. Customer services, call centre
13. Director (public sector)
14. Allied health professionals
15. Bar staff
16. Nursing
17. Medical and dental
18. Senior police
19. Secretarial and business support
20. Head teachers
21. Management (public sector)
22. Accountant
23. Teaching assistant
24. Analyst
25. School lunchtime supervisors
26. Director and M D (private sector)

The positions under job satisfaction are as follows.

1. Prison officer

2. Ambulance
3. Police
4. Customer services, call centre
5. Social services providing care
6. Teachers
7. Nursing
8. Medical and dental
9. Allied health professionals
10. Bar staff
11. Management (private sector)
12. Fire brigade
13. Vets
14. Clerical and admin
15. Management (public sector)
16. Lecturers
17. Head teachers
18. Teaching assistant
19. Secretarial and business support
20. Director (public sector)
21. Research, academic
22. Senior police
23. School lunchtime supervisors
24. Accountant
25. Analyst
26. Director and MD (private sector)

The coping strategies are listed first, followed by the percent who use them rarely, weekly, and daily.

- Prioritize: 9 percent, 21 percent, 69 percent
- Schedule, organize, and plan my time more carefully: 22 percent, 32 percent, 47 percent
- Talk with family or friends: 26 percent, 29 percent, 45 percent
- Just work harder (I try to do it all): 31 percent, 26 percent, 43 percent
- Find some other activity to take my mind off it: 36 percent, 32 percent, 32 percent
- Talk with colleagues at work: 40 percent, 27 percent, 32 percent
- Delegate work to others: 49 percent, 24 percent, 27 percent
- Search for help from family or friends: 51 percent, 25 percent, 23 percent
- Just try and forget about it: 60 percent, 20 percent, 19 percent
- Search for help from colleagues at work: 65 percent, 19 percent, 16 percent
- Have an alcoholic drink: 65 percent, 23 percent, 12 percent
- Use prescription, over-the-counter, or other drugs: 86 percent, 4 percent, 11 percent
- Reduce the quality of the things I do: 72 percent, 18 percent, 10 percent

In the diagram, the university is at the center, with the following all connected to it:

- High school students
- Ministry of education
- Other colleges, universities, trade schools
- Accrediting associations
- Association of Universities and Colleges of Canada
- Canadian Association of University Teachers
- Social Science and Humanities Research Council
- Funding agencies for research
- Local community
- National Science and Engineering Research Council
- National Research Council of Canada
- Research and sponsors of scholarships and financial aid
- Individual benefactors
- Alumni associations
- Career placement centre contacts
- Provides of sports and athletic scholarships and financial aid

The diagram is divided into 4 quadrants as follows.

- Cell 1, Simple complexity, static rate of change, low perceived uncertainty. 1, Small number of factors and components in the environment. 2, Factors and components are somewhat similar to one another. 3, Factors and components remain basically the same and are not changing.
- Cell 2, Complex complexity, static rate of change, moderately low perceived uncertainty. 1, Large number of factors and components in the environment. 2, Factors and components are not similar to one another. 3, Factors and components remain basically the same.
- Cell 3, Simple complexity, dynamic rate of change, moderately high perceived uncertainty. 1, Small number of factors and components in the environment. 2, Factors and components are somewhat similar to one another. 3, Factors and components of the environment are in continual process of change.
- Cell 4, Complex complexity, dynamic rate of change, high perceived uncertainty. 1, Large number of factors and components in the environment. 2, Factors and components are not similar to one another. 3, Factors and components of environment are in a continual process of change.

At the top of the diagram is objective organizational environment, which includes uncertainty and resources. This leads to perceived organizational environment, which includes perceived uncertainty and perceived resources. Managerial experience and personality also leads here. This leads to strategy formulation. This leads to strategy implementation, which includes structure, vertical integration, merger and acquisition, establish legitimacy, and technology. This leads to organizational effectiveness.

The diagram shows both horizontal and vertical divisions of labour. The vertical division from top to bottom is: president, vice president, middle managers, supervisors, and workers. The horizontal division from left to right is: making goods, selling goods, handling finances, and dealing with human resources.

At the top is the president. Below the president are the following: vice president of research and development, vice president of marketing, vice president of production, vice president of finance, and vice president of human resources.

At the top is the president. Below the president are the following: vice president of hardware and vice president of software. Under vice president of hardware are: research and development, production, and marketing. Under vice president of software are: research and development, production, and marketing.

At the top of the diagram is the president. Under the president is the vice president of product planning, the vice president of research and development, the vice president of marketing, and the vice president of production. Under the vice president of product planning are: product manager A, product manager B, and product manager C. Arrows indicating functional influence point down from the other vice presidents and arrows representing product influence point right from the product managers, creating a grid.

At the top of the diagram is the president. Below the president are: vice president of the west coast region, vice president of the Midwest region, and vice president of the east coast region. Under each vice president are: marketing and production.

At the top of the diagram is the president. Under the president are: the vice president of industrial sales and the vice president of government sales. Under each vice president are: marketing, production, and finance.

The first diagram shows a tall organization with 31 members, 5 levels, and the average control span is 2. In the organization, there is 1 position at the top, 2 in the next level, 4 in the next level, 8 in the next level, and 16 in the lowest level. The second diagram shows a flat organization with 31 members, 3 levels, and the average control span is 5. In the organization, there is 1 position at the top, 5 in the next level, and 25 at the lowest level.

The table shows the index, which is an organizational characteristic, followed by organic and mechanistic types of organization structures. The information is as follows.

- Span of control: wide, narrow
- Number of levels of authority: few, many
- Ratio of administrative to production personnel: high, low
- Range of time span over which an employee can commit resources: long, short
- Degree of centralization in decision making: low, high
- Proportion of persons in one unit having opportunity to interact with persons in other units: high, low
- Quantity of formal rules: low, high
- Specificity of job goals: low, high
- Specificity of required activities: low, high
- Content of communications: advice and information, instructions and decisions
- Range of compensation: narrow, wide
- Range of skill levels: narrow, wide
- Knowledge-based authority: high, low
- Position-based authority: low, high

In the stable network, there are 2 supplies. This points to core firm, which points to distributor. In the dynamic network, brokers are at the center. Arrows point back and forth between brokers and the following: suppliers, markets and distributors, producers, and designers, of which there are many.

The graph plots rate of organizational change on the horizontal axis and organizational effectiveness on the vertical axis, each moving from low to high as they move away from the origin. Two curves are shown, which are the same shape. The curve labelled fairly stable environment starts near the origin and peaks at about the midpoint of the graph, falling slightly before ending. The curve labelled fairly dynamic environment starts at about where the other curve peaks, peaks after the first curve, and also falls slightly near the end of the graph before ending.

The diagram shows the process: unfreeze, change, refreeze. Below the process are the problems: diagnosis, resistance, evaluation, institutionalization. Unfreeze points to diagnosis and resistance, change points to resistance, and refreeze points to evaluation, institutionalization.

The graph shows percentages for recent and or current changes, anticipated changes, and no changes, in that order, for 6 events, as follows.

- Experience physical health symptoms at work: 34 percent, 18 percent, 8 percent.
- Cynical and negative during the workday: 35 percent, 17 percent, 11 percent.
- Eat or smoke more during the workday: 29 percent, 12 percent, 8 percent.
- Job demands interfere with personal life: 39 percent, 29 percent, 12 percent.
- Home life interferes with job performance: 32 percent, 17 percent, 7 percent.
- Chronic work stress: 55 percent, 37 percent, 22 percent.

The graph shows size of identity gap on the horizontal axis and acceptance of change on the vertical axis. A bell shaped curve is shown that slopes slowly at first, then steeply, then peaks, then declines steeply, then slowly. The first period where the increase is slow is labelled high inertia, change perceived as unnecessary. The period of steep increase and decrease is labelled change acceptance zone. The period where the decrease is slow is labelled high stress, change perceived as unattainable.

The diagram is divided into 4 quadrants as follows.

- Reviewed survey results with employees, took action from the organizational survey: C, 46 percent.
- Did not review survey results with employees, took action from the organizational survey: D, 50 percent.
- Reviewed survey results with employees, did not take action from the organizational survey: A, 80 percent.
- Did not review survey results with employees, did not take action from the organizational survey: B, 64 percent

The first graph shows pulse scores and customer satisfaction for top 25 percent and bottom 25 percent of branches on pulse. The data is approximately as follows, with top 25 percent listed first and bottom 25 percent listed second:

- Overall satisfaction: 89.4, 86.8
- Training and development: 89.3, 86.7
- Workload and stress: 89.3, 86.3
- Teamwork: 89.3, 86.8
- Job and company satisfaction: 89.3, 86.8

The second graph shows the pulse scores and average percent of market share. The data is approximately as follows:

- Overall satisfaction. Top 25 percent: 92.0. Bottom 25 percent: 77.0.

The table is as follows.

	Customer Focus	Continuous Improvement	Teamwork
Principles	Paramount importance of providing products and services that fulfill customer needs; requires organization wide focus on customers.	Consistent customer satisfaction can be attained only through relentless improvement of processes that create products and services.	Customer focus and continuous improvement are best achieved by collaboration throughout an organization as well as with customers and suppliers.
Practices	Direct customer contact Collecting information about customer needs.Using information to	Process analysis. Reengineering. Problem solving. Plan do check act.	Search for arrangements that benefit all units involved in a process. Formation of various types of

	design and deliver products and services.		Teams.Group skills training.
Techniques	Customer surveys and focus groups.Quality function deployment (translates customer information into product specifications).	Flowcharts.Pareto analysis. Statistical process control. Fishbone diagrams.	Organizational development methods such as the nominal group technique Team-building methods (e g, role clarification and group feedback).

The graph shows average percentage change, categorized as positive, no change, or negative, in that order for the following:

- Organizing arrangements: 47, 55, 11
- Social factors: 46, 49, 12
- Technology: 29, 72, 13
- Physical setting: 54, 50, 11
- All values are approximated.

The graph plots group longevity, in years on the horizontal axis and standardized performance and communication, the means, on the vertical axis. Four curves are shown as follows:

- The curve representing project performance starts at (0 to 1.5, 60), rises to (1.5 to 2.5, 140), falls to (3.5 to 5.0, 128), and ends at (5.0 or more, 20).
- The curve representing intraproject communication starts at (0 to 1.5, 45), rises to (1.5 to 2.5, 100), (2.5 to 3.5, 110), and (3.5 to 5.0, 185), before ending at (5.0 or more, 70).
- The curve representing organizational communication starts at (0 to 1.5, 72), rises to (1.5 to 2.5, 85) and (2.5 to 3.5) before ending at (5.0 or more, 90).
- The curve representing external professional communication starts at (0 to 1.5, 70), rises to (1.5 to 2.5, 80) and (2.5 to 3.5, 150), falls to (3.5 to 5.0, 135), before ending at (5.0 or more, 60).
- All values are approximated.

The graph shows a strong correlation between employee perceptions of superiors and productivity of employees. Data points form a tight band with no outliers. One data point represents an unfriendly perception and low productivity, while another represents a friendly perception and high productivity.

The graph shows 2 curves. For the curve labelled trained supervisors, productivity remains low and level until a point labelled supervisory training. Soon after, it increases quickly and then levels off. The for the line labelled no training, control group, the line remains horizontal just below the original level of the first curve.

The left side of the continuum is labelled rich, broad based, and loosely controlled. The right side is labelled specific, precise, rigorous. From left to right, points on the continuum are labelled as follows: observation, correlation, experimentation.

The diagram shows Morgan State University at the top. Below this is dean of college of liberal arts. Below this is chair of communication studies department. Below this is radio station of general managers, Jabari Owens. Directly below this are 5 positions:

- Administrative assistant
- News and public affairs director, Corin Fiske
- Engineering
- Development director
- Programs director, assistant general manager

Directly below news and public affairs director are 2 positions:

- Hosts, Sharyn Johnson and Ettifaq Mohammed
- Producers

Directly below programs director, assistant general manager are 2 positions:

- Music program director, Narius Coleman
- Production director

- An average of 51 billion dollars is lost each year to the Canadian economy due to the impact of mental illness.
- Mental health problems will cost 198 billion dollars in lost productivity over the next 30 years.
- Lost labour-force participation due to mental illness costs 20.7 billion dollars a year.
- 44 percent of workers say they have or have had a mental health issue at work.
- On any given week, more than 500,000 Canadians will not go to work due to mental illness.
- One in five people will experience a mental illness in their lifetime
- More than 30 percent of disability claims and 70 percent of disability claim costs are due to mental health concerns.
- Mental health problems will be the number two cause of disability by 2020.

The table has 3 columns with headers as follows: class, income, B R L, and percent of the total population. The rows are as follows:

- A, above 10,200, 5.1
- B, above 5100, 5.5
- C, above 2040, 50.4
- D, above 1020, 23.6
- E, below 1020, 15.3

Class	Income (BRL)⁴	% Total Population
A	Above 10 200	5.1
B	Above 5100	5.5
C	Above 2040	50.4
D	Above 1020	23.6
E	Below 1020	15.3

Class	Income (BRL)⁴	% Total Population
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Data sources: Andréa Novais, "Social Classes in Brazil," The Brazil Business, October 7, 2011, <http://thebrazil-social-classes-in-brazil>; and Emy Shayo Cherman and Fabio Akira, "Brazil 101: The 2011 Country Handbook," America Equity Research, April 18, 2011, https://www.jpmorgan.com/cm/BlobServer/Brazil_101_the_2011_country_handbook (both accessed Jul. 17, 2015).

4 BRL1 = USD0.35.

The project summary is as follows.

Project Description	A newspaper digitization project required to create digital archives of 150 years of the newspaper, The Genesis Times.
Input Materials	<p>Newspapers in 35 millimeter roll microfilm. Each shipment will contain multiple reels.</p> <ul style="list-style-type: none">• Each reel may contain several complete issues; an issue will not span more than one reel.• Each issue may contain several pages.• Each page contains a number of articles.
Output Requirements	<p>Both full page and clipped images (of individual article zones) are required. Text will be delivered in X M L. For each article (which may include ads and other non-article kinds of individual content) are the following requirements:</p> <ul style="list-style-type: none">• One X M L file, containing all the metadata and zone content for the article• One tagged image file (T I F F) containing article images• Exception: photographic zones and charts are to be provided as jpeg images instead of T I F F

<p>Accuracy Requirement</p>	<ul style="list-style-type: none"> • 99.95 percent character accuracy for header information (headlines, sub-headlines, bylines, photo captions, and first full paragraph of the article) • 100 percent accuracy for quality pre-audit of the product submitted • 100 percent tag accuracy
<p>Mode of Transmission</p>	<p>Processed files shall be burn-in D L T tapes</p>
<p>Special Project Requirements</p>	<p>Processed file should be delivered issue by issue directory as follows: Newspaper underscore issue date (directory)</p> <ul style="list-style-type: none"> • each article X M L file and all article T I F F or J P E G files from that issue. • page (directory) • all full-page T I F F files from that issue <p>Each file (whether X M L, T I F F or J P E G) will be uniquely named.</p> <p>In addition to the required deliverable are the following:</p> <ul style="list-style-type: none"> • Exact count of pages in each reel delivered to I D I • Exact count of pages in each batch delivered to client

- Exact count of articles (by headline) of each batch delivered to the client (transmitted)
- Exact count of articles (per batch delivered) not processed

The rewards listed are as follows:

- Trophy, certificate, or plaque
- Cash
- Non-monetary, e g, letter, public recognition
- Gift certificate or card
- Points
- Small corporate memento, e g, pen, ball, cap, t shirt, coffee mug
- Small gift, e g flowers, gift basket
- Large gift, e g electronics, household items
- Vacation days
- Large corporate memento, e g high-end clothing, jewellery
- Travel rewards
- Charitable donation
- Other, cash for gift from catalogue, lunch, et cetera

The article reads as follows. China's workers are among the least likely in Asia to say their jobs are ideal, despite China having one of the regions lowest unemployment rates. Providing an adequate number of jobs in China alone is not enough to fulfill the career expectations of its workforce or to sustain and grow a productive labour pool. This likely means that many Chinese workers will not be looking for just any job but a great job, one that offers a good workplace where they can use their unique talents.

Concerns have been raised about the high expectations of Chinese job seekers, with several incidents highlighting the extreme pressures placed on well-educated students with master's degrees or doctorates unable to find work.

In October 2009, a graduate student who had been unemployed for over a year jumped off a building of China West Normal University with his degree certificate in his arms and died at the scene.

Du Hanqi, a psychologist with Mind Care Counseling, said job seekers' views of value have changed as the market has become increasingly competitive in the fast-growing economy. Start quote Years ago people were willing to build their career gradually from a low starting point. Peer pressure meant graduates were looking for high-powered jobs without working their way up the career ladder, end quote.

Incomes: Urban, rural residents see their wallets bulge.

The growth of urban and rural incomes has maintained good momentum, with rural incomes growing quicker than the urban equivalents. In the first half of the year, the per capita disposable income of urban residents

was 12,509 yuan (approximately 2,000 U S dollars), a year-on-year growth of 13.3 percent, which was 2.1 percentage points higher than that in the same period of 2011.

The per capita cash income of rural residents was 4,303 yuan (approximately 825 dollars), up by 16.1 percent year-on-year. Wang Jun, a senior economist, said the government's increasing investment in agricultural production and rural infrastructure has played a role in lifting up the rural incomes, and increases in income could be seen across the board in rural and urban income. The average monthly income of migrant workers also rose to 2,200 yuan, up by 14.9 percent year-on-year

The ratings are as follows:

- 1, extremely illegitimate
- 2, moderately illegitimate
- 3, slightly illegitimate
- 4, slightly legitimate
- 5, moderately legitimate
- 6, extremely legitimate

6	5	4	3	2	1
Extremely	Moderately	Slightly	Slightly	Moderately	Extrem
legitimate	legitimate	legitimate	illegitimate	illegitimate	illegitir

The table gives the year and the unemployment rates as follows:

- 2000: 7.1
- 2001: 7.7
- 2002: 8.5
- 2003: 8.0
- 2004: 7.2
- 2005: 5.9
- 2006: 4.8
- 2007: 4.2

The table columns give the week, from 1 through 9, and the rows give the goal, in dollars, the result, in dollars, and the difference, in dollars. The columns are as follows:

- Week 1: 10,500, 10,442, negative 58
- Week 2: 11,100, 11,589, 489
- Week 3: 11,500, 11,222, negative 278
- Week 4: 13,500, 10,400, negative 3010
- Week 5: 11,200, 10,295, negative 905
- Week 6: 12,400, 10,110, negative 2290
- Week 7: 11,900, 10,702, negative 1198
- Week 8: 12,600, 9976, negative 2624
- Week 9: 12,800, 10,938, negative 1862

The following notes are listed below the table:

- Note: Goals were based on a 200 dollar increase in the sales result of the same week last year.
- Week 4 Goal was relatively high due to the fact that, in 2006, Kelowna was host to a provincial cultural event during that week.

Week	1	2	3	4*	5	6	7	8	9
Goal	10	11	11	13	11	12	11	12	12
(\$)	500	100	500	500	200	400	900	600	800
Result	10	11	11	10	10	10	10	9976	10
(\$)	442	589	222	490	295	110	702		938

Week	1	2	3	4*	5	6	7	8	9
Diff.	-58	489	-	-	-	-	-	-	-
(\$)			278	3010	905	2290	1198	2624	186

Note: Goals were based on a \$200 increase in the sales result of the same week last year.

* Week 4 Goal was relatively high due to the fact that, in 2006, Kelowna was host to a provincial cultural event during that week.

The table columns give the week, from 1 through 9, and the rows give the low price accessories G out of A, high price accessories, G out of A, multiples, 60 percent goal, and total goals met. The columns are as follows:

- Week 1: 25 out of 26, 8 out of 8, 62 percent, 3
- Week 2: 25 out of 21, 9 out of 6, 55 percent, 0
- Week 3: 22 out of 24, 9 out of 4, 68 percent, 2
- Week 4: 35 out of 22, 15 out of 4, 44 percent, 0
- Week 5: 20 out of 18, 16 out of 6, 55 percent, 0
- Week 6: 30 out of 18, 13 out of 2, 48 percent, 0
- Week 7: 28 out of 21, 10 out of 5, 38 percent, 0
- Week 8: 28 out of 22, 12 out of 7, 53 percent, 0
- Week 9: 25 out of 17, 12 out of 2, 45 percent, 0

The following notes are shown below the table:

- Note: Goals were based on adding 1 to each of the previous year's results for accessories. Unlike total sales figures, it was more common to compare accessory results between stores of similar size.
- Week 4 Goals were relatively high due to the fact that, in 2006, Kelowna was host to a provincial cultural event during that week.

The tally sheet shows 6 columns. The first column lists various items. The last 5 columns list 5 steps as follows: step 1, your individual ranking, step 2, the team's ranking, step 3, survival expert's ranking, step 4, difference between step 1 and 3, and step 5, difference between step 2 and 3. The rows under these last 5 columns are all blank. The items listed are as follows: box of matches, food concentrate, 50 feet of nylon rope, parachute silk, portable heating unit, two 0.45 calibre pistols, one case dehydrated milk, two 100 pound tanks of oxygen, stellar map of the moon's constellation, life raft, magnetic compass, 5 gallons of water, signal flares, first aid kit containing injection needles, and solar powered F M receiver transmitter. Total cells are shown below steps 4 and 5 labelled the lower the score the better.

The table lists terms used in the corporate world and their Disney equivalents.

- Customers or clients: guests
- Employees: cast members
- Out front: onstage
- Behind the scene: offstage
- Front line employee: host or hostess
- Job interview: audition
- Human resources: casting
- Job: role
- On the job: performance
- Working: show
- Negative customer experience: bad show
- Positive customer experience: good show
- Courtesy: performance tips
- Rides: attractions

The policy reads as follows.

We aspire to inspire together.

Diversity. Having a diverse work force is critical to our business. We welcome a variety of opinions, ideas, and perspectives to ensure we continue to top our own performance and represent our global marketplace. When our people reflect the communities we serve, it enhances the way we connect to our guests, audiences, and consumers. Together, we work toward an inclusive environment that fosters creativity, innovation, and camaraderie across all our companies.

Culture. Each of our companies has a unique ability to harness the imagination in a way that inspires others, improves lives across the world, and brings hope, laughter, and smiles to those who need it most. Together as one team, we embrace the values that make the Walt Disney Company an extraordinary place to work:

- **Innovation.** We are committed to a tradition of innovation and technology.
- **Quality.** We strive to set a high standard of excellence. We maintain high-quality standards across all product categories.
- **Community.** We create positive and inclusive ideas about families. We provide entertainment experiences for all generations to share.
- **Storytelling.** Timeless and engaging stories delight and inspire.
- **Optimism.** At the Walt Disney Company, entertainment is about hope, aspiration, and positive outcomes.
- **Decency.** We honor and respect the trust people place in us. Our fun is about laughing at our experiences and ourselves.

These values live in everything we do. They create a unified mission that all our people believe in and work toward. And to recognize individual efforts, we have a variety of reward programs, including the following:

- Quality of Work
- Length of Service
- Community Volunteerism
- Employee of the Month Recognition

These are just some of the ways the Walt Disney Company commits to providing a rewarding, inclusive, and supportive work environment.

A Disney Leader Gets Results Through People. Simplified, this means that a Disney Leader is a people specialist. He does not get results by doing his own thing; he works with other people and helps them put on a good show. It is a known fact that leadership is a science and can be learned like any other skill, but you have to work at it every day. There are some key skills important to the Disney Way of Leadership.

Human Relations Skills. Good Human Relations is a basic cornerstone of the Disney people philosophy. The success of our organization depends on the way we deal with people, and it begins with the way we deal with our employees. Our ability to work positively with people lies in continually putting to practice some key points.

- Set the example; it starts with you.
- Encourage a positive attitude.
- Get to know your employees; treat them as individuals.
- Be with your team; provide encouragement and attention.
- Use empathy; look at the other person's point of view.
- Have respect for others.
- Be objective; be firm, fair, and consistent.
- Give recognition for a job well done.
- Maintain your sense of humor.
- All problems are not the same; treat each individually.
- If an employee has a problem, help solve it.
- If a promise is made, keep it.
- See that your employees have good working conditions.

Communications Skills. One of the most valuable and important skills of the Disney Leader is his ability to effectively communicate. All the positive human relations techniques available today are virtually useless without effective communication.

Since communication means getting ideas across and finding out what other people have to say, we stress the following points in the Disney Way of Leadership:

- Communicate clearly; get your message across.
- Let your employees know how they're doing.
- Encourage upward and downward communications.
- Listen to what employees have to say.
- Keep an open door and an open mind.
- Tell employees how they fit in; explain the big picture.
- Let your employees feel like they belong.
- Communication should be direct, open, and honest.

Training Skills. Training is the method of developing the basic skills to create an efficient work group and is the responsibility of every Disney Leader.

An efficient operation can never come about as the result of a "happy accident." Each employee must have a clear-cut idea of what they are expected to accomplish and how to achieve it with the greatest proficiency.

Some key training points to remember:

- Be sure your employees receive the proper training, which they need for doing their job.
- Provide for your employees' future growth and development.
- Give employees a chance to learn and participate.
- Encourage new ideas and creative contributions.

Other Leadership Skills. In addition to the aforementioned skills, the Disney Leader also needs to be aware of and skillful in areas of planning, organizing, directing, and controlling his/her team's efforts.

Planning is really just looking ahead. Once objectives are understood, the means necessary to achieve them are presented in plans. Organizing is the process of putting all the resources together to carry out the plan. Directing involves the process of carrying out the plan using all the resources gathered. Controlling measures performance in relation to expected standards of performance.

The Disney Way of Leadership stresses arranging work into a logical and workable manner to insure its successful completion. Keep in mind these helpful points.

- A plan of action is the best control to make sure we get there.
- Don't over-structure a plan; stay flexible.
- Set clearly defined priorities and completion schedules.
- Be realistic with target dates but set them.
- Don't assume; follow up on assignments and requests.
- Organize around jobs and people.
- Find the right person for the job.
- Issue effective and understandable instructions and directions.
- Establish effective controls to get things done in a timely manner and by priority.

In summary, the Disney Way of Leadership actually integrates all of these skills, applies them as appropriate at the point of action. It's only through daily application and practice that we fine-tune the essential skills of effective leadership.

The columns show revenue for 2004, 2005, 2006, and 2007 estimated. The rows are as follows.

- Underwriting or members, fundraising: 234,000 dollars, 250,000 dollars, 113,000 dollars, 135,000 dollars.
- Studio rental: blank, blank, blank 5,000 dollars.
- Grants: 200,000 dollars, 200,000 dollars, 200,000 dollars, 200,000 dollars.
- University funds: 186,000 dollars, 300,000 dollars, 250,000 dollars, 200,000 dollars.
- Total: 620,000 dollars, 750,000 dollars, 563,000 dollars, 540,000 dollars.
- Expenses: 770,500 dollars, 770,500 dollars, 770,500 dollars, 770,500 dollars.
- Profit or loss: negative 150,500 dollars, negative 20,500 dollars, negative 207,500 dollars, negative 230,500 dollars.

The table contains the following list:

- Establish core values and standards
- Strengthen content
- Underwriting for all news and public affairs programming
- Discontinue and reposition all 1st Sunday and 4th week Tuesday, Wednesday, and Thursday shows
- Diversify programming
- Develop volunteer curriculum and career development workshops
- Produce vignettes, modules, and segments
- Purchase field reporting equipment for expansion
- Feature reporting
- Strengthen relationship with University
- Develop more versatile approach to programming (interactive via web, pod casting, et cetera, T V)
- Establish ownership of programs
- Explore syndication opportunities
- Establish relationship with N P R to file content nationally
- Develop volunteer appreciation awards ceremony

The information presented is as follows.

- Alternative 1. Ultimate value: 100,000 dollar profit. Probability: 0.4.
Expected value: 40,000 dollar profit.
- Alternative 2. Ultimate value: 60,000 dollar profit. Probability: 0.8.
Expected value: 48,000 dollar profit.

The information presented is as follows.

Selection of participants. When participants selected for the experimental group differ from those in the control group in some way that influences the results of an experiment.

Testing. The process of completing a survey and answering questions at the start of an experiment might sensitize participants to the study and influence how they respond to the same questions after the experiment.

Instrumentation. If different measures are used at different times during the course of an experiment, then any changes in participants' scores might be due to differences in the measures used.

Statistical regression. This is the tendency of scores on a measure to shift over time toward the mean score. Participants who perform poorly on a test before an experiment might have higher scores after an experiment simply due to regression toward the mean.

History. Events or factors that occur during the course of an experiment and can explain changes in the dependent variable.

Maturation. Natural changes in participants that are due to the passage of time (e.g., job experience) and can result in changes in the dependent variable.

Mortality. When certain types of participants drop out of an experiment before it has ended and those who remain and complete the dependent measures differ in some way from those who dropped out.

The diagram lists the following process steps.

- Start.
- Document receipt: production planning and control, P P C, P P C staff.
- Image scan: initial process, I P, imaging scanner operator.
- Image edit: I P imaging, imaging editors.
- Print: document control and distribution, D C D, document control clerks.
- Batch: D C D, document control clerks.
- Precode: non production staff, precoders.
- Crop image: I P imaging, image editors.
- Zone Q A: quality assurance, Q A, auditors or staff.
- Passed. If no, an arrow points back to crop image. If yes, an arrow points forward to A.

The data presented is as follows:

- The Toronto-Dominion Bank: 73
- Royal Bank of Canada: 72
- Canadian Imperial Bank of Commerce: 68
- Bank of Nova Scotia: 67
- Bank of Montreal: 66

The components and their weights are as follows:

- Philanthropy: 100
- Overall social weighted average on 5 individual components: 72
- Employees: 73
- Contractors and supply chain: 44
- Customers: 80
- Society and community: 69

The section excerpted is titled fostering diversity and reads as follows.

Fostering diversity has been important to T D for many years, but as we weren't making the progress we wanted we made it a strategic business priority, to make sure it is part of everything we do and won't be set aside in tough times.

At T D diversity means being an inclusive work environment, a place where:

- No one is overlooked on the basis of their unique background, be that gender, ethnic origin, physical ability, sexual orientation, or anything else.
- People's differences are respected, valued, and supported.
- Barriers are taken down to create a place where all employees have the opportunity to reach their full potential based on their merits.
- Customers feel comfortable.
- The communities we serve are reflected in our workforce and supported in our actions.

T D's Diversity Leadership Council (D L C) champions diversity programs across T D. The D L C is made up of senior leaders with established committees that support and focus on key areas:

- Aboriginal peoples.
- Serving diverse communities.
- Promoting and enhancing an inclusive environment for lesbian, gay, bisexual, transgender, and allies (L G B T A) employees and customers.
- Building an agenda for people with disabilities.

- Expanding leadership opportunities for members of visible minority groups.
- Expanding leadership opportunities for women.

Our diversity initiatives start with talking to employees and customers. In this way we are building inclusive-ness one conversation at a time.

According to the 2006 Canadian census, about 13 million people, or just over 40 percent of Canadians, fall into one of our diversity areas of focus (excluding women who aren't also part of another area of focus). Even taking into account some people who fall into more than one category, we're still talking about a third of our population.

Diversity is not in itself a numbers game-numbers are only a measure of our progress. Our focus is on engaging in initiatives that make an impact and that lead to a long-lasting cultural change. This is what will continue to make TD the better bank in the challenging times ahead.

At the top is the store manager, Nathan Edwards, 26, tenure of 3 years. Below this is the assistant manager, which is vacant. Below this is full time, vacant. Below this are 6 positions as follows:

- Part time, Laura, 16, tenure of 2 months
- Part time, T J, 22, tenure of 6 months
- Part time, James, 20, tenure of 2 months
- Part time, Sam, 16, tenure of 4 months
- Part time, Katie, 19, tenure of 1 month
- Part time, Brandon, 15, tenure of 1 month

The following notes are shown below the diagram:

- James held the second key to the store and was therefore responsible for opening and closing the store along with conducting returns when Nathan was not available.
- T J had not worked in the past three months.
- Brandon worked close to full-time hours while the remaining staff (with the exception of T J) worked anywhere from 15 to 30 hours a week.

The diagram lists goals under 4 categories as follows.

Organizational identity:

- A common understanding of who you are, what you create, and who you create it for.
- Understand the parameters within which your organization can create.
- Be clear on the organization's identity.
- Save resources by focusing on creative energy.

Structural systems:

- Ensure effective decision making.
- Move forward economically.
- Lead to measurable results.

Collaborative culture:

- Build genuine relationships.
- Produce the best and most ideas using available resources.
- Make sure ideas can be expressed honestly and without fear.

Leader's role:

- Inspire the culture.
- Commit to organizational identity.
- Be responsible for holding components together.

Both figures show alumni contribution data and forecast. Figure a shows the percentage of alumni who contribute and the percentage of goal they provide. The data is as follows, with percentage of alumni listed first and percentage of goal listed second.

- 0.08 percent, 40 percent
- 0.41 percent, 46.7 percent
- 0.79 percent, 66 percent
- 2.39 percent, 78 percent
- 5.32 percent, 83.3 percent

Figure b is a circle graph that shows the expected breakout of capital campaign. The graph shows 97.6 percent of alumni and 2.4 percent of alumni.