In their new Fifth Edition, McShane and Von Glinow continue the trailblazing innovations that made previous editions of Organizational Behavior recognized and adopted by the new generation of organizational behavior (OB) instructors.

**McShane and Von Glinow 5e is acclaimed for:**
- Readability, presentation of current knowledge
- Strong International/Global orientation
- Contemporary Theory Foundation (without the jargon)
- Active Learning and Critical Thinking Support
- Textbook's philosophy-OB knowledge is for everyone, not just traditional managers.

The reality is that everyone needs OB knowledge to successfully thrive in and around organizations, from sales representatives to production employees to physicians. The authors’ ability to engage students by introducing cutting-edge OB topics while providing relevancy to OB concepts through the ‘linking theory with reality’ approach, is the reason OB 5e remains unparalleled in its ability to engage students.

Delivering what we’ve come to expect from this exceptional author team, McShane/Von Glinow 5e helps everyone make sense of OB, and provides the conceptual tools to work more effectively in the workplace.

To learn more, visit [www.mhhe.com/mcshane5e](http://www.mhhe.com/mcshane5e)
Organizational Behavior
Emerging Knowledge and Practice for the Real World
Organizational Behavior

Steven L. McShane
The University of Western Australia

Mary Ann Von Glinow
Florida International University

5th Edition
about the authors

Steven L. McShane

Steven L. McShane is Professor of Management in the Business School at the University of Western Australia (UWA), where he receives high teaching ratings from students in Perth, Singapore, Manila, and other cities where UWA offers its programs. He is also an Honorary Professor at Universiti Tunku Abdul Rahman (UTAR) in Malaysia and previously taught in the business faculties at Simon Fraser University and Queen's University in Canada. Steve has conducted executive programs with Nokia, TÜV-SÜD, Wesfarmers Group, Main Roads WA, McGraw-Hill, ALCOA World Alumina Australia, and many other organizations. He is also a popular visiting speaker, having given presentations to faculty and students in almost a dozen countries over the past four years.

Steve earned his Ph.D. from Michigan State University in organizational behavior, human resource management, and labor relations. He also holds a Master of Industrial Relations from the University of Toronto, and an undergraduate degree from Queen’s University in Canada. Steve has served as President of the Administrative Sciences Association of Canada (the Canadian equivalent of the Academy of Management) and Director of Graduate Programs in the business faculty at Simon Fraser University.


Steve enjoys spending his leisure time swimming, body board surfing, canoeing, skiing, and traveling with his wife and two daughters.

Mary Ann Von Glinow

Dr. Von Glinow is Director of the Center for International Business Education and Research (CIBER) and is Research Professor of Management and International Business at Florida International University. She is also the 2006 Vice President of the Academy of International Business (AIB) and an editor of JIBS. Previously on the Marshall School faculty of the University of Southern California, she has an MBA and Ph.D. in Management Science from The Ohio State University. Dr. Von Glinow was the 1994–95 President of the Academy of Management, the world’s largest association of academicians in management, and is a Fellow of the Academy and the Pan-Pacific Business Association. She sits on eleven editorial review boards and numerous international panels. She teaches in executive programs in Latin America, Central America, the Caribbean region, Asia, and the U.S.

Dr. Von Glinow has authored over 100 journal articles and 11 books. Her most recent books include Managing Multinational Teams (Elsevier, 2005) and Organizational Learning Capability (Oxford University Press, 1999; in Chinese and Spanish translation), which won a Gold Book Award from the Ministry of Economic Affairs in Taiwan in 2002. She has also coauthored the popular Organizational Behavior, Fifth Edition textbook and Organizational Behavior: Essentials, Second Edition (McGraw-Hill/Irwin, 2009). She heads an international consortium of researchers delving into “Best International Human Resource Management Practices,” and her research in this arena won an award from the American Society for Competitiveness’ Board of Trustees. She also received an NSF grant to study globally distributed work.

Dr. Von Glinow is the 2005 Academy of Management recipient of the Distinguished Service Award, one of the Academy’s three highest honors bestowed.

Mary Ann consults to a number of domestic and multinational enterprises, and serves as a mayoral appointee to the Shanghai Institute of Human Resources in China. Since 1989, she has been a consultant in General Electric’s “Workout” and “Change Acceleration Program” including “Coaching to Management.” Her clients have included Asia Development Bank, American Express, Diageo, Knight-Ridder, Burger King, Pillsbury, Westinghouse, Southern California Edison, The Aetna, State of Florida, Kaiser Permanente, TRW, Rockwell Int’l, Motorola, N.Y. Life, Amoco, Lucent, and Joe’s Stone Crabs, to name a few. She is on the Board of Directors of WLRN, Fielding University, Friends of Bay Oaks, Pan-Pacific Business Association, and Animal Alliance in Los Angeles. She is actively involved in several animal welfare organizations and received the 1996 Humanitarian Award of the Year from Miami’s Adopt-a-Pet.
Dedicated with love and devotion to Donna, and to our wonderful daughters, Bryton and Madison
—S.L.M.

Dedicated to Zack, Emma, and Googun!
—M.A.V.G.
PART 1 Introduction 1
Chapter 1 Introduction to the Field of Organizational Behavior 2

PART 2 Individual Behavior and Processes 31
Chapter 2 Individual Behavior, Personality, and Values 32
Chapter 3 Perception and Learning in Organizations 66
Chapter 4 Workplace Emotions, Attitudes, and Stress 96
Chapter 5 Foundations of Employee Motivation 130
Chapter 6 Applied Performance Practices 164
Chapter 7 Decision Making and Creativity 196

PART 3 Team Processes 231
Chapter 8 Team Dynamics 232
Chapter 9 Communicating in Teams and Organizations 268
Chapter 10 Power and Influence in the Workplace 298
Chapter 11 Conflict and Negotiation in the Workplace 326
Chapter 12 Leadership in Organizational Settings 358

PART 4 Organizational Processes 383
Chapter 13 Organizational Structure 384
Chapter 14 Organizational Culture 414
Chapter 15 Organizational Change 442

Additional Cases 469
Case 1: A Mir Kiss? 469
Case 2: Arctic Mining Consultants 471
Case 3: Big Screen’s Big Failure 473
Case 4: Bridging the Two Worlds—The Organizational Dilemma 478
Case 5: Fran Hayden Joins Dairy Engineering 479
Case 6: From Lippert-Johanson Incorporated to Fenway Waste Management 482
Case 7: Glengarry Regional Medical Center 484
Case 8: High Noon at Alpha Mills 488
Case 9: Keeping Suzanne Chalmers 490
Case 10: Northwest Canadian Forest Products Limited 492
Case 11: Perfect Pizzeria 494
Case 12: Simmons Laboratories 495
Case 13: Treetop Forest Products 500

Video Cases 502

Appendix A
Theory Building and Systematic Research Methods 507

Appendix B
Scoring Keys for Self-Assessment Activities 514

Glossary 525
References 531
Photo Credits 589
Organization Index 591
Name Index 595
Subject Index 616
URL Index 633
# contents

*Preface*  xvi

**Part 1  Introduction  1**

**Chapter 1  Introduction to the Field of Organizational Behavior  2**

- The **Field of Organizational Behavior**  4
  - Organizational Behavior’s Foundations  5
  - Why Study Organizational Behavior?  5
- **Perspectives of Organizational Effectiveness**  7
  - Open-Systems Perspective  7
- **Global Connections 1.1: Hospitals Take the Lean Journey to Efficiency**  10
  - Organizational Learning Perspective  10
  - High-Performance Work Practices Perspective  12
  - Stakeholder Perspective  13
- **Types of Individual Behavior**  16
  - Task Performance  17
  - Organizational Citizenship  17
  - Counterproductive Work Behaviors  18
  - Joining and Staying with the Organization  18
  - Maintaining Work Attendance  18
- **Contemporary Challenges for Organizations**  19
  - Globalization  20
  - Increasing Workforce Diversity  20
  - Emerging Employment Relationships  22
- **Anchors of Organizational Behavior Knowledge**  23
  - The Multidisciplinary Anchor  23
  - The Systematic Research Anchor  24

**Part 2  Individual Behavior and Processes  31**

**Chapter 2  Individual Behavior, Personality, and Values  32**

- **MARS Model of Individual Behavior and Performance**  34
  - Employee Motivation  34
  - Ability  35
  - Role Perceptions  36
  - Situational Factors  37
- **Personality in Organizations**  38
  - Personality Determinants: Nature versus Nurture  39
  - Five-Factor Model of Personality  39
  - Jungian Personality Theory and the Myers-Briggs Type Indicator  41
  - Caveats about Personality Testing in Organizations  42
Contents

Self-Concept: The “I” in Organizational Behavior 43
  Self-Enhancement 44
  Self-Verification 44
  Self-Evaluation 44

Global Connections 2.1: Feeling Valued Adds Value at Johnson & Johnson 45
  The Social Self 46
  Self-Concept and Organizational Behavior 47

Values in the Workplace 47
  Types of Values 48
  Values and Individual Behavior 49
  Value Congruence 49

Values across Cultures 50
  Individualism and Collectivism 50
  Power Distance 51
  Uncertainty Avoidance 51
  Achievement-Nurturing Orientation 52

Ethical Values and Behavior 52
  Three Ethical Principles 53
  Moral Intensity, Ethical Sensitivity, and Situational Influences 53
  Supporting Ethical Behavior 54

Chapter 3  Perception and Learning in Organizations 66

The Perceptual Process 68
  Perceptual Organization and Interpretation 70

Social Identity and Stereotyping 71
  Stereotyping in Organizations 72

Global Connections 3.1: “Your Name Says Everything in France” 74

Attribution Theory 75
  Attribution Errors 76

Self-Fulfilling Prophecy 76
  Contingencies of Self-Fulfilling Prophecy 77

Other Perceptual Errors 78

Improving Perceptions 79
  Awareness of Perceptual Biases 79
  Improving Self-Awareness 79
  Meaningful Interaction 81

Learning in Organizations 82
  Behavior Modification: Learning through Reinforcement 82
  Social Learning Theory: Learning by Observing 85
  Learning through Experience 86

From Individual to Organizational Learning 87

Chapter 4  Workplace Emotions, Attitudes, and Stress 96

Emotions in the Workplace 98
  Types of Emotions 99
  Emotions, Attitudes, and Behavior 100
Contents

Job Design Practices 175
  Job Design and Work Efficiency 175
  Job Design and Work Motivation 177
  Job Design Practices That Motivate 180

Empowerment Practices 182
  Supporting Empowerment 182

Self-Leadership Practices 183
  Self-Leadership Strategies 184
  Effectiveness of Self-Leadership 186
  Self-Leadership Contingencies 186

Chapter Summary 187
  Key Terms 188
  Critical Thinking Questions 188

Case Study 6.1: The Regency Grand Hotel 188

BusinessWeek Case Study 6.2: How to Make a Microserf Smile 190

Team Exercise 6.3: Is Student Work Enriched? 191

Self-Assessment 6.4: What Is Your Attitude toward Money? 193

Self-Assessment 6.5: Assessing Your Self-Leadership 194

Self-Assessment 6.6: Student Empowerment Scale 195

Chapter 7 Decision Making and Creativity 196

Rational Choice Paradigm of Decision Making 198
  Problems with the Rational Choice Paradigm 200

Identifying Problems and Opportunities 200
  Problems with Problem Identification 201
  Identifying Problems and Opportunities More Effectively 202

Evaluating and Choosing Alternatives 203
  Problems with Goals 203
  Problems with Information Processing 204
  Problems with Maximization 206
  Evaluating Opportunities 206
  Emotions and Making Choices 207
  Intuition and Making Choices 208
  Making Choices More Effectively 209

Implementing Decisions 209

Evaluating Decision Outcomes 210
  Escalation of Commitment 210
  Evaluating Decision Outcomes More Effectively 212

Employee Involvement in Decision Making 213
  Benefits of Employee Involvement 213
  Contingencies of Employee Involvement 214

Creativity 215
  Characteristics of Creative People 216

Connections 7.1: Going for Wow at Nottingham-Spark 217
  Organizational Conditions Supporting Creativity 218
  Activities That Encourage Creativity 219

Chapter Summary 221
  Key Terms 222
  Critical Thinking Questions 222

Case Study 7.1: Employee Involvement Cases 223

BusinessWeek Case Study 7.2: P&G’s Designer Thinking 224

Team Exercise 7.3: Where in the World Are We? 224

Team Exercise 7.4: Winter Survival Exercise 227

Class Exercise 7.5: The Hopping Orange 228

Class Exercise 7.6: Creativity Brainbusters 228

Self-Assessment 7.7: Measuring Your Creative Personality 229

Self-Assessment 7.8: Testing Your Creative Bench Strength 230

Self-Assessment 7.9: Decision-Making Style Inventory 230

Part 8 Team Processes 231

Chapter 8 Team Dynamics 232

Teams and Informal Groups 234
  Informal Groups 235

Advantages and Disadvantages of Teams 236
  The Challenges of Teams 237
# Contents

A Model of Team Effectiveness 238
  Organizational and Team Environment 239

Team Design Elements 240
  Task Characteristics 240
  Team Size 242
  Team Composition 242

Global Connections 8.1: Royal Dutch Shell Finds Team Players in Gourami 243

Team Processes 245
  Team Development 245
  Team Norms 249
  Team Cohesion 250
  Team Trust 251

Self-Directed Teams 253
  Success Factors for Self-Directed Teams 254

Virtual Teams 255
  Success Factors for Virtual Teams 255

Team Decision Making 256
  Constraints on Team Decision Making 256
  Team Structures to Improve Decision Making 258
    Chapter Summary 260
    Key Terms 261
    Critical Thinking Questions 261

Case Study 8.1: The Shipping Industry Accounting Team 262

Case Study 8.2: Philanthropic Team Building 263

BusinessWeek Case Study 8.3: Seagate’s Morale-athon 264

Team Exercise 8.4: Team Tower Power 265

Self-Assessment 8.5: What Team Roles Do You Prefer? 265

Self-Assessment 8.6: Are You a Team Player? 267

Self-Assessment 8.7: How Trusting Are You? 267

Chapter 9 Communicating in Teams and Organizations 268

The Importance of Communication 270

A Model of Communication 271
  Influences on Effective Encoding and Decoding 271

Communication Channels 272
  Computer-Mediated Communication 273

Connections 9.1: About-Face on Workplace E-mail 274
  Nonverbal Communication 276

Choosing the Best Communication Channel 277
  Social Acceptance 278
  Media Richness 278
  Communication Channels and Persuasion 281

Communication Barriers (Noise) 281
  Information Overload 282

Cross-Cultural and Cross-Gender Communication 283
  Nonverbal Differences across Cultures 284
  Gender Differences in Communication 285

Improving Interpersonal Communication 285
  Getting Your Message Across 285
  Active Listening 286

Improving Communication throughout the Hierarchy 287
  Workspace Design 287
  Web-Based Organizational Communication 288
  Direct Communication with Top Management 288

Communicating through the Grapevine 289
  Grapevine Characteristics 289
  Grapevine Benefits and Limitations 290
    Chapter Summary 290
    Key Terms 291
    Critical Thinking Questions 291

Case Study 9.1: Communicating with the Millennials 292

BusinessWeek Case Study 9.2: It’s All about the Face-to-Face 293

Team Exercise 9.3: Analyzing the Blogosphere 294

Team Exercise 9.4: Active Listening Exercise 294

Team Exercise 9.5: Cross-Cultural Communication Game 295

Self-Assessment 9.6: Active Listening Skills Inventory 296

Chapter 10 Power and Influence in the Workplace 298

The Meaning of Power 300
  A Model of Power in Organizations 301

Sources of Power in Organizations 301
  Legitimate Power 302
  Reward Power 302
  Coercive Power 303
  Expert Power 303
Contents

**Merging Organizational Cultures** 426
   - Bicultural Audit 427
   - Strategies for Merging Different Organizational Cultures 427

**Changing and Strengthening Organizational Culture** 429
   - Actions of Founders and Leaders 429
   - Aligning Artifacts 430
   - Introducing Culturally Consistent Rewards 431
   - Attracting, Selecting, and Socializing Employees 431

**Organizational Socialization** 432
   - Socialization as a Learning and Adjustment Process 433
   - Stages of Organizational Socialization 433
   - Improving the Socialization Process 435

*Chapter Summary* 436
*Key Terms* 437
*Critical Thinking Questions* 437
*Case Study 14.1: Hilton's Transformation* 438
*BusinessWeek Case Study 14.2: Merck's New Cultural Care* 439
*Class Exercise 14.3: Diagnosing Corporate Culture Proclamations* 440
*Self-Assessment 14.4: What Are Your Corporate Culture Preferences?* 441

**Chapter 15** Organizational Change 442

**Lewin's Force Field Analysis Model** 444
   - Restraining Forces 445

*Connections 15.1: The FBI Meets Its Own Resistance* 448

**Unfreezing, Changing, and Refreezing** 449
   - Creating an Urgency for Change 450
   - Reducing the Restraining Forces 451
   - Refreezing the Desired Conditions 454

**Change Agents, Strategic Visions, and Diffusing Change** 455
   - Change Agents and Strategic Visions 455
   - Diffusion of Change 455

**Four Approaches to Organizational Change** 456
   - Action Research Approach 456
   - Appreciative Inquiry Approach 458
   - Large-Group Interventions 460
   - Parallel Learning Structure Approach 461

**Cross-Cultural and Ethical Issues in Organizational Change** 461

**Organizational Behavior: The Journey Continues** 462
   - *Chapter Summary* 462
   - *Key Terms* 463
   - *Critical Thinking Questions* 463
   - *Case Study 15.1: TransAct Insurance Corporation* 464
   - *BusinessWeek Case Study 15.2: Inside Intel* 465
   - *Team Exercise 15.3: Strategic Change Incidents* 466
   - *Self-Assessment 15.4: Are You Tolerant of Change?* 467

**Additional Cases** 469
   - *Case 1: A Mir Kiss?* 469
   - *Case 2: Arctic Mining Consultants* 471
   - *Case 3: Big Screen's Big Failure* 473
   - *Case 4: Bridging the Two Worlds—The Organizational Dilemma* 478
   - *Case 5: Fran Hayden Joins Dairy Engineering* 479
   - *Case 6: From Lippert-Johanson Incorporated to Fenzyx Waste Management* 482
   - *Case 7: Glengarry Regional Medical Center* 484
   - *Case 8: High Noon at Alpha Mills* 488
   - *Case 9: Keeping Suzanne Chalmers* 490
   - *Case 10: Northwest Canadian Forest Products Limited* 492
   - *Case 11: Perfect Pizzeria* 494
   - *Case 12: Simmons Laboratories* 495
   - *Case 13: Treetop Forest Products* 500

**Video Cases** 502

**Appendix A**
   - Theory Building and Systematic Research Methods 507

**Appendix B**
   - Scoring Keys for Self-Assessment Activities 514

Glossary 525
References 531
Photo Credits 589
Organization Index 591
Name Index 595
Subject Index 616
URL Index 633
Welcome to the emerging knowledge and practice of organizational behavior! Social networks and virtual teams are replacing committee meetings. Knowledge is replacing infrastructure. Values and self-leadership are replacing command-and-control management. Companies are looking for employees with emotional intelligence and team competencies, not just technical smarts. Diversity and globalization have become challenges as well as competitive opportunities for organizations. Co-workers aren’t down the hall; they’re at the other end of an Internet connection located somewhere else on the planet.

Organizational Behavior, Fifth Edition, is written in the context of these emerging workplace realities. This edition explains how emotions guide employee motivation, attitudes, and decisions; how self-concept influences employee motivation and behavior, team cohesion, and leadership; how social networks are gaining importance as a source of personal power and organizational effectiveness; and how appreciative inquiry has become an important strategy for changing organizations. This book also presents the new reality that organizational behavior is not just for managers; it is relevant and useful to anyone who works in and around organizations.

Linking Theory with Reality
Every chapter of Organizational Behavior, Fifth Edition, is filled with examples that make OB knowledge more meaningful and reflect the relevance and excitement of this field. These stories about real people and organizations translate academic theories into relevant knowledge. For example, you will read how Whole Foods Market and La-Z-Boy have discovered the advantages of teamwork; how Sony Europe has improved employee motivation through the positive organizational behavior practice of strengths-based feedback; how Raytheon and other companies have mapped out informal social networks throughout the organization; and how Ernst & Young, Procter & Gamble, and several other firms are sending employees to overseas social responsibility assignments to improve their global mindset and other perceptual capabilities.

These real-life stories appear in many forms. Every chapter of Organizational Behavior, Fifth Edition, offers several detailed photo captions and many more in-text anecdotes. Lengthier stories are distinguished in a feature we call Connections, because it “connects” OB concepts with real organizational incidents. Case studies in each chapter and video case studies for each part of this book also connect OB concepts to the emerging workplace realities. These stories provide representation across the United States and around the planet. They also cover a wide range of industries—from software to government, and from small businesses to the Fortune 500.

Global Orientation
One of the first things you might notice about this book is its strong global orientation. This goes beyond the traditional practice of describing how U.S. companies operate in other parts of the world. Organizational Behavior, Fifth Edition, takes a truly global approach by illustrating how organizational behavior concepts and practices are relevant to companies in every part of the world. For example, you will read how Mina Ishiwatari faced resistance to change as she transformed sleepy Tokyo-based Hoppy Beverage Co. into a high-profile brand; how Volkswagen and Porsche
executives are wrapped up in high-stakes conflict over how Volkswagen should be run; how Air New Zealand CEO Rob Fyfe relies on a hands-on approach to improve his and others’ perceptions; how Sweden’s Svenska Handelsbanken relies on employee empowerment and organizational rewards rather than centralized budgets to manage the business; and how Mott MacDonald’s oil and gas team improves emotions and camaraderie through desert safari treks in Abu Dhabi.

This global orientation is also apparent in our discussion of many organizational behavior topics. The first chapter of *Organizational Behavior*, Fifth Edition, introduces the concept of globalization. Global issues are then highlighted throughout the book, such as cross-cultural values and ethics, development of a global mindset, job satisfaction and display of emotions in different societies, cross-cultural issues in the success of self-directed work teams, problems with cross-cultural communication, cultural values and expectations as a factor in preferred influence tactics, the handling of conflict differently across cultures, and preferred leadership styles across cultures.

**Contemporary Theory Foundation**

Vivid real-world examples and practices are only valuable if they are connected to good theory. *Organizational Behavior* has developed a reputation for its solid foundation of contemporary and classic research and writing. You can see this in the references. Each chapter is based on dozens of articles, books, and other sources. The most recent literature receives thorough coverage, resulting in what we believe is the most up-to-date organizational behavior textbook available. These references also reveal that we reach out to marketing, information management, human resource management, and other disciplines for new ideas. At the same time, this textbook is written for students, not the scholars whose work is cited. So, although this book provides new knowledge and its practical implications, it rarely names researchers and their university affiliations. It focuses on organizational behavior knowledge rather than “who’s who” in the field.

One of the driving forces for writing *Organizational Behavior* was to provide a conduit whereby emerging OB knowledge more quickly reaches students, practitioners, and fellow scholars. This objective is so important that we state it in the subtitle of this book. To its credit, *Organizational Behavior* was the first textbook to discuss workplace emotions, social identity theory, four-drive theory, appreciative inquiry, affective events theory (but without the jargon), somatic marker theory (also without the jargon), virtual teams, future-search events, Schwartz’s value model, resilience, employee engagement, learning orientation, workaholism, and several other groundbreaking topics. This edition introduces additional emerging OB concepts and practices, including social networking communication, the competencies of effective team members, exceptions to media richness theory, the importance of self-concept in organizational behavior, the globally integrated enterprise, the global mindset, and strengths-based feedback.

**Organizational Behavior Knowledge for Everyone**

Another distinctive feature of *Organizational Behavior*, Fifth Edition, is that it is written for everyone in organizations, not just managers. The philosophy of this book is that everyone who works in and around organizations needs to understand and make use of organizational behavior knowledge. The contemporary reality is that people throughout the organization—systems analysts, production employees, accounting professionals—are assuming more responsibilities as companies remove layers of
management and give the rest of us more autonomy over our work. This book helps everyone to make sense of organizational behavior and provides the conceptual tools needed to work more effectively in the workplace.

Active Learning and Critical Thinking Support
We teach organizational behavior, so we understand how important it is to use a textbook that offers deep support for active learning and critical thinking. The fact that business school accreditation associations also emphasize the importance of the learning experience further reinforces our attention to classroom activities. *Organizational Behavior,* Fifth Edition, includes more than two dozen case studies in various forms and levels of complexity. It offers three dozen self-assessments, most of which have received construct validation. This book is also a rich resource for in-class activities, some of which are not available in other organizational behavior textbooks, such as “Test Your Knowledge of Personality,” “Where in the World Are We?” and “Cross-Cultural Communication Game.”

Changes to the Fifth Edition
*Organizational Behavior,* Fifth Edition, has benefited from reviews by several dozen organizational behavior teachers and researchers in several countries over the past two years. The most significant structural change is that we have reduced the book to 15 chapters so that it more closely parallels the number of weeks in a typical OB course. This edition also continues to update current knowledge in every chapter and provides fresh examples to illustrate theories and concepts. The most notable improvements to this edition are described below:

- **Chapter 1: Introduction to the Field of Organizational Behavior.** This chapter has been substantially revised and updated. It introduces four perspectives of organizational effectiveness (the ultimate dependent variable in OB), so students now have an excellent macro-OB foundation for topics throughout this book. The organizational effectiveness section also provides better organization for open systems, organizational learning, high-performance work practices, and values and ethics. The five types of individual behavior are also described in this chapter as a natural micro-OB flow from the organizational effectiveness discussion. The topic of workforce diversity now distinguishes surface from deep-level diversity. Discussion of the systematic research anchor now includes the concept of evidence-based management.

- **Chapter 2: Individual Behavior, Personality, and Values.** This edition provides important new knowledge about self-concept, including its main components (self-enhancement, self-verification, self-evaluation, and social identity) and their relevance for organizational behavior. This edition also has a rewritten and expanded discussion of personality in line with the topic’s increasing importance in OB. The MARS model now includes a fuller conceptual background.

- **Chapter 3: Perception and Learning in Organizations.** This edition updates the section on selective attention, organization, and interpretation on the basis of the rapidly developing research on this topic. It also introduces the increasingly popular concept of global mindset in the context of perception and learning. The chapter adds discussion about false-consensus effect as well as the implicit association test. It also reorganizes into one section the discussion about practices that minimize perceptual problems. Positive organizational behavior,
which was introduced in previous editions, is described in this chapter and mentioned again in subsequent chapters of this book.

- **Chapter 4: Workplace Emotions, Attitudes, and Stress.** This chapter now incorporates the topic of stress, which is closely related to workplace emotions. It continues to present a clearer explanation of the dual (cognitive and emotional) processes of attitudes and provides a fuller understanding about the dimensions of emotional intelligence. This chapter also discusses “shock events” in job satisfaction.

- **Chapter 5: Foundations of Employee Motivation.** The previous edition was apparently the first OB book to discuss employee engagement. This edition moves the topic to this chapter, so employee engagement is more closely connected to employee motivation as well as the MARS model. The balanced scorecard has also been moved to this chapter, because of its emphasis on goal setting more than rewards. The chapter also distinguishes drives from needs and explains how drives and emotions are the prime movers of human motivation. It describes Maslow’s contribution to the field of human motivation. Organizational Behavior was the first OB textbook to introduce four-drive theory, and this edition further refines the description of that model and its practical implications. Finally, this chapter introduces the positive organizational behavior concept and practice called strengths-based feedback.

- **Chapter 6: Applied Performance Practices.** This edition adds emerging information about the situational and personal influences on self-leadership. It also updates information about the meaning of money and reward practices.

- **Chapter 7: Decision Making and Creativity.** This edition introduces three of the decision heuristic biases discovered and popularized by Kahneman and Tversky. The chapter also revises and updates the discussion of problems with problem identification, the section on the influence of emotions on making choices, and the section on characteristics of creative people. It also has a more dedicated overview of the rational choice concept of subjective expected utility.

- **Chapter 8: Team Dynamics.** This edition combines the two chapters on teams found in previous editions. It summarizes types of teams and more fully discusses the potential benefits and problems with teams. Furthermore, this edition introduces new information on the competencies of effective team members, revises the writing on self-directed teams and virtual teams, and provides emerging knowledge about two key processes in team development: team identity and team competence.

- **Chapter 9: Communicating in Teams and Organizations.** The previous edition was apparently the first OB textbook to discuss the role of blogs and wikis in organizations. This edition continues this leadership with new information about social networking communication. Other new knowledge in this chapter includes the topic of multicommunicating, social acceptance as a contingency in the selection of communication channels, conditions that offset the effects of media richness, and four factors that influence the effectiveness of the communication process (i.e., encoding and decoding).

- **Chapter 10: Power and Influence in the Workplace.** This chapter further develops the section on social networking as a source of power. It also adds a separate section on the consequences of power.

- **Chapter 11: Conflict and Negotiation in the Workplace.** This edition offers a more detailed look at the contingencies of conflict handling. It also revises and
Preface

updates the development of thinking about whether conflict is good or bad. This description includes the emerging model of constructive versus relationship conflict and the ways to allow the former while suppressing the latter. The discussion of negotiation now includes more specific advice regarding making concessions.

- **Chapter 12: Leadership in Organizational Settings.** In this edition, the competency perspective of leadership has been rewritten to incorporate new information about personality, self-concept, practical intelligence, and other specific competencies. The topic of implicit leadership has also been revised to incorporate the distinction between leadership prototypes and the romance of leadership. The topic of shared leadership has been expanded.

- **Chapter 13: Organizational Structure.** This edition describes the globally integrated enterprise in the section on forms of departmentalization. The liability of newness is now discussed in the section on organic structures. The chapter also revises writing on span of control and tall/flat structures and introduces concurrent engineering practices in the context of informal coordinating mechanisms. The (dis)advantages of tall versus flat structures also receive more precise discussion.

- **Chapter 14: Organizational Culture.** This edition more specifically (than in past editions) critiques the “integration” perspective of organizational culture by referring to the alternative differentiation and fragmentation views of this topic. It also describes attraction-selection-attrition theory as well as the Organizational Culture Profile model. The section on organizational culture and performance and the section on changing and strengthening organizational culture have been substantially rewritten.

- **Chapter 15: Organizational Change.** In this edition, the topic of resistance to change is further updated regarding the three functions of resistance. We added a new section on large-group interventions as a distinct fourth approach to organizational change. The topics of urgency for change and future-search conferences also received minor updates.
supporting the learning process

The changes described previously refer only to the text material. Organizational Behavior, Fifth Edition, also has improved technology supplements, cases, videos, team exercises, and self-assessments.

Yasseen Youssef's self-confidence was a bit shaky when she and her husband moved from Egypt to Canada a few years ago. I was worried no one would take a chance on me, she recalls. But any self-doubts slowly disappeared after being hired by Fairmont Hotels and Resorts corporate offices in Toronto. "Everything changed when I started working at Fairmont," says Yasseef, who is now Fairmont's human resource team and recently trained new staff in Cairo. "I can't believe how much has improved technology distribution rights to Pixar's first five films, including any sequel, but Tire added something much more valuable. He wanted the organizational behavior practices that have made Pixar a powerhouse filmmaker from Toy Story to new ones.

Pixar's success is founded on the notion that companies depend on the quality of their employees and how well they collaborate with each other. "From the very beginning, we realized just to get the best people, technically, from the computer science world, and from the artistic filmmaking animation world, and get them working together," explains John Lasseter, who is now chief creative officer of both Pixar and Disney Animation Studios. "That, right there, is probably the secret to Pixar." Pixar enabled employees to work together in several ways. First, the company relies on long-term employment relationships rather than short-term project contracts. These long-term relationships improve team development and social networks. "The problem with the Hollywood model is that it's generally the day you sign a contract that you realize you've finally figured out how to work together," says Randy Nelson, head of Pixar University. "We've made the leap from an idea-centered business to a people-centered business." Pixar's campus in Emeryville, California, is another reason why employees work well together. The buildings were designed to cluster people into teams yet also to encourage chance encounters with people from other projects. "When people rub into each other and make eye contact, innovative things happen," says Pixar director Randy Jed.

Pixar's egalitarian, no-nonsense, perfectionist culture is a third reason why the animation studio's staff members work effectively. The company gives power to its production teams rather than to senior executives, but these teams are also ruthless at writing and rendering scenes several times until they look right. All employees—from entry-level newcomers to the CEO—are encouraged to be creative and offer candid feedback about work in progress. Production teams have regular "in-between" sessions at which problems are discussed openly. Even the most successful films receive a "postmortem" to discover how they could have been improved. "Our job is to address problems even when we're successful," explains Pixar/Disney Animation president Ed Catmull, whose leadership is identified as the foundation of Pixar's unique culture.

OPENING VIGNETTE

Each chapter begins with an engaging opening vignette that sets the stage for the chapter. These brief but interesting case studies introduce students to critical issues, challenge their preconceptions, and highlight some of today's hottest companies.
LEARNING OBJECTIVES
A topical guide for the student, a list of Learning Objectives not only can be found at the beginning of each chapter, but correspondingly throughout chapter.

1. Define organizational behavior and organizations and discuss the importance of this field of inquiry.
2. Diagram an organization from an open-systems perspective.
3. Define intellectual capital and describe the organizational learning perspective of organizational effectiveness.
4. Diagnose the extent to which an organization or one of its work units applies high-performance work practices.
5. Explain how the stakeholder perspective emphasizes the importance of values, ethics, and corporate social responsibility.
6. Summarize the five types of individual behavior in organizations.
7. Debate the organizational opportunities and challenges of globalization, workforce diversity, and virtual work.
8. Discuss how employment relationships are changing and explain why these changes are occurring.
9. Discuss the anchors on which organizational behavior knowledge is based.

Learning Objectives
After reading this chapter, you should be able to:
1. Define organizational behavior and organizations and discuss the importance of this field of inquiry.
2. Diagram an organization from an open-systems perspective.
3. Define intellectual capital and describe the organizational learning perspective of organizational effectiveness.
4. Diagnose the extent to which an organization or one of its work units applies high-performance work practices.
5. Explain how the stakeholder perspective emphasizes the importance of values, ethics, and corporate social responsibility.
6. Summarize the five types of individual behavior in organizations.

After reading the next two sections, you should be able to:
2. Diagram an organization from an open-systems perspective.
3. Define intellectual capital and describe the organizational learning perspective of organizational effectiveness.
4. Diagnose the extent to which an organization or one of its work units applies high-performance work practices.
5. Explain how the stakeholder perspective emphasizes the importance of values, ethics, and corporate social responsibility.
6. Summarize the five types of individual behavior in organizations.
Hospitals Take the Lean Journey to Efficiency

Building Nissan automobiles seems unrelated to serving surgical patients, but staff at Sunderland Royal Hospital can see the similarities. The hospital in northern England recently borrowed several lean management ideas from the nearby Nissan factory, one of the most efficient car plants in Europe, to improve its day surgery unit. “We took [Sunderland hospital staff] on a tour of our plant, showing them a variety of lean processes in action, and let them decide which ones could be applied back at the hospital,” says a training manager at Nissan’s factory in Sunderland.

Sunderland’s day surgery staff members were actively involved in applying lean management to their work unit. After attending Nissan’s two-day workshop on lean thinking, they mapped out the work processes, questioned assumptions about the value or relevance of some activities, and discovered ways to reduce the lengthy patient wait times (which were up to three hours). There was some initial resistance and skepticism, but the hospital’s day surgery soon realized significant improvements in efficiency and service quality.

“By working with Nissan’s staff, we have streamlined the patient pathway from 29 to 11 discrete stages,” says Anne Fleming (shown in photo), who oversees Sunderland’s 32-bed day-case unit and its 54 employees. “We have done this by reducing duplication, halving the time that patients spend in the unit to three hours by giving them individual appointment times, and introducing the just-in-time approach to the patient pathway.” Fleming also reports that Sunderland’s operating rooms are now much more efficient.

Sunderland Royal Hospital is one of many health care centers around the world that are improving efficiency through lean thinking. After receiving training in Japan on lean practices, several teams of doctors, nurses, and other staff from Virginia Mason Medical Center in Seattle, Washington, redesigned workflows to cut out 34 miles of unnecessary walking each day. Park Nicollet Health Services in Minneapolis, Minnesota, improved efficiency at its ambulatory clinic to such an extent that the unit does not require a patient waiting area.

One Park Nicollet team worked with orthopedic surgeons to reduce by 60 percent the variety of instruments and supplies they ordered for hip and knee surgery. The trauma team at Minnesota, improved efficiency at its ambulatory clinic to such an extent that the unit does not require a patient waiting area. Park Nicollet Health Services in Minneapolis, Minnesota, improved efficiency at its ambulatory clinic to such an extent that the unit does not require a patient waiting area.

One Park Nicollet team worked with orthopedic surgeons to reduce by 60 percent the variety of instruments and supplies they ordered for hip and knee surgery. The trauma team at

Bolton Hospitals NHS Trust in the United Kingdom reduced average wait times for patients with fractured hips by 38 percent (from 2.4 to 1.7 days), which also resulted in a lower mortality rate for these patients. By smoothing out the inflow of work orders and rearranging the work process, Bolton’s pathology department cut the time required to process samples, previously 24 to 30 hours, to just 2 to 3 hours and reduced the space used by 50 percent.

“We know that our case for extra funding will fall on deaf ears unless we cut out waste in the system,” explains Dr. Gill Morgan, chief executive of the U.K.’s NHS Confederation. “Lean works because it is based on doctors, nurses, and other staff leading the process and telling us what adds value and what doesn’t. They are the ones who know.”

Google Attracts and Keeps Talent through “Cool” Campuses

Google is ranked by college students in many countries as one of the top places to work. One reason why the Internet technology company is able to attract so many applicants is that its workplaces look like every student’s dream of a college campus and dorm. Google’s headquarters (called Googleplex) in Mountain View, California, is outfitted with lava lamps, exercise balls, casual sofas, foozball, pool tables, workout rooms, video games, slides, and a restaurant with free gourmet meals. Google’s new EMEA engineering hub in Zurich, Switzerland, also boasts a fun, campuslike environment. These photos show a few areas of Google’s offices in Zurich, including private temporary workspaces in beehives and ski gondolas. Google’s offices are so comfortable that executives occasionally remind staff of building code regulations against making Google’s offices their permanent home.

Morgan, chief executive of the U.K.’s NHS Confederation.

“Lean works because it is based on doctors, nurses, and other staff leading the process and telling us what adds value and what doesn’t. They are the ones who know.”

Bolton Hospitals NHS Trust in the United Kingdom reduced average wait times for patients with fractured hips by 38 percent (from 2.4 to 1.7 days), which also resulted in a lower mortality rate for these patients. By smoothing out the inflow of work orders and rearranging the work process, Bolton’s pathology department cut the time required to process samples, previously 24 to 30 hours, to just 2 to 3 hours and reduced the space used by 50 percent.

“We know that our case for extra funding will fall on deaf ears unless we cut out waste in the system,” explains Dr. Gill Morgan, chief executive of the U.K.’s NHS Confederation. “Lean works because it is based on doctors, nurses, and other staff leading the process and telling us what adds value and what doesn’t. They are the ones who know.”

Sunderland Royal Hospital learned from the nearby Nissan factory how to implement lean management in its new day surgery unit.

Global Connections 1.1

Connections boxes connect OB concepts with real organizational incidents. Periodically, these boxes highlight organizational behavior issues around the world and are entitled Global Connections.
TEAM EXERCISES AND SELF-ASSESSMENTS

Experiential exercises and self-assessments represent an important part of the active learning process. Organizational Behavior, Fifth Edition, supports that learning process by offering team and class exercises in every chapter. Many of these learning activities are not available in other organizational behavior textbooks—for example, “Test Your Knowledge of Personality” (Chapter 2), “Cross-Cultural Communication Game” (Chapter 9), and “Contingencies of Conflict Handling” (Chapter 11). This edition also has three dozen self-assessments in the book or on the Online Learning Center. Self-assessments personalize the meaning of several organizational behavior concepts, such as extroversion/introversion, self-leadership, empathy, stress, creative disposition, and tolerance of change.

STRESS, CREATIVE DISPOSITION, AND TOLERANCE OF CHANGE

The chapter will focus on the meaning and implications of extroversion/introversion and other self-concept aspects that influence the individual's reaction to stress, creative disposition, and tolerance of change. A variety of self-assessments, such as personality inventories, might not be characteristic of you. Mark the box in parentheses that most accurately describes you. Then use the scoring key to score the statements and determine the extent to which you are introverted or extroverted.

INSTRUCTIONS: The statements in the scale below refer to personal characteristics that might or might not be characteristic of you. Circle the respond to each item in the scale below to which the statement accurately describes you. Then use the scoring key at the end of the scale to calculate your score. This exercise should be completed alone; you may not confer with anyone outside your own position or work unit; you must work independently.

### Self-Assessment 2.7

**ARE YOU INTROVERTED OR EXTROVERTED?**

**PURPOSE** This assessment is designed to help you determine the extent to which you are introverted or extroverted.

**INSTRUCTIONS** The statements in the scale below refer to personal characteristics that might or might not be characteristic of you. Circle the respond to each item in the scale below to which the statement accurately describes you. Then use the scoring key at the end of the scale to calculate your score. This exercise should be completed alone; you may not confer with anyone outside your own position or work unit; you must work independently.

### CRITICAL THINKING QUESTIONS

Critical Thinking Questions

1. An insurance company has high levels of absenteeism among its sales force. The head of human resources has decided to conduct a critical thinking exercise to determine the extent to which the company's ethics program and policies might be improved. What might be some of the ethical dilemmas that the company might need to consider in order to improve its ethics program and policies?

2. A large corporation has been facing significant ethical challenges in recent years. As a member of the company's ethics committee, you are tasked with identifying potential ethical dilemmas that the company might face in the future. What factors should you consider when identifying potential ethical dilemmas?

3. An employee at a local retail store has been found to be stealing merchandise from the store. What steps should be taken to address this situation, and how might the company's ethical policies and practices contribute to preventing future incidents of theft?

4. A multinational corporation is facing criticism for its labor practices in a foreign country. As a member of the company's ethical committee, you are tasked with assessing the potential ethical implications of the company's activities in this country. What factors should you consider when assessing the potential ethical implications of the company's activities?

5. A new CEO has been appointed to a struggling company. One of the first actions of the new CEO is to conduct a critical thinking exercise to identify potential ethical dilemmas that the company might face in the future. What steps should the CEO take to ensure that the exercise is conducted in a thorough and effective manner?

### ETHICS DILEMMA VIGNETTES

Team Exercise 2.6

**PURPOSE** This exercise is designed to make you aware of the ethical dilemmas faced by managers and to provide you with practice in handling such situations. The instructor will provide you with vignettes that present ethical dilemmas, and you will be asked to discuss the different aspects of the situation that make it an ethical dilemma. You will then be asked to work in your study group to come up with some possible solutions to the ethical dilemma.

**INSTRUCTIONS** Work in your study group to come up with possible solutions to the ethical dilemma. Write down your ideas and then discuss them with the rest of your study group.

CASE ONE: A manager in a large company is responsible for the sales department. The manager has noticed that some of the sales representatives are not meeting their sales targets. The manager is considering implementing a new sales incentive program, but she is concerned that this might create an ethical dilemma. What would be some ethical concerns that the manager might face in implementing the new sales incentive program?

CASE TWO: A company is facing a new tax law that will affect its costs. The company is considering implementing a new cost-cutting program, but it is concerned that this might create an ethical dilemma. What would be some ethical concerns that the company might face in implementing the new cost-cutting program?

CASE THREE: A manager is responsible for the human resources department at a large company. The manager has noticed that some of the employees are not following the company's policies and procedures. The manager is considering implementing a new policy that would require all employees to follow the policies and procedures, but she is concerned that this might create an ethical dilemma. What would be some ethical concerns that the manager might face in implementing the new policy?

CASE FOUR: A manager is responsible for the company's ethics program. The manager has noticed that some of the employees are not following the company's ethics policies. The manager is considering implementing a new ethics program, but she is concerned that this might create an ethical dilemma. What would be some ethical concerns that the manager might face in implementing the new ethics program?
BUSINESSWEEK CASE STUDIES

Found at the end of each chapter, BusinessWeek case studies introduce the online full-text article and provide critical thinking questions for class discussion or assignments. These cases encourage students to understand and diagnose real-world issues using organizational behavior knowledge. For example, one case study challenges students to identify and evaluate the strategies that Merck CEO Richard Clark has applied to transform the culture of the pharmaceutical company. Another case study asks students to explain design thinking to Procter & Gamble and to relate design thinking to the decision-making process in organizations.

Case Study 3.1  HY DAIRIES, INC.

Syl Gibson and the sample figures with a good deal of satisfaction. The vice president of marketing at Hy Dairies, Inc., a large supermarket chain in the southern United States, was pleased with the work. Sales volume and market share of the product had increased significantly over the past two quarters compared with the previous year.

The improved sales of Hy's ice cream could be credited to Rochelle Beauport, who was assigned to the gourmet ice cream brand last year. Beauport had joined Hy less than two years ago and had a promising career with the company. She was selected for the job as a food promotion. She was one of the few women in her marketing management at Hy Dairies and had a promising career with the company.

Gibson was pleased with Beauport's work and tried to be fair in this to the annual performance reviews. He was not on exactly opportune to himself by allowing the recently promoted female to develop her unique ideas. A few months later, the ice cream was added to the new line of products, and the marketing research conducted over the past several months showed that sales of Hy's gourmet ice cream were growing rapidly.

Rochelle Beauport had also seen the latest sales figures on Hy's gourmet ice cream, and was expectant Gibson's call to meet with her that morning. Gibson began the conversation by briefly reviewing the remarkable sales figures and then explaining that he wanted Beauport to take the marketing research coordinator job. Beauport was shocked at the news. She had been looking forward to a new challenge, and the position seemed like a step forward in her career.

After a long silence, Beauport managed a weak “Thank you, Mr. Gibson.” She was too bewildered to protest. She wanted to collect her thoughts and reflect on what she had done wrong. She needed to formulate his ideas for a step up in her career.

Gibson recognized Beauport's response, which he immediately understood as her positive response to hearing of this wonderful opportunity. He, too, had been delighted several years earlier about his temporary transfer to marketing research to study and analyze the new products. “This may be the first in a long line of other opportunities,” he said. Gibson was not sure how much longer he could afford to keep Beauport in the role of marketing research coordinator at Hy Dairies and had a promotional opening at the company.

Beauport was surprised with several ideas. She realized, however, that she was able to consider the job's events that evening. She was one of the top women in her professional group and her impressive performance that year had been noticed by senior management. She knew that Gibson's move was not a surprise but could not help feeling disappointed. She realized that working in marketing research coordinator at Hy Dairies was a key to her future career. Beauport was determined to make the most of the opportunity.

Beauport was the difficult decision of whether to confirm Gibson and to try to change Hy Dairies, and possibly find greater opportunities.

CHAPTER CASES AND ADDITIONAL END-OF-TEXT CASES

Each chapter includes at least one short case study that challenges students to diagnose issues and apply ideas from that chapter. One dozen additional cases appear at the end of the book. Several cases are new to this book and are written by instructors around the United States and from other countries. Other cases, such as Arctic Mining Consultants, are classics that have withstood the test of time.
Organizational Behavior, Fifth Edition, includes a variety of supplemental materials to help instructors prepare and present the material in this textbook more effectively.

**INSTRUCTOR’S CD-ROM**

The Instructor’s CD-ROM contains the Instructor’s Manual, the Test Bank, PowerPoint presentation slides, and additional downloads of art from the text.

**INSTRUCTOR’S MANUAL**

This is one of the few textbooks for which the authors write the Instructor’s Manual. This ensures that the instructor materials represent the textbook’s content and support instructor needs. Each chapter includes the learning objectives, glossary of key terms, a chapter synopsis, complete lecture outline with thumbnail images of corresponding PowerPoint slides, and suggested answers to the end-of-chapter discussion questions. Also included are teaching notes for the chapter case(s), team exercises, and self-assessments. The Instructor’s Manual also provides complete teaching notes for the additional cases.

**TEST BANK AND EZ TEST**

Revised by Floyd Ormsbee of Clarkson University, the Test Bank includes more than 2,400 multiple-choice, true/false, and essay questions. Each question identifies the relevant page reference and difficulty level.

**Assurance of Learning Ready**

Educational institutions are often focused on the notion of assurance of learning, an important element of many accreditation standards. Organizational Behavior is designed specifically to support your assurance-of-learning initiatives with a simple, yet powerful, solution. We’ve aligned our Test Bank questions with Bloom’s Taxonomy and AACSB guidelines, tagging each question according to its knowledge and skill areas.

Each Test Bank question for Organizational Behavior also maps to a specific chapter learning objective listed in the text. You can use our Test Bank software, EZ Test, to easily query for learning objectives that directly relate to the learning objectives for your course. You can use the reporting features of EZ Test to aggregate student results in a similar fashion, making the collection and presentation of assurance-of-learning data quick and easy.

**AACSB Statement**

McGraw-Hill Companies is a proud corporate member of AACSB International. Understanding the importance and value of AACSB accreditation, the authors of Organizational Behavior have sought to recognize the curricular guidelines detailed in the AACSB standards for business accreditation by connecting selected questions in the Test Bank to the general knowledge and skill guidelines found in the AACSB standards.
The statements contained in *Organizational Behavior* are provided only as a guide for the users of this text. The AACSB leaves content coverage and assessment clearly within the realm and control of individual schools, the mission of the school, and the faculty. The AACSB also charges schools with the obligation of doing assessment against their own content and learning goals. While *Organizational Behavior* and the teaching package make no claim of any specific AACSB qualification or evaluation, we have, within *Organizational Behavior*, labeled selected questions according to the six general knowledge and skill areas. The labels or tags within *Organizational Behavior* are as indicated. There are, of course, many more within the Test Bank, the text, and the teaching package that may be used as a standard for your course.

**EZ Test Online**

McGraw-Hill's *EZ Test Online* is a flexible and easy-to-use electronic testing program. The program allows instructors to create tests from book-specific items, accommodates a wide range of question types, and enables instructors to even add their own questions. Multiple versions of a test can be created, and any test can be exported for use with course management systems such as WebCT and BlackBoard or with any other course management system. EZ Test Online is accessible to busy instructors virtually anywhere via the Web, and the program eliminates the need for them to install test software. Utilizing EZ Test Online also allows instructors to create and deliver multiple-choice or true/false quiz questions using iQuiz for iPod. For more information about EZ Test Online, please see the Web site at www.eztestonline.com.

**POWERPOINT PRESENTATION SLIDES**

*Organizational Behavior* has received considerable praise for its professional-looking PowerPoint slides. Each PowerPoint file has more than two dozen slides relating to the chapter, including two or more photographs from the textbook.

**MBTI at Southwest Airlines**

Southwest Airlines uses the Myers-Briggs Type Indicator (MBTI) to help staff understand and respect co-workers' different personalities. "You can walk by and see someone's four-letter [MBTI type] posted up in their cube," says Southwest's leadership development director, Elizabeth Bryant (shown here).

**Functions of Strong Corporate Cultures**

- Control system
- Social glue
- Sense-making

Culture strength advantages depend on:
- Environment fit
- Not cult-like
- Adaptive culture

**Organizational Outcomes**

- Org performance
- Employee well-being
MCGRAW-HILL’S ASSET GALLERY—NEW!

McGraw-Hill/Irwin Management is excited to now provide a one-stop shop for our wealth of assets, making it super quick and easy for instructors to locate specific materials to enhance their course. The Asset Gallery includes all our non–text-specific management resources (Self-Assessments, Test Your Knowledge exercises, videos and information, additional group and individual exercises) along with supporting PowerPoint and Instructor’s Manual materials. Additionally, to help incorporate the assets in the classroom, a guide is provided specific to McGraw-Hill/Irwin texts. Instructors can reach the Asset Gallery through a link from the instructor area of the Online Learning Center.

GROUP AND VIDEO RESOURCE MANUAL: An Instructor’s Guide to an Active Classroom (in print 0073044342 or online through the OLC)

This manual created for instructors contains everything needed to successfully integrate activities into the classroom. It includes a menu of items to use as teaching tools in class. All of our self-assessment exercises, Test Your Knowledge quizzes, group exercises, and Manager’s HotSeat exercises are located in this one manual along with teaching notes and PowerPoint slides to use in class. Group exercises include everything you would need to use the exercise in class—handouts, figures, etc.

This manual is organized into 25 topics such as ethics, decision-making, change, and leadership for easy inclusion in your lecture. A matrix is included at the front of the manual that references each resource by topic. Students access all of the exercises and self-assessments on their textbook’s Web site.

MANAGER’S HOT SEAT ONLINE: www.mhhe.com/MHS

In today’s workplace, managers are confronted daily with issues such as ethics, diversity, working in teams, and the virtual workplace. The Manager’s Hot Seat is interactive software that allows students to watch video of 15 real managers as they apply their years of experience to confront these issues.
Students assume the role of the manager as they watch the video and answer multiple-choice questions that pop up, forcing them to make decisions on the spot. They learn from the manager's mistakes and successes, and then prepare a report that evaluates and critiques the manager's approach and justification of that approach.

Reports can be e-mailed or printed out for credit. These video segments are a powerful tool for your course that truly immerses your students in the learning experience. Students can obtain access through the Online Learning Center by purchasing the Premium Content for an additional $10.00. Ask your sales representative for more information.

VIDEO POSSIBILITIES

Organizational Behavior, Fifth Edition, provides a full complement of videos to liven up the classroom experience.

The new video case collection features PBS, NBC, BWTV, and original productions that relate to examples and cases in the text. It includes segments such as:
- Wal-Mart's Public Image Campaign
- Clockless Office: Best Buy's ROWE Program
- Team Work: Team Activities for Co-Workers

Management in the Movies is available exclusively to adopters of McGraw-Hill textbooks and contains a collection of "Big Screen" Hollywood films that students will recognize. Each movie has been clipped to highlight a specific scene (each is less than two and a half minutes) and is linked to specific topics. Some of the topics include:
- Groups—13 Going On 30
- Ethics—John Q
- Diversity—Inside Man
- Attitudes, values, culture—Hoosiers
- Control and change—Gung Ho

Along with the DVD, McGraw-Hill provides an instructor manual (at the Online Learning Center) with suggestions for usage of the video clips, clip summaries, and discussion questions to accompany each segment. Ask your McGraw-Hill sales representative how to obtain a copy.
ONLINE LEARNING CENTER

Organizational Behavior offers a comprehensive and user-friendly Online Learning Center (OLC). The site includes practice questions in a format similar to that found in the Test Bank, links to relevant external Web sites, additional cases, and other valuable resources for students, such as:

- **Self-scoring self-assessments.** The three dozen self-assessments summarized in this book are available at the OLC, which allows for rapid self-scoring results, complete with detailed feedback.
- **Additional cases.** In addition to the cases provided in this textbook, the OLC offers many others that instructors might assign for class or home assignments.
- **Additional self-assessments.** From the Build Your Management Skills collection, these assessments are for students who want to delve deeper into self-awareness and for professors who'd like to choose additional exercises, along with a matrix to identify the appropriate topic.
- **Manager's Hot Seat Online.** [www.mhhe.com/mhs](http://www.mhhe.com/mhs).

TEGRITY CAMPUS

Tegrity Campus is a service that makes class time available all the time by automatically capturing every lecture in a searchable format for students to review when they study and complete assignments. With a simple one-click start and stop process, you capture all computer screens and corresponding audio. Students replay any part of any class with easy-to-use browser-based viewing on a PC or Mac.

Educators know that the more students can see, hear, and experience class resources, the better they learn. With Tegrity Campus, students quickly recall key moments by using Tegrity Campus’s unique search feature. This search helps students efficiently find what they need, when they need it, across an entire semester of class recordings. Help turn all your students’ study time into learning moments immediately supported by your lecture.

To learn more about Tegrity, watch a 2-minute Flash demo at [http://tegritycampus.mhhe.com](http://tegritycampus.mhhe.com).
Have you ever worked on a high-performance team where everything just seems to “click”? We have—on this fifth edition of *Organizational Behavior*! Sure, we spent plenty of time alone writing and researching for this book, and of course there were challenges along the way. But it is always amazing how teamwork really does make a difference. Several people provided valued expertise to smooth out the rough spots of writing, search out the most challenging photos, create a fantastic design, develop the various forms of student and instructor support, and pull together these many pieces into a comprehensive textbook. This teamwork is even more amazing when you consider that most of the team members live throughout the United States and one of the authors (Steve) spends most of his time on the other side of the world.

Executive editor John Weimeister led the way with unwavering enthusiasm and foresight. Senior developmental editor Christine (Chipper) Scheid demonstrated superhuman skills at coordinating the volumes of e-mails and files that produced this edition. Sue Gottfried was an amazing copy editor, catching the most subtle errors and improving the authors’ writing. Christine Vaughan, our lead project manager, was another true professional as she guided the book through its production schedule. Jennifer Blankenship, our photo researcher, continued to raise the bar at finding the best photos, including obscure images that we thought no one could possibly track down. Pam Kontopoulos created a design that represents the philosophy and style of this book. The eye-catching cover particularly captures the “dynamic flow” of well-performing contemporary organizations. Finally, marketing manager Natalie Zook created information packages and marketing materials to help McGraw-Hill/Irwin’s superb sales team. These professionals help instructors to discover that this book really does deliver the content and support needed for an excellent learning experience. Thanks to you all. This has been an exceptional team effort!

As was mentioned earlier, several dozen instructors around the world reviewed parts or all of *Organizational Behavior*, Fifth Edition, or related editions in Canada, the Pacific Rim, and elsewhere over the past two years. Their compliments were energizing, and their suggestions significantly improved the final product. The following people from U.S. colleges and universities provided the most recent feedback for improvements specifically for *Organizational Behavior*, Fifth Edition:

<table>
<thead>
<tr>
<th>Forrest Aven</th>
<th>Nathan Goates</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>University of Houston—Downtown</em></td>
<td><em>Shipensburg University of Pennsylvania</em></td>
</tr>
<tr>
<td>Prasad Balkundi</td>
<td>Kanata Jackson</td>
</tr>
<tr>
<td><em>State University of New York—Buffalo</em></td>
<td><em>Hampton University</em></td>
</tr>
<tr>
<td>Kathleen Bates</td>
<td>Gary Kohut</td>
</tr>
<tr>
<td><em>California State University—San Marcos</em></td>
<td><em>University of North Carolina—Charlotte</em></td>
</tr>
<tr>
<td>Lehman Benson</td>
<td>Jerry Kopf</td>
</tr>
<tr>
<td><em>University of Arizona</em></td>
<td><em>Radford University</em></td>
</tr>
<tr>
<td>Sandra Deacon-Carr</td>
<td>Karthik Namasivayam</td>
</tr>
<tr>
<td><em>Boston University</em></td>
<td><em>Pennsylvania State University—University Park</em></td>
</tr>
<tr>
<td>Diane Galbraith</td>
<td>Howard Rudd</td>
</tr>
<tr>
<td><em>Slippery Rock University of Pennsylvania</em></td>
<td><em>College of Charleston</em></td>
</tr>
</tbody>
</table>

We also extend our sincere thanks to Floyd Ormsbee, Clarkson University, for his exceptional work on revision of the Test Bank. We also extend our gratitude to the
Acknowledgments

many instructors in the United States and abroad who contributed cases and exercises to this edition of *Organizational Behavior*.

Steve would also like to extend special thanks to his students in Perth, Manila, and Singapore for sharing their learning experiences and assisting with the development of the three organizational behavior textbooks in the United States, Canada, and the Pacific Rim. Along with working with Mary Ann, Steve is honored to work with co-authors on other editions and translations of this book, including Professor Mara Olekalns at the University of Melbourne and Professor Tony Travaglione at Curtin University for the Pacific Rim edition, Sandra Steen at the University of Regina for the Canadian edition, Professor Radha Sharma at MDI for the Indian edition, Professor Runtian Jing at UESTC for the Chinese edition, and Professor Charles Benabou at UQAM for the Quebec French edition. Steve is also very grateful to his colleagues at the University of Western Australia for their support during changing times. But more than anything else, Steve is forever indebted to his wife Donna McClement and to their wonderful daughters, Bryton and Madison. Their love and support give special meaning to Steve’s life.

Mary Ann would also like to acknowledge the many professionals at McGraw-Hill/Irwin who have worked to make the Fifth Edition a reality. In addition, she would like to thank the many, many students who have used and hopefully enjoyed this book. Student appreciation of this book is apparent by the number of times Mary Ann has been stopped on various campuses all over the world by students who say that they recognize her picture and want to thank her! There are a few who have actually asked for Mary Ann’s autograph, and that did not happen when she was president of the Academy of Management! Thus, it is to the students that Mary Ann says thank you, particularly for making this learning venture fun and exciting. She would also like to thank the faculty and staff at Florida International University, as well as her CIBER staff: Sonia, Juan, and Kranthi. By far and away, Mary Ann thanks co-author Steve McShane for his tireless efforts. Finally, Mary Ann would like to thank her family, starting with the immediate ones—Emma, Zack, and Googun—but also John, Rhoda, Lauren, Lindsay, and Christy. She also wants to acknowledge the critical role that some very special people play in her life: Janet, Peter, Bill, Karen, Alan, Danny, Debra, Mary, and Linda. I thank you all!
Organizational Behavior
Emerging Knowledge and Practice for the Real World
One of Robert Iger’s first tasks as Walt Disney Co.’s new CEO was to acquire Pixar Animation Studios and put its leaders—John Lasseter (shown in this photo) and Ed Catmull—in charge of Disney’s own animation unit, Walt Disney Animation Studios. The studio that brought us Mickey Mouse and The Lion King had become moribund over the past decade, eclipsed by Pixar’s award-winning productions. Disney already had lucrative distribution rights to Pixar’s first five films, including any sequels, but Iger wanted something much more valuable. He wanted the organizational behavior practices that have made Pixar a powerhouse filmmaker, from Toy Story to Wall-E.

Pixar’s success is founded on the notion that companies depend on the quality of their employees and how well they collaborate with each other. “From the very beginning, we recognized we had to get the best people, technically, from the computer science world, and from the artistic filmmaking animation world, and get them working together,” explains John Lasseter, who is now chief creative officer of both Pixar and Disney Animation Studios. “That, right there, is probably the secret to Pixar.”

Pixar enables people to work together in several ways. First, the company relies on long-term employment relationships rather than short-term project contracts. These long-term relationships improve team development and social networks. “The problem with the Hollywood model is that it’s generally the day you wrap production that you realize you’ve finally figured out how to work together,” says Randy Nelson, head of Pixar University. “We’ve made the leap from an idea-centered business to a people-centered business.” Pixar’s campus in Emeryville, California, is another reason why employees work well together. The buildings were designed to cluster people into teams yet also to encourage chance encounters with people from other projects. “When people run into each other and make eye contact, innovative things happen,” says Pixar director Brad Bird.

Pixar’s egalitarian, no-nonsense, perfectionist culture is a third reason why the animation studio’s staff members work effectively. The company gives power to its production teams rather than to senior executives, but these teams are also ruthless at writing and rendering scenes several times until they look right. All employees—from entry-level newcomers to the CEO—are encouraged to be creative and offer candid feedback about work in progress. Production teams have regular “sweatbox” sessions at which problems are discussed openly. Even the most successful films receive a “postmortem” to discover how they could have been improved. “Our job is to address problems even when we’re successful,” explains Pixar/Disney Animation president Ed Catmull, whose leadership is identified as the foundation of Pixar’s unique culture. 1
1. Define organizational behavior and organizations and discuss the importance of this field of inquiry.
2. Diagram an organization from an open-systems perspective.
3. Define intellectual capital and describe the organizational learning perspective of organizational effectiveness.
4. Diagnose the extent to which an organization or one of its work units applies high-performance work practices.
5. Explain how the stakeholder perspective emphasizes the importance of values, ethics, and corporate social responsibility.
6. Summarize the five types of individual behavior in organizations.
7. Debate the organizational opportunities and challenges of globalization, workforce diversity, and virtual work.
8. Discuss how employment relationships are changing and explain why these changes are occurring.
9. Discuss the anchors on which organizational behavior knowledge is based.
Collaboration, motivation, communication, creativity, empowerment, organizational learning, leadership—these are some of the organizational behavior concepts behind the success of Pixar Animation Studios and other companies. They are also some of the topics featured in this book. Our main objective is to help you understand behavior in organizations and to work more effectively in organizational settings. We begin in this chapter by introducing the field of organizational behavior and explaining why knowledge of this field is important to organizations as well as to your career. Next, the chapter describes the four main perspectives of organizational effectiveness, which is considered the “ultimate dependent variable” in organizational behavior. This is followed by an overview of the five main types of individual behavior in organizations. This chapter also describes three challenges facing organizations—globalization, increasing workforce diversity, and emerging employment relationships—and highlights the anchors that guide organizational behavior knowledge development.

Learning Objectives

After reading this section, you should be able to:
1. Define organizational behavior and organizations and discuss the importance of this field of inquiry.

The Field of Organizational Behavior

Organizational behavior (OB) is the study of what people think, feel, and do in and around organizations. Its focus is on employee behavior, decisions, perceptions, and emotional responses. It looks at how individuals and teams in organizations relate to each other and to their counterparts in other organizations. OB also encompasses the study of how organizations interact with their external environments, particularly in the context of employee behavior and decisions. OB researchers systematically study these topics at multiple levels of analysis, namely, the individual, team (including interpersonal), and organization.  

The definition of organizational behavior begs the question: What are organizations? Organizations are groups of people who work interdependently toward some purpose. Notice that organizations are not buildings or government-registered entities. In fact, many organizations exist without either physical walls or government documentation to confer their legal status. Organizations have existed for as long as people have worked together. Massive temples dating back to 3500 BC were constructed through the organized actions of multitudes of people. Craftspeople and merchants in ancient Rome formed guilds, complete with elected managers. More than 1,000 years ago, Chinese factories were producing 125,000 tons of iron each year. Throughout history, organizations have consisted of people who communicate, coordinate, and collaborate with each other to achieve common objectives.

One key feature of organizations is that they are collective entities. They consist of human beings (typically, but not necessarily, employees), and these people interact with each other in an organized way. This organized relationship requires some minimal level of communication, coordination, and collaboration to achieve organizational objectives. As such, all organizational members have degrees of interdependence with each other; they accomplish goals by sharing materials, information, or expertise with co-workers.

A second key feature of organizations is that their members have a collective sense of purpose. There is some debate among OB experts about whether all organizations
really have a collective sense of purpose. The collective purpose isn’t always well defined or agreed on. Furthermore, although most companies have vision and mission statements, these documents are sometimes out of date or don’t describe what employees and leaders try to achieve in reality. These points may be true, but imagine an organization without goals: It would consist of a mass of people wandering around aimlessly without any sense of direction. So, whether they are producing animated feature films at Pixar Animation Studios or designing and building automobiles at General Motors, organizational members do have some sense of collective purpose. “A company is one of humanity’s most amazing inventions,” says Steven Jobs, CEO of Apple, Inc. (and former CEO of Pixar Animation Studios). “It’s totally abstract. Sure, you have to build something with bricks and mortar to put the people in, but basically a company is this abstract construct we’ve invented, and it’s incredibly powerful.”

Organizational Behavior’s Foundations
Organizational behavior emerged as a distinct field around the 1940s, but organizations have been studied by experts in other fields for many centuries. For example, the Greek philosopher Plato wrote about the essence of leadership. Around the same time, the Chinese philosopher Confucius extolled the virtues of ethics and leadership. In 1776, Adam Smith advocated a new form of organizational structure based on the division of labor. One hundred years later, German sociologist Max Weber wrote about rational organizations, the work ethic, and charismatic leadership. Soon after, industrial engineer Frederick Winslow Taylor proposed new ways to organize employees and motivate them through goal setting and rewards. In the 1920s, Elton Mayo and his colleagues reported on how formal and informal group dynamics operate in the workplace. During that same time, Mary Parker Follett pioneered new ways of thinking about several OB topics, including constructive conflict, team dynamics, organizational democracy, power, and leadership. A decade later, Chester Barnard wrote insightful views regarding individual behavior, motivation, communication, leadership and authority, and team dynamics in organizational settings. This brief historical tour indicates that OB has been around for a long time; it just wasn’t organized into a unified discipline until after World War II.

Why Study Organizational Behavior?
Organizational behavior instructors face a challenge: On the one hand, students just beginning
their careers tend to value courses related to specific jobs, such as accounting and marketing. However, OB doesn’t have a specific career path—there is no “vice president of OB”—so these students sometimes have difficulty recognizing the value that OB knowledge can offer to their future. On the other hand, students with several years of work experience place OB near the top of their list of important courses. Why? Because they have directly observed that OB does make a difference to their career success. To begin with, they have learned that OB theories help us to make sense of the workplace. These theories also give us the opportunity to question and rebuild our personal mental models that have developed through observation and experience. Thus, OB is important because it helps to fulfill our need to understand and predict the world in which we live.

But the main reason why people with work experience value OB knowledge is that they have discovered how it helps them to get things done in organizations. This practical side of organizational behavior is, according to some experts, a critical feature of the best OB theories. Everyone in the organization needs to work with other people, and OB provides the knowledge and tools for working with and through others. Building a high-performance team, motivating co-workers, handling workplace conflicts, influencing your boss, and changing employee behavior are just a few of the areas of knowledge and skills offered in organizational behavior. No matter what career path you choose, you’ll find that OB concepts play an important role in performing your job and working more effectively within organizations.

Organizational Behavior Is for Everyone Our explanation of why organizational behavior is important for your career success does not assume that you are, or intend to be, a manager. In fact, this book pioneered the notion that OB knowledge is for everyone. Whether you are a geologist, financial analyst, customer service representative, or chief executive officer, you need to understand and apply the many organizational behavior topics that are discussed in this book. Yes, organizations will continue to have managers, but their roles have changed and the rest of us are increasingly expected to manage ourselves in the workplace. In the words of one forward-thinking OB writer many years ago: Everyone is a manager.

OB and the Bottom Line So far, our answer to the question “Why study OB?” has focused on how OB benefits you as an individual. But organizational behavior knowledge is just as important for the organization’s financial health. This was apparent in the opening story about Pixar Animation Studios, which has benefited from several OB concepts and practices. According to one estimate, firms that apply performance-based rewards, employee communication, work–life balance, and other OB practices have three times the level of financial success that companies have where these practices are absent. Another study concluded that companies that earn “the best place to work” awards have significantly higher financial and long-term stock market performance. Essentially, these firms leverage the power of OB practices, which translate into more favorable employee attitudes, decisions, and performance. The benefits of OB are well known to Warren Buffett and other financial gurus; they consider the organization’s leadership and quality of employees as two of the best predictors of the firm’s financial potential.
Chapter 1 Introduction to the Field of Organizational Behavior

After reading the next two sections, you should be able to:

2. Diagram an organization from an open-systems perspective.
3. Define *intellectual capital* and describe the organizational learning perspective of organizational effectiveness.
4. Diagnose the extent to which an organization or one of its work units applies high-performance work practices.
5. Explain how the stakeholder perspective emphasizes the importance of values, ethics, and corporate social responsibility.
6. Summarize the five types of individual behavior in organizations.

Perspectives of Organizational Effectiveness

Almost all organizational behavior theories have the implicit or explicit objective of making organizations more effective. Indeed, organizational effectiveness is considered the “ultimate dependent variable” in organizational behavior. The first challenge, however, is to define *organizational effectiveness*. Experts agree that this topic is burdened with too many labels—organizational performance, success, good-ness, health, competitiveness, excellence, and so on—with no consensus on the meaning of each label.

Long ago, organizational effectiveness was defined as the extent to which an organization achieved its stated goals. According to this view, Pixar is effective because it achieves its stated objective of producing animation features on time, on budget, and on target regarding box office sales. The goal attainment view is no longer accepted, however, because a company can be considered effective simply by establishing easily achievable goals. Also, some goals—such as social responsibility to the community—are so abstract that it is difficult to know how well the organization has achieved them. A third flaw with the goal attainment definition is that a company’s stated objectives might threaten its long-term survival. For example, some corporate leaders receive incentives (such as stock options) to maximize short-term profits. Some accomplish this objective by slashing expenditures, including funds for marketing and product development. The result is often a lack of new products and deterioration in the company’s brand value in the long run. In extreme cases, the company achieves its short-term profitability targets but eventually goes out of business.

How is organizational effectiveness defined today? The answer is that there are several perspectives of effectiveness, so this concept is defined in terms of *all of these perspectives*. Organizations are considered effective when they have a good fit with their external environment, when their internal subsystems are configured for a high-performance workplace, when they are learning organizations, and when they satisfy the needs of key stakeholders. Over the next few pages, we will discuss each of these four perspectives of organizational effectiveness in some detail.

Open-Systems Perspective

The open-systems perspective of organizational effectiveness is one of the earliest and deeply entrenched ways of thinking about organizations. In fact, the other major organizational effectiveness perspectives might be considered detailed extensions of...
As depicted in Exhibit 1.1, the open-systems perspective views organizations as complex organisms that “live” within an external environment. The word _open_ describes this permeable relationship, whereas _closed_ systems can exist without dependence on an external environment.

As open systems, organizations depend on the external environment for resources, including raw materials, employees, financial resources, information, and equipment. Pixar, Disney, and other companies could not survive without employees, raw materials, knowledge, and so forth. The open-systems perspective also describes numerous subsystems within the organization, such as processes (communication and reward systems), work units (production, marketing), and social dynamics (informal networks, power relationships). With the aid of technology (such as equipment, work methods, and information), these subsystems transform inputs into various outputs. Some outputs (e.g., products and services) may be valued by the external environment, whereas other outputs (e.g., employee layoffs, pollution) have adverse effects. The organization receives feedback from the external environment regarding the value of its outputs and the availability of future inputs.

According to the open-systems perspective, successful organizations monitor their environments and are able to maintain a close fit with changing conditions. One way they do this is by finding new opportunities to secure essential inputs. For instance, many fast-food restaurants struggle to find enough employees. To ensure that it has enough qualified staff, McDonald’s restaurants were among the first to recruit retirees. More recently, McDonald’s UK introduced the “family contract,” an employment arrangement that allows members of the employee’s family (spouses, grandparents, and children over the age of 16) to swap shifts without notifying management. Successful organizations also redesign outputs so that they remain compatible with demands from the external environment. Food manufacturers have changed their ingredients to satisfy more health-conscious consumers. Automobile manufacturers have redesigned cars to...
satisfy demands for more fuel efficiency and safety, while also continually adapting to
customer preferences in models and styling.

**Internal-Subsystems Effectiveness** The open-systems perspective considers more
than an organization’s fit with the external environment. It also examines how well the
organization operates internally, that is, how well it transforms inputs into outputs. The
most common indicator of this internal transformation process is organizational
efficiency (also called productivity), which is the amount of outputs relative to inputs. 20
Companies that produce more goods or services with less labor, materials, and energy
are more efficient.

A popular strategy for improving efficiency in the transformation process is lean
management. 21 Based on practices developed by Toyota Motor Company, lean
management involves continuously reducing waste, unevenness, and overburden in
the production process. Waste (called muda) takes many forms, such as excess travel
of the product or service through the production process, too much time during
which the work is sitting idle (waiting for the next step in production), too much inventory,
too much employee physical movement, and too much finished product without a buyer. Lean management also involves minimizing situations in which people and equipment are overloaded (too much demand per unit time) and smoothing out the production process (e.g., reducing bottlenecks). The “lean” movement originated in manufacturing, but it is now being adopted by hospitals, government, accounting firms, and other service providers. 22 Global Connections 1.1 describes how British and American hospitals have improved efficiency and effectiveness through various lean practices.

Keep in mind that efficiency does not necessarily translate into effectiveness. Efficiency is about doing things right, whereas effectiveness is about doing the right things. A company might be highly efficient at making a product or providing a service, but it will be ineffective if no one wants that product or service, for example. Also, efficiency often requires standardization, whereas companies operating in rapidly changing environments need to remain nimble and responsive. Organizations often need more adaptive and innovative transformation processes, not just more efficient ones. For example, German engineering conglomerate Siemens AG has an effective transformation process because its subsystems are innovative and responsive, not necessarily the most efficient. “Whether I have additional costs or not doesn’t matter as much as the speed to market and the quality of the design,” says a Siemens executive. “We’re not talking about a pure cost game.” 23

Another important issue in the transformation process is how well the organiza-
tion’s subsystems coordinate with each other. The more each subsystem depends on
other subsystems, the higher the risk of problems that undermine the transformation
process. 24 Information gets lost, ideas are not shared, materials are hoarded, commu-
nication messages are misinterpreted, resources and rewards are distributed unfairly,
and so forth. These coordination challenges are amplified as organizations grow, such
as when employees are clustered into several departments and when departments are
clustered into several organizational divisions. That’s why even the best-laid plans are
paved with unintended consequences. A slight change in work practices in one sub-
system may ripple through the organization and affect other subsystems in adverse
ways. For example, an adjustment in accounting procedures might have the unin-
tended effect of motivating sales staff to sell more products with lower profit margin
or discouraging administrative staff from accurately completing documents that are
vital for executive decisions.
Hospitals Take the Lean Journey to Efficiency

Building Nissan automobiles seems unrelated to serving surgical patients, but staff at Sunderland Royal Hospital can see the similarities. The hospital in northern England recently borrowed several lean management ideas from the nearby Nissan factory, one of the most efficient car plants in Europe, to improve its day surgery unit. “We took [Sunderland hospital staff] on a tour of our plant, showing them a variety of lean processes in action, and let them decide which ones could be applied back at the hospital,” says a training manager at Nissan’s factory in Sunderland.

Sunderland’s day surgery staff members were actively involved in applying lean management to their work unit. After attending Nissan’s two-day workshop on lean thinking, they mapped out the work processes, questioned assumptions about the value or relevance of some activities, and discovered ways to reduce the lengthy patient wait times (which were up to three hours). There was some initial resistance and skepticism, but the hospital’s day surgery soon realized significant improvements in efficiency and service quality.

“By working with Nissan’s staff, we have streamlined the patient pathway from 29 to 11 discrete stages,” says Anne Fleming (shown in photo), who oversees Sunderland’s 32-bed day-case unit and its 54 employees. “We have done this by reducing duplication, halving the time that patients spend in the unit to three hours by giving them individual appointment times, and introducing the just-in-time approach to the patient pathway.” Fleming also reports that Sunderland’s operating rooms are now much more efficient.

Sunderland Royal Hospital is one of many health care centers around the world that are improving efficiency through lean thinking. After receiving training in Japan on lean practices, several teams of doctors, nurses, and other staff from Virginia Mason Medical Center in Seattle, Washington, redesigned workflows to cut out 34 miles of unnecessary walking each day. Park Nicollet Health Services in Minneapolis, Minnesota, improved efficiency at its ambulatory clinic to such an extent that the unit does not require a patient waiting area. One Park Nicollet team worked with orthopedic surgeons to reduce by 60 percent the variety of instruments and supplies they ordered for hip and knee surgery. The trauma team at Bolton Hospitals NHS Trust in the United Kingdom reduced average wait times for patients with fractured hips by 38 percent (from 2.4 to 1.7 days), which also resulted in a lower mortality rate for these patients. By smoothing out the inflow of work orders and rearranging the work process, Bolton’s pathology department cut the time required to process samples, previously 24 to 30 hours, to just 2 to 3 hours and reduced the space used by 50 percent.

“We know that our case for extra funding will fall on deaf ears unless we cut out waste in the system,” explains Dr. Gill Morgan, chief executive of the U.K.’s NHS Confederation. “Lean works because it is based on doctors, nurses, and other staff leading the process and telling us what adds value and what doesn’t. They are the ones who know.”

Organizational Learning Perspective

The open-systems perspective has traditionally focused on physical resources that enter the organization and are processed into physical goods (outputs). This was representative of the industrial economy but not the “new economy,” where the most valued input is knowledge. Knowledge is the driver of competitive advantage,
however, in the organizational learning perspective (also called knowledge management). Through this lens, organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge. Knowledge acquisition occurs when information is brought into the organization from the external environment. This can include hiring people, acquiring companies, and scanning the environment for the latest trends. It also includes the process of creative insight—experimenting and discovering new ideas. Knowledge sharing refers to the distribution of knowledge throughout the organization. For example, Pixar Animation Studios deliberately centralized its cafeteria, mailroom, and restroom facilities so that employees would “bump into” and coincidentally share knowledge with people from other areas of the organization rather than just their own team members. Knowledge sharing also occurs through electronic whiteboards, wikis, blogs, and other computer-mediated technology. Knowledge use is the application of knowledge to organizational processes in ways that improve the organization’s effectiveness. Essentially, new work activities involve knowledge use because they require the application of new knowledge to break out of past routines and practices. Storage refers to ways that companies retain valuable knowledge. They retain employees, document best practices, record experiments (including those that didn’t work out), and keep samples of past products.

To understand knowledge acquisition, sharing, use, and storage, consider how Google engages in organizational learning. The company that brought us the ubiquitous Internet search engine acquires knowledge by hiring the best talent, buying entire companies (such as Keyhole, Inc., whose knowledge created Google Earth), and encouraging employees to try out new ideas. Employees are expected to devote 20 percent of their time to discovering new knowledge of their choosing. Google encourages knowledge sharing in many ways. It has a team-oriented project culture that encourages staff to share information as part of their job. Its campuslike environment (called the Googleplex) increases the chance that employees from different parts of the organization will mingle and casually share information, whether dining at the company’s subsidized gourmet restaurant or playing a game of volleyball in the sports area. Google also relies on sophisticated information technologies—wikis, blogs, and intranet repositories—to support knowledge sharing. Along with promoting knowledge acquisition and sharing, Google encourages knowledge use by giving employees the freedom to apply their newfound knowledge and encouraging them to experiment with that knowledge. “Google is truly a learning organization,” says Google’s chief financial officer, George Reyes.

An interesting dilemma in organizational learning is that the ability to acquire, share, and use new knowledge is limited by the company’s existing store of knowledge. To recognize the value of new information, assimilate it, and use it for value-added activities, organizations require sufficient absorptive capacity. For example, many companies were slow to develop online marketing practices because no one in the organization had enough knowledge about the Internet to fathom its potential or apply that knowledge to the company’s business. In some cases, companies had to acquire entire teams of people with the requisite knowledge to realize the potential of this marketing channel. Entire countries also suffer from a lack of absorptive capacity. Without sufficient knowledge, a society is slow or completely unable to adopt new information that may improve social and economic conditions.

Intellectual Capital: The Stock of Organizational Knowledge Knowledge acquisition, sharing, and use represent the flow of knowledge. The organizational
learning perspective also considers the company’s stock of knowledge, called its **intellectual capital**. The most obvious form of intellectual capital is **human capital**—the knowledge, skills, and abilities that employees carry around in their heads. This is an important part of a company’s stock of knowledge, and it is a huge risk in companies where knowledge is the main competitive advantage. When key people leave, they take with them some of the knowledge that makes the company effective.

Even if every employee left the organization, intellectual capital would still remain in the form of **structural capital**. This includes the knowledge captured and retained in an organization’s systems and structures, such as the documentation of work procedures and the physical layout of the production line. Structural capital also includes the organization’s finished products because knowledge can be extracted by taking them apart to discover how they work and are constructed (i.e., reverse engineering). Finally, intellectual capital includes **relationship capital**, which is the value derived from an organization’s relationships with customers, suppliers, and others who provide added mutual value for the organization.

**Organizational Memory and Unlearning**

Corporate leaders need to recognize that they are the keepers of an **organizational memory**. This unusual metaphor refers to the storage and preservation of intellectual capital. It includes knowledge that employees possess as well as knowledge embedded in the organization’s systems and structures. It includes documents, objects, and anything else that provides meaningful information about how the organization should operate.

How do organizations retain intellectual capital? One way is by keeping good employees. Progressive companies achieve this by adapting their employment practices to become more compatible with emerging workforce expectations, including work–life balance, an egalitarian hierarchy, and a workspace that generates more fun. A second organizational memory strategy is to systematically transfer knowledge to other employees. This occurs when newcomers apprentice with skilled employees, thereby acquiring knowledge that is not documented. A third strategy is to transfer knowledge into structural capital. This includes bringing out hidden knowledge, organizing it, and putting it in a form that can be available to others (such as written instructions or a video clip showing the task being performed).

The organizational learning perspective states not only that effective organizations learn but also that they unlearn routines and patterns of behavior that are no longer appropriate. Unlearning removes knowledge that no longer adds value and, in fact, may undermine the organization’s effectiveness. Some forms of unlearning involve replacing dysfunctional policies, procedures, and routines. Other forms of unlearning erase attitudes, beliefs, and assumptions. For instance, employees rethink the “best way” to perform a task and how to serve clients.

**High-Performance Work Practices Perspective**

Although the open-systems perspective states that successful companies are good at transforming inputs into outputs, it does not identify the most important subsystem characteristics of effective organizations. Consequently, an entire field of research has blossomed around the objective of determining specific “bundles” of organizational practices that offer competitive advantage. This research has had various labels over the years, but it is now most widely called **high-performance work practices (HPWP)**.

The HPWP perspective begins with the idea that **human capital**—the knowledge, skills, and abilities that employees possess—is an important source of competitive
advantage for organizations. Human capital helps the organization realize opportunities or minimize threats in the external environment. Furthermore, human capital is neither widely available nor easily duplicated. For instance, a newly formed company cannot instantly develop a workforce identical to a workforce at an established company. Nor can technology replace the capabilities that employees bring to the workplace. In short, human capital is valuable, rare, difficult to imitate, and nonsubstitutable. Therefore, organizations excel by introducing a bundle of systems and structures that leverage the potential of their workforce.

Many high-performance work practices have been studied over the years. Four practices with strong research support are employee involvement, job autonomy, employee competence, and performance- and/or skill-based rewards. As you will learn later in this book, employee involvement and job autonomy tend to strengthen employee motivation as well as improve decision making, organizational responsiveness, and commitment to change. In high-performance workplaces, employee involvement and job autonomy often take the form of self-directed teams, which are discussed in Chapter 8.

Another key variable in the HPWP model is employee competence. Specifically, organizations are more effective when they recruit and select people with relevant skills, knowledge, values, and other personal characteristics. Furthermore, successful companies invest in their employees by supporting further competency development (see Chapter 2). A fourth characteristic of high-performance organizations is that they link performance and skill development to various forms of financial and nonfinancial rewards valued by employees. We discuss reward systems in Chapter 6 as one of several practices to improve employee performance.

The HPWP perspective is currently popular among OB experts and practitioners, but it also has its share of critics. One concern is that many studies try to find out which practices predict organizational performance without understanding why those practices should have this effect. In other words, some of the practices identified as HPWPs lack theoretical foundation; the causal connection between work practices and organizational effectiveness is missing. Without this explanation, it is difficult to be confident that the practice will be valuable in the future and in other situations. A second concern with the HPWP perspective is that it may satisfy shareholder and customer needs at the expense of employee well-being. Some experts point out that HPWPs increase work stress and that management is reluctant to delegate power or share the financial benefits of productivity improvements. If high-performance work practices improve organizational performance at a cost to employee well-being, then this perspective (along with the open-systems and organizational learning perspectives) offers an incomplete picture of organizational effectiveness. The remaining gaps are mostly filled by the stakeholder perspective of organizational effectiveness.

**Stakeholder Perspective**

The three organizational effectiveness perspectives described so far mainly consider processes and resources, yet they only minimally recognize the importance of relations with stakeholders. Stakeholders include individuals, organizations, and other entities that affect, or are affected by, the organization’s objectives and actions. They include anyone with a stake in the company—employees, shareholders, suppliers, labor unions, government, communities, consumer and environmental interest groups, and so on. The essence of the stakeholder perspective is that companies must take into account how their actions affect others, and this requires that they understand, manage, and
satisfy the interests of their stakeholders. The stakeholder perspective personalizes the open-systems perspective; it identifies specific people and social entities in the external and internal environment. It also recognizes that stakeholder relations are dynamic; they can be negotiated and managed, not just taken as a fixed condition.

Consider the troubles that Wal-Mart has faced in recent years. For decades, the world’s largest retailer concentrated on customers by providing the lowest possible prices and on shareholders by generating healthy financial returns. Yet emphasizing these two stakeholders exposed the company to increasing hostility from other groups in society. Some interest groups accused Wal-Mart of destroying America’s manufacturing base and tacitly allowing unethical business practices (such as child labor) in countries where it purchased goods. Other groups pointed out that Wal-Mart had a poor record of environmental and social responsibility. Still other groups lobbied to keep Wal-Mart out of their communities because the giant retailer typically builds in outlying suburbs where land is cheap, thereby fading the vibrancy of the community’s downtown area. These stakeholder pressure points existed for some time, but Wal-Mart mostly ignored them until they became serious threats. In fact, Wal-Mart recently created the position “senior director of stakeholder engagement” to ensure that it pays more attention to most stakeholders and to proactively manage stakeholder relationships.

Understanding, managing, and satisfying the interests of stakeholders is more challenging than it sounds because stakeholders have conflicting interests and organizations don’t have the resources to satisfy every stakeholder to the fullest. Therefore, organizational leaders need to decide how much priority to give to each group. One commonly cited factor is to favor stakeholders with the most power. This makes sense when one considers that the most powerful stakeholders hold the greatest threat and opportunity to the company’s survival. Yet stakeholder power should not be the only criterion for determining organizational strategy and resource allocation. Ignoring less powerful stakeholders might motivate them to become more powerful by forming coalitions or seeking government support. It might also irritate more powerful stakeholders if ignoring weaker interests violates the norms and standards of society.

**Values, Ethics, and Corporate Social Responsibility**

This brings us to one of the key strengths of the stakeholder perspective, namely, that it incorporates values, ethics, and corporate social responsibility into the organizational effectiveness equation. The stakeholder perspective states that to manage the interests of diverse stakeholders, leaders ultimately need to rely on their personal and organizational values for guidance. Values are relatively stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations. Values help us to know what is right or wrong, or good or bad, in the world. Chapter 2 explains how values are an important part of our self-concept and, as such, motivate our actions. Although values exist within individuals, groups of people often hold similar values, so we tend to ascribe these shared values to the team, department, organization, profession, or entire society. For example, Chapter 14 discusses the importance and dynamics of organizational culture, which includes shared values across the company or within subsystems.

Values have become a popular topic in corporate boardrooms because leaders are discovering that the values-driven organizational approach to guiding employee behavior is potentially more effective, as well as more popular, than the old command-and-control approach (i.e., top-down decisions with close supervision of employees). Bank of Montreal (BMO) is a case in point. A few years ago, in a series of meetings,
BMO’s top executives reflected on the financial institution’s history and had deep conversations to identify the values on which the Canadian financial institution was built. Out of this dialogue emerged four value statements that were distributed to employees and built into a revised reward system. Why did BMO go to such trouble to identify and communicate its shared values? “[BMO’s values] provide a stable base for guiding employee decisions and actions in an otherwise rapidly changing workplace,” explains a BMO executive who attended the meetings. “Simply put, values matter and employees care that the organizations they work for and represent are ethical and walk the talk of their values.”

By incorporating values into organizational effectiveness, the stakeholder perspective also provides the strongest case for ethics and corporate social responsibility. In fact, the stakeholder perspective emerged out of earlier writing on ethics and corporate social responsibility. Ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. We rely on our ethical values to determine “the right thing to do.” Ethical behavior is driven
by the moral principles we use to make decisions. These moral principles represent fundamental values. Chapter 2 provides more detail about ethical principles and related influences on moral reasoning.

**Corporate social responsibility (CSR)** consists of organizational activities intended to benefit society and the environment beyond the firm’s immediate financial interests or legal obligations. It is the view that companies have a contract with society, in which they must serve stakeholders beyond shareholders and customers. In some situations, the interests of the firm’s shareholders should be secondary to those of other stakeholders. As part of CSR, many companies have adopted the triple-bottom-line philosophy: They try to support or “earn positive returns” in the economic, social, and environmental spheres of sustainability. Firms that adopt the triple bottom line aim to survive and be profitable in the marketplace (economic), but they also intend to maintain or improve conditions for society (social) as well as the physical environment.

Not everyone agrees with the idea that organizations are more effective when they cater to a wide variety of stakeholders. More than 30 years ago, economist Milton Friedman pronounced that “there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits.” Although few writers take this extreme view today, some point out that companies can benefit other stakeholders only if those with financial interests in the company receive first priority. Yet four out of five Americans say that a company’s commitment to a social issue is an important factor in deciding whether to work for the company and whether to buy its products or services. In another survey, more than two-thirds of North American students said they would not apply for a job if the company is considered irresponsible. Most American and European MBA students also claim they would accept lower financial rewards to work for an organization with a better ethical/CSR reputation. However, another recent survey indicated that while most American MBA students believe socially responsible companies have a better reputation, less than half of these respondents believe CSR improves revenue, employee loyalty, customer satisfaction, community well-being, or the company’s long-term viability.

Capgemini recently discovered the importance of corporate social responsibility when the Netherlands-based information technology (IT) consulting firm tried to fill 800 IT and management consulting positions in that country. Rather than offering a T-shirt for completing the 30-minute online survey on recruitment issues, Capgemini advised respondents (IT and management consultants) that for each completed survey it would provide funding for a street kid in Kolkata, India, to have one week of schooling and accommodation. The survey included an option for respondents to find out more about employment with the consulting firm. Far beyond its expectations, Capgemini received more than 10,000 completed surveys and 2,000 job inquiries from qualified respondents. The company filled its 800 jobs and developed a waiting list of future prospects. Furthermore, media attention about this initiative raised Capgemini’s brand reputation for corporate social responsibility. The consulting firm supported 10,400 weeks of housing and education for children in Kolkata.

**Types of Individual Behavior**

The four perspectives described over the past few pages—open systems, organizational learning, high-performance work practices, and stakeholder—provide a multi-dimensional view of what makes companies effective. Within these models, however, are individual behaviors that enable companies to interact with their environments;
acquire, share, and use knowledge to the best advantage; process inputs to outputs efficiently and responsively; and meet the needs of various stakeholders. While organizational effectiveness is the ultimate dependent variable, these employee behaviors are the individual-level dependent variables found in most OB research. Exhibit 1.2 highlights the five types of behavior discussed most often in the organizational behavior literature: task performance, organizational citizenship, counterproductive work behaviors, joining and staying with the organization, and work attendance.

Task Performance

Task performance refers to goal-directed behaviors under the individual’s control that support organizational objectives. Task performance behaviors transform raw materials into goods and services or support and maintain technical activities. For example, foreign exchange traders at Wachovia make decisions and take actions to exchange currencies. Employees in most jobs have more than one performance dimension. Foreign exchange traders must be able to identify profitable trades, work cooperatively with clients and co-workers in a stressful environment, assist in training new staff, and work on special telecommunications equipment without error. Some of these performance dimensions are more important than others, but only by considering all of them can we fully evaluate an employee’s contribution to the organization.

Organizational Citizenship

Organizational citizenship behaviors (OCBs) could not effectively compete, transform resources, or serve the needs of their stakeholders if employees performed only their formal job duties. Employees also need to engage in organizational citizenship behaviors (OCBs)—various forms of cooperation and helpfulness to others that support the organization’s social and psychological context. In other words, companies require contextual performance (i.e., OCBs) along with task performance.
Organizational citizenship behaviors take many forms. Some are directed toward individuals, such as assisting co-workers with their work problems, adjusting your work schedule to accommodate co-workers, showing genuine courtesy toward co-workers, and sharing your work resources (supplies, technology, staff) with co-workers. Other OCBs represent cooperation and helpfulness toward the organization in general. These include supporting the company’s public image, taking discretionary action to help the organization avoid potential problems, offering ideas beyond those required for your own job, attending voluntary functions that support the organization, and keeping up with new developments in the organization.\(^5\)

### Counterproductive Work Behaviors

Organizational behavior is interested in all workplace behaviors, including those on the “dark side,” collectively known as *counterproductive work behaviors (CWBs)*. CWBs are voluntary behaviors that have the potential to directly or indirectly harm the organization. They include abuse of others (e.g., insults and nasty comments), threats (threatening harm), work avoidance (e.g., tardiness), work sabotage (doing work incorrectly), and overt acts (theft). CWBs are not minor concerns. One recent study found that units of a fast-food restaurant chain with higher CWBs had a significantly worse performance, whereas organizational citizenship had a relatively minor benefit.\(^6\)

### Joining and Staying with the Organization

Task performance, organizational citizenship, and the lack of counterproductive work behaviors are obviously important, but if qualified people don’t join and stay with the organization, none of these performance-related behaviors will occur. Attracting and retaining talented people is particularly important as worries about skill shortages heat up. For instance, a shortage of qualified truck drivers is the main factor restricting growth at Contract Freighters in Joplin, Missouri. “We have plenty of freight; we have plenty of trucks,” says company president Herb Schmidt, but the “severe shortage” of qualified drivers is making it impossible to satisfy the growing customer base. Hotels in many parts of the United States are also struggling to find enough staff to keep up with demand. “We’re woefully understaffed,” says the owner of a St. Petersburg, Florida, resort that employs 265 people and still has 40 unfilled vacancies. “It’s horrible.”\(^7\)

Companies survive and thrive not just by hiring people with talent or potential; they also need to ensure that these employees stay with the company. Organizations with high turnover suffer because of the high cost of replacing people who leave. More important, as mentioned earlier in this chapter, much of an organization’s intellectual capital is the knowledge carried around in employees’ heads. When people leave, some of this vital knowledge is lost, often resulting in inefficiencies, poorer customer service, and so forth. This threat is not trivial: Between one-third and one-half of employees say they would change companies if offered a comparable job.\(^8\)

### Maintaining Work Attendance

Along with attracting and retaining employees, organizations need everyone to show up for work at scheduled times. Situational factors—such as severe weather or car breakdown—explain some work absences. Motivation is another factor. Employees
who experience job dissatisfaction or work-related stress are more likely to be absent or late for work because taking time off is a way to temporarily withdraw from stressful or dissatisfying conditions. Absenteeism is also higher in organizations with generous sick leave because this benefit limits the negative financial impact of taking time away from work. Studies have found that absenteeism is also higher in teams with strong absence norms, meaning that team members tolerate and even expect co-workers to take time off. 

Google Attracts and Keeps Talent through “Cool” Campuses  Google is ranked by college students in many countries as one of the top 10 places to work. One reason why the Internet technology company is able to attract so many applicants is that its workplaces look like every student’s dream of a college campus and dorm. Google’s headquarters (called Googleplex) in Mountain View, California, is outfitted with lava lamps, exercise balls, casual sofas, foosball, pool tables, workout rooms, video games, slides, and a restaurant with free gourmet meals. Google’s new EMEA engineering hub in Zurich, Switzerland, also boasts a fun, campuslike environment. These photos show a few areas of Google’s offices in Zurich, including private temporary workspaces in beehives and ski gondolas. Google’s offices are so comfortable that executives occasionally remind staff of building code regulations against making Google’s offices their permanent home. 

Learning Objectives

After reading the next two sections, you should be able to:

7. Debate the organizational opportunities and challenges of globalization, workforce diversity, and virtual work.
8. Discuss how employment relationships are changing, and explain why these changes are occurring.
9. Discuss the anchors on which organizational behavior knowledge is based.

Contemporary Challenges for Organizations

Throughout the earlier discussion on organizational effectiveness was an underlying theme that organizations are deeply affected by the external environment. They need to maintain a good fit with their external environment by continuously monitoring and adjusting to changes in that environment. This external environment is continuously
changing, but some changes, over the past decade and in the decade to come, are more profound than others. These changes require that corporate leaders and all other employees adjust to new realities. In this section, we highlight three of the major challenges facing organizations: globalization, increasing workforce diversity, and emerging employment relationships.

Globalization

You might not have not heard of Fonterra, but chances are that you have purchased or eaten one of its products recently. The New Zealand–based company is the world’s largest dairy exporting business and the world’s lowest-cost dairy ingredient producer. It operates in 140 countries, employs 20,000 people, and represents 40 percent of the global dairy trade. In many countries, it forms joint partnerships, such as those with the Dairy Farmers of America, SanCor in Argentina, and Aria in Europe. Fonterra’s current position on the world stage is quite different from the situation a decade ago, when three New Zealand dairy companies joined forces. They realized that globalization was shaking up the industry and that forming a global enterprise was essential to their survival. The merged company was so globally focused from the outset that it was temporarily called GlobalCo until the name Fonterra was chosen. Fonterra’s adjustment to a global operation was not easy. Executives were replaced as the company needed to adopt a different mindset. “A lot of people in the [pre-merger companies] were very New Zealand–centric and culturally did not understand the global challenges of the teams offshore and the different operating companies,” acknowledges a Fonterra executive.  

Fonterra is a rich example of the globalization of business over the past few decades. Globalization refers to economic, social, and cultural connectivity with people in other parts of the world. Fonterra and other organizations globalize when they actively participate in other countries and cultures. Although businesses have traded goods across borders for centuries, the degree of globalization today is unprecedented because information technology and transportation systems allow a much more intense level of connectivity and interdependence across the planet.  

Globalization offers numerous benefits to organizations in terms of larger markets, lower costs, and greater access to knowledge and innovation. At the same time, there is considerable debate about whether globalization benefits developing nations and whether it is primarily responsible for increasing work intensification, as well as reducing job security and work–life balance in developed countries.  

Globalization is now well entrenched, so the real issue in organizational behavior is how corporate leaders and employees alike can lead and work effectively in this emerging reality. OB researchers are turning their attention to this topic. In Project GLOBE, for example, dozens of experts are studying leadership and organizational practices worldwide.  

Increasing Workforce Diversity

Walk into the offices of Verizon Communications and you can quickly see that the communications service giant reflects the communities it serves. Minorities make up 35 percent of Verizon’s 230,000 employees and 29 percent of management positions. Women represent 42 percent of its workforce and 38 percent of management positions. Verizon’s inclusive culture has won awards from numerous organizations and publications representing Hispanics, African-Americans, gays and lesbians, people with disabilities, and other groups. “A commitment to diversity is as much about good business as it is about doing the right thing,” says Magda Yrizarry, vice president
of workplace culture, diversity and compliance for Verizon. “As a company, we serve some of the most diverse markets; so from our leadership to our frontline employees, we understand and value diversity.”

Verizon Communications is a model employer and a reflection of the increasing diversity of people living in the United States and in many other countries. The description of Verizon’s diversity refers to surface-level diversity—the observable demographic and other overt differences in people, such as their race, ethnicity, gender, age, and physical capabilities. Surface-level diversity has changed considerably in the United States over the past few decades. People with nonwhite or Hispanic origin represent one-third of the American population, and the percentage is projected to increase substantially over the next few decades. Within the next 50 years, one in four Americans will be Hispanic, 14 percent will be African American, and 8 percent will be of Asian descent. By 2060, people with European non-Hispanic ethnicity will be a minority. Many other countries are also experiencing increasing levels of racial and ethnic diversification.

Diversity also includes differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes. We can’t directly see this deep-level diversity, but it is evident in a person’s decisions, statements, and actions. One illustration of deep-level diversity is the different attitudes and expectations held by employees across generational cohorts. Baby boomers—people born between 1946 and 1964—seem to expect and desire more job security and are more intent on improving their economic and social status. In contrast, Generation-X employees—those born between 1965 and 1979—expect less job security and are motivated more by workplace flexibility, the opportunity to learn (particularly new technology), and egalitarian and “fun” organizations. Meanwhile, some observers suggest that Generation-Y employees (those born after 1979) are noticeably self-confident, optimistic, multitasking, and more independent than even Gen-X co-workers. These statements certainly don’t apply to everyone in each cohort, but they do reflect the dynamics of deep-level diversity and shifting values and expectations across generations.

Consequences of Diversity Diversity presents both opportunities and challenges in organizations. In some circumstances and to some degree, diversity can become a competitive advantage by improving decision making and team performance on complex tasks. Studies suggest that teams with some forms of diversity (particularly occupational diversity) make better decisions on complex problems than do teams whose members have similar backgrounds. A few studies also report that companies that win diversity awards have higher financial returns, at least in the short run. This is consistent with anecdotal evidence from many corporate leaders, namely, that having a diverse workforce improves customer service and creativity. For instance, PepsiCo estimates that one-eighth of its revenue growth is directly attributable to new products inspired by diversity efforts.

Based on this evidence, the popular refrain is that workforce diversity is a sound business proposition. Unfortunately, it’s not that simple. There is growing evidence that most forms of diversity offer both advantages and disadvantages. Teams with diverse employees usually take longer to perform effectively. Diversity brings numerous communication problems as well as “faultlines” in informal group dynamics. Diversity is also a source of conflict, which can lead to lack of information sharing and, in extreme cases, morale problems and higher turnover.

Whether or not workforce diversity is a business advantage, companies need to make it a priority because surface-level diversity is a moral and legal imperative.
Ethically, companies that offer an inclusive workplace are, in essence, making fair and just decisions regarding employment, promotions, rewards, and so on. Fairness is a well-established influence on employee loyalty and satisfaction. “Diversity is about fairness; we use the term inclusive meritocracy,” says Ann M. Limberg, president of Bank of America New Jersey. “What it does for our workforce is build trust and assures that individual differences are valued.”

Our main point here is that workforce diversity is the new reality and that organizations need to adjust to this reality both to survive and to experience its potential benefits for organizational success.

Emerging Employment Relationships

Combine globalization with emerging workforce diversity, and add in new information technology. The resulting concoction has created incredible changes in employment relationships. A few decades ago, most (although not all) employees in the United States and similar cultures would finish their workday after eight or nine hours and could separate their personal time from the workday. There were no BlackBerrys and no Internet connections to keep staff tethered to work on a 24/7 schedule. Even business travel was more of an exception due to its high cost. Most competitors were located in the same country, so they had similar work practices and labor costs. Today, work hours are longer (although arguably less than they were 100 years ago), employees experience more work-related stress, and there is growing evidence that family and personal relations are suffering. Little wonder that one of the emerging issues in this new century is for more work–life balance—minimizing conflict between work and nonwork demands.

Another employment relationship trend is virtual work, in which employees use information technology to perform their jobs away from the traditional physical workplace. The most common form of virtual work, called telecommuting or teleworking, involves working at home rather than commuting to the office. In another form of virtual work, employees are connected to the office while on the road or at clients’ offices. For instance, nearly 50 percent of employees at Sun Microsystems complete some of their work from home, cafés, drop-in centers, or clients’ offices. More than two-thirds of the employees at Agilent Technologies engage in virtual work some days or all the time.

Welcome to My Office! One of Ray Ackley's first decisions each workday is where to put his office. The chief creative officer for Tipping Point Services, a metro Detroit–based marketing and communications firm, sometimes chooses a popular bakery or café. Other times, he sets up shop in a nearby library (Ackley is shown here at Southfield Public Library). As long as the location has a good Wi-Fi connection and comfortable surroundings, Ackley can get on with his work, which includes communicating with co-workers located elsewhere in Detroit as well as in Delhi, India, and Shanghai, China. Tipping Point Services doesn’t even have an official office, although it might eventually establish one. For now, Ackley and his co-workers prefer the virtual work arrangement. “We made a commitment to be a virtual office because we can,” says Ackley. “I can work anywhere, which means I travel less and I can spend more time at home.”
Some research suggests that virtual work, particularly telecommuting, potentially reduces employee stress by offering better work–life balance and dramatically reducing time lost through commuting to the office. Nortel Networks reports that 71 percent of its U.K. staff feels more empowered through virtual work arrangements. AT&T estimates that its telecommuters reduce pollution and are about 10 percent more productive than before they started working from home. IBM’s virtual work program annually saves the company $400 million a year globally, mostly in real estate costs. Against these potential benefits, virtual workers face a number of real or potential challenges. Family relations may suffer rather than improve if employees lack sufficient space and resources for a home office. Some virtual workers complain of social isolation and reduced promotion opportunities. Virtual work is clearly better suited to people who are self-motivated and organized, can work effectively with contemporary information technologies, and have sufficient fulfillment of social needs elsewhere in their life. It also works better in organizations that evaluate employees by their performance outcomes rather than “face time.”

Anchors of Organizational Behavior Knowledge

Globalization, increasing workforce diversity, and emerging employment relationships are just a few of the trends that challenge organizations and make OB knowledge more relevant than ever before. To understand these and other topics, the field of organizational behavior relies on a set of basic beliefs or knowledge structures (see Exhibit 1.3). These conceptual anchors represent the principles on which OB knowledge is developed and refined.

The Multidisciplinary Anchor

Organizational behavior is anchored around the idea that the field should develop from knowledge in other disciplines, not just from its own isolated research base. For instance, psychological research has aided our understanding of individual and interpersonal behavior. Sociologists have contributed to our knowledge of team dynamics, organizational socialization, organizational power, and other aspects of the social system. OB knowledge has also benefited from knowledge in emerging fields such as communications, marketing, and information systems. Some OB experts have recently argued that the field suffers from a “trade deficit”—importing far more knowledge...
from other disciplines than is exported to other disciplines. Although this may be a concern, organizational behavior has thrived through its diversity of knowledge from other fields of study.  

The Systematic Research Anchor

A critical feature of OB knowledge is that it should be based on systematic research, which typically involves forming research questions, systematically collecting data, and testing hypotheses against those data. Appendix A at the end of this book details some of the features of the systematic research process, including hypotheses, sampling, research design, and qualitative methods research. When research is founded on theory and conducted systematically, we can be more confident that the results are meaningful and useful for practice. This is known as evidence-based management—making decisions and taking actions based on research evidence.

Evidence-based management makes sense, yet OB experts are often amazed at how frequently corporate leaders embrace fads, consulting models and their own pet beliefs without bothering to find out if they actually work! There are many reasons that people have difficulty applying evidence-based management. One explanation is that corporate decision makers are bombarded with so many ideas from newspapers, books, consultant reports, and other sources that they have difficulty figuring out which ones are based on good evidence. Another reason why people ignore evidence and embrace fads is that good OB research is necessarily generic; it is rarely described in the context of a specific problem in a specific organization. Managers therefore have the difficult task of figuring out which theories are relevant to their unique situation. A third reason is that many consultants and popular book writers are rewarded for marketing their concepts and theories, not for testing to see if they actually work. Indeed, some management concepts have become popular (and are even found in some OB textbooks!) because of heavy marketing, not because of any evidence that they are valid. Finally, as you will learn in Chapter 3, people form perceptions and beliefs quickly and tend to ignore evidence that their beliefs are inaccurate.

The Contingency Anchor

People and their work environments are complex, and the field of organizational behavior recognizes this by stating that a particular action may have different consequences in different situations. In other words, no single solution is best in all circumstances. Of course, it would be so much simpler if we could rely on “one best way” theories, in which a particular concept or practice has the same results in every situation. OB experts do search for simpler theories, but they also remain skeptical about “surefire” recommendations; an exception is somewhere around the corner. Thus, when faced with a particular problem or opportunity, we need to understand and diagnose the situation and select the strategy most appropriate under those conditions.

The Multiple Levels of Analysis Anchor

This textbook divides organizational behavior topics into three levels of analysis: individual, team, and organization. The individual level includes the characteristics and behaviors of employees as well as the thought processes that are attributed to them, such as motivation, perceptions, personalities, attitudes, and values. The team level of analysis looks at the way people interact. This includes team dynamics, communication, power, organizational politics, conflict, and leadership. At the organizational level, we
focus on how people structure their working relationships and on how organizations interact with their environments.

Although an OB topic is typically pegged into one level of analysis, it usually relates to multiple levels. For instance, communication is located in this book as a team (interpersonal) process, but we also recognize that it includes individual and organizational processes. Therefore, you should try to think about each OB topic at the individual, team, and organizational levels, not just at one of these levels.

Organizational behavior is the study of what people think, feel, and do in and around organizations. Organizations are groups of people who work interdependently toward some purpose. Although OB doesn’t have a specific career path, it offers knowledge and skills that are vitally important to anyone who works in organizations. OB knowledge also has a significant effect on the success of organizations. This book takes the view that OB is for everyone, not just managers.

Organizational effectiveness is a multidimensional concept represented by four perspectives: open systems, organizational learning, high-performance work practices, and stakeholder. The open-systems perspective says that organizations need to adapt to their external environment and configure their internal subsystems to maximize efficiency and responsiveness. For the most part, the other perspectives of organizational effectiveness are detailed extensions of the open-systems model. The organizational learning perspective states that organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge. Intellectual capital is knowledge that resides in an organization, including its human capital, structural capital, and relationship capital. Effective organizations also “unlearn,” meaning that they remove knowledge that no longer adds value.

The high-performance work practices (HPWP) perspective states that effective organizations leverage the human capital potential of their employees. Specific HPWPs have been identified, and experts in this field suggest that they need to be bundled together for maximum benefit. The stakeholder perspective states that effective organizations take into account how their actions affect others, and this requires them to understand, manage, and satisfy the interests of their stakeholders. This perspective incorporates values, ethics, and corporate social responsibility into the organizational effectiveness equation.

The five main types of workplace behavior are task performance, organizational citizenship, counterproductive work behaviors, joining and staying with the organization, and work attendance. These represent the individual-level dependent variables found in most OB research.

Three environmental shifts that are challenging organizations include globalization, increasing workforce diversity, and emerging employment relationships. Globalization refers to economic, social, and cultural connectivity with people in other parts of the world. Workforce diversity includes both surface-level and deep-level diversity. Two emerging employment relationship changes are demands for work–life balance and virtual work.

Several conceptual anchors represent the principles on which OB knowledge is developed and refined. These anchors include beliefs that OB knowledge should be multidisciplinary and based on systematic research, that organizational events usually have contingencies, and that organizational behavior can be viewed from three levels of analysis (individual, team, and organization).

Chapter Summary

Organizational behavior is the study of what people think, feel, and do in and around organizations. Organizations are groups of people who work interdependently toward some purpose. Although OB doesn’t have a specific career path, it offers knowledge and skills that are vitally important to anyone who works in organizations. OB knowledge also has a significant effect on the success of organizations. This book takes the view that OB is for everyone, not just managers.

Organizational effectiveness is a multidimensional concept represented by four perspectives: open systems, organizational learning, high-performance work practices, and stakeholder. The open-systems perspective says that organizations need to adapt to their external environment and configure their internal subsystems to maximize efficiency and responsiveness. For the most part, the other perspectives of organizational effectiveness are detailed extensions of the open-systems model. The organizational learning perspective states that organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge. Intellectual capital is knowledge that resides in an organization, including its human capital, structural capital, and relationship capital. Effective organizations also “unlearn,” meaning that they remove knowledge that no longer adds value.

The high-performance work practices (HPWP) perspective states that effective organizations leverage the human capital potential of their employees. Specific HPWPs have been identified, and experts in this field suggest that they need to be bundled together for maximum benefit. The stakeholder perspective states that effective organizations take into account how their actions affect others, and this requires them to understand, manage, and satisfy the interests of their stakeholders. This perspective incorporates values, ethics, and corporate social responsibility into the organizational effectiveness equation.

The five main types of workplace behavior are task performance, organizational citizenship, counterproductive work behaviors, joining and staying with the organization, and work attendance. These represent the individual-level dependent variables found in most OB research.

Three environmental shifts that are challenging organizations include globalization, increasing workforce diversity, and emerging employment relationships. Globalization refers to economic, social, and cultural connectivity with people in other parts of the world. Workforce diversity includes both surface-level and deep-level diversity. Two emerging employment relationship changes are demands for work–life balance and virtual work.

Several conceptual anchors represent the principles on which OB knowledge is developed and refined. These anchors include beliefs that OB knowledge should be multidisciplinary and based on systematic research, that organizational events usually have contingencies, and that organizational behavior can be viewed from three levels of analysis (individual, team, and organization).

Key Terms

absorptive capacity, p. 11
corporate social responsibility (CSR), p. 16
counterproductive work behaviors (CWBs), p. 18
deep-level diversity, p. 21
ethics, p. 15
evidence-based management, p. 24
globalization, p. 20
high-performance work practices (HPWPs), p. 12
human capital, p. 12
intellectual capital, p. 12
lean management, p. 9
open systems, p. 7
organizational behavior (OB), p. 4
organizational citizenship behaviors (OCBs), p. 17
Case Study 1.1 JERSEY DAIRIES, INC.

Jersey Dairies, Inc. faced increasing competition that threatened its dominant market share in the Pacific Northwest. Senior management at the 300-employee dairy food processing company decided that the best way to maintain or increase market share was to take the plunge into a quality management (QM) program. Jersey hired consultants to educate management and employees about the QM process, and sent several managers to QM seminars. A steering team of managers and a few employees visited other QM companies throughout North America.

To strengthen the company’s QM focus, Jersey president Tina Stavros created a new position called vice-president of quality, and hired James Alder into that position. Alder, who previously worked as a QM consultant at a major consulting firm, was enthusiastic about implementing a complete QM program. One of Alder’s first accomplishments was convincing management to give every employee in

Critical Thinking Questions

1. A friend suggests that organizational behavior courses are useful only to people who will enter management careers. Discuss the accuracy of your friend’s statement.

2. A number of years ago, employees in a city water distribution department were put into teams and encouraged to find ways to improve efficiency. The teams boldly crossed departmental boundaries and areas of management discretion in search of problems. Employees working in other parts of the city began to complain about these intrusions. Moreover, when some team ideas were implemented, the city managers discovered that a dollar saved in the water distribution unit may have cost the organization two dollars in higher costs elsewhere. Use the open-systems perspective to explain what happened here.

3. After hearing a seminar on organizational learning, a mining company executive argues that this perspective ignores the fact that mining companies cannot rely on knowledge alone to stay in business. They also need physical capital (such as digging and ore-processing equipment) and land (where the minerals are located). In fact, these two may be more important than what employees carry around in their heads. Evaluate the mining executive’s comments.

4. A common refrain among executives is “People are our most important asset.” Relate this statement to any two of the four perspectives of organizational effectiveness presented in this chapter. Does this statement apply better to some perspectives than to others? Why or why not?

5. Corporate social responsibility is one of the hottest issues in corporate boardrooms these days, partly because it is becoming increasingly important to employees and other stakeholders. In your opinion, why have stakeholders given CSR more attention recently? Does abiding by CSR standards potentially cause companies to have conflicting objectives with some stakeholders in some situations?

6. Look through the list of chapters in this textbook, and discuss how globalization could influence each organizational behavior topic.

7. “Organizational theories should follow the contingency approach.” Comment on the accuracy of this statement.

8. What does evidence-based management mean? Describe situations you have heard about in which companies have practiced evidence-based management, as well as situations in which companies have relied on fads that lacked sufficient evidence of their worth.
the organization several days of training in quality measurement (e.g., Pareto diagrams), structured problem solving, and related QM practices. Jersey’s largely unskilled workforce had difficulty learning this material, so the training took longer than expected and another round was required one year later.

Alder worked with production managers to form continuous improvement (CI) teams—groups of employees who looked for ways to cut costs, time, and space throughout the work process. Although Alder was enthusiastic about CI teams, most supervisors and employees were reluctant to get involved. Supervisors complained that the CI teams were “asking too many questions” about activities in their department. Less than one-quarter of the production areas formed CI teams because employees thought QM was a fancy way for management to speed up the work. This view was reinforced by some of management’s subsequent actions, such as setting higher production targets and requiring employees to complete the tasks of those who were absent from work.

To gain more support for QM, Jersey president Tina Stavros spoke regularly to employees and supervisors about how QM was their answer to beating the competition and saving jobs. Although these talks took her away from other duties, she wanted every employee to know that their primary objective was to improve customer service and production efficiency in the company. To encourage more involvement in the CI teams, Stavros and Alder warned employees that they must support the QM program to save their jobs. To further emphasize this message, the company placed large signs throughout the company’s production facilities that said, “Our Jobs Depend on Satisfied Customers” and “Quality Management: Our Competitive Advantage.”

Alder and Stavros agreed that Jersey’s suppliers must have a strong commitment toward the QM philosophy, so Jersey’s purchasing manager was told to get suppliers “on board” or find alternative sources. Unfortunately, the purchasing manager preferred a more collegial and passive involvement with suppliers, so he was replaced a few months later. The new purchasing manager informed suppliers that they should begin a QM program immediately because Jersey would negotiate for lower prices in the next contracts and would evaluate their bids partly based on their QM programs.

Twenty months after Jersey Dairies began its QM journey, Tina Stavros accepted a lucrative job offer from a large food products company in the Midwest. Jersey Dairies promoted its vice-president of finance, Thomas Cheun, to the president’s job. The board of directors was concerned about Jersey’s falling profits over the previous couple of years and wanted Cheun to strengthen the bottom line. Although some CI teams did find cost savings, these were mostly offset by higher expenses. The company had nearly tripled its training budget and had significantly higher paid-time-off costs as employees took these courses. A considerable sum was spent on customer surveys and focus groups. Employee turnover was higher, mainly due to dissatisfaction with the QM program. Just before Stavros left the company, she received word that several employees had contacted the Commercial Food Workers Union about organizing Jersey’s nonunion production workforce.

A group of suppliers asked for a confidential meeting in which they told Cheun to reconsider the QM demands on them. They complained that their long-term relationships with Jersey were being damaged and that other dairies were being more realistic about price, quality, and delivery requirements. Two major suppliers bluntly stated that they might decide to end their contracts with Jersey rather than agree to Jersey’s demands.

Almost two years after Jersey Dairies began QM, Thomas Cheun announced that James Alder was leaving Jersey Dairies, that the position of vice-president of quality would no longer exist, and that the company would end several QM initiatives begun over the previous two years. Instead, Jersey Dairies, Inc. would use better marketing strategies and introduce new technologies to improve its competitive position in the marketplace.

Discussion Questions
1. What perspective of organizational effectiveness did Tina Stavros and James Alder attempt to apply in this case? Describe how specific elements of that perspective related to their interventions.
2. Explain what went wrong in this case, using one or more of the other perspectives of organizational effectiveness.

Source: Steven L. McShane, © 1995.
Case Study 1.2 WORKING FROM HOME—IT’S IN THE DETAILS

Roads leading to Microsoft’s headquarters in Redmond, Washington, simply weren’t designed to handle the 35,000 commuters who report for work there each day. The daily gridlock has become so acute that it nearly caused Washington State’s governor to miss his own speech at the software maker on a recent morning. Microsoft has figured out how to tackle the commuter crisis: it has introduced a program to get more staff telecommuting, either working from home or other off-site locales.

About 14% of the U.S. workforce gets its job done at a home office more than two days per week. That’s up from 11% in 2004, and will be around 17% in another year or two. But the growth of telecommuting has also awakened many companies to the reality that not everyone is ready for virtual work. Companies also need to make adjustments to the way they operate in order for telecommuting to have lasting benefits.

This BusinessWeek case study discusses the issues that companies are facing with the rising tide of telecommuting, as well as the strategies these organizations are applying to overcome these obstacles. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. Identify and discuss the main problems or concerns mentioned in this case study regarding telecommuting. In your opinion, do most of these problems originate with the company or the employee?

2. Describe the characteristics of people who adjust more easily to telecommuting. How can companies identify these employees or develop others to be better prepared for telecommuting?


Team Exercise 1.3 HUMAN CHECKERS

PURPOSE This exercise is designed to help students understand the importance and application of organizational behavior concepts.

MATERIALS None, but the instructor has more information about the team’s task.

INSTRUCTIONS

1. Form teams with eight students. If possible, each team should have a private location where team members can plan and practice the required task without being observed or heard by other teams.

2. All teams receive special instructions in class about their assigned task. All teams have the same task and have the same amount of time to plan and practice the task. At the end of this planning and practice, each team will be timed while completing the task in class. The team that completes the task in the least time wins.

3. No special materials are required or allowed (see rules below) for this exercise. Although the
task is not described here, students should learn the following rules for planning and implementing the task:

a. You cannot use any written form of communication or any props to assist in the planning or implementation of this task.

b. You may speak to other students on your team at any time during the planning and implementation of this task.

c. When performing the task, you can move only forward, not backward. (You are not allowed to turn around.)

d. When performing the task, you can move forward to the next space, but only if it is vacant. In Exhibit 1, the individual (dark circle) can move directly into an empty space (light circle).

e. When performing the task, you can move forward two spaces if that space is vacant. In other words, you can move around a person who is one space in front of you to the next space if that space is vacant. (In Exhibit 2, two people occupy the dark circle, and the light circle is an empty space. A person can move around the person in front to the empty space.)

4. When all teams have completed their task, the class will discuss the implications of this exercise for organizational behavior.

**DISCUSSION QUESTIONS**

1. Identify organizational behavior concepts that the team applied to complete this task.

2. What personal theories of people and work teams were applied to complete this task?

3. What organizational behavior problems occurred, and what actions were (or should have been) taken to solve them?

---

**Class Exercise 1.4  DIAGNOSING ORGANIZATIONAL STAKEHOLDERS**

**PURPOSE** This exercise is designed to help you understand how stakeholders influence organizations as part of the open-systems anchor.

**MATERIALS** Students need to select a company and, prior to class, retrieve and analyze publicly available information over the past year or two about that company. This may include annual reports, which are usually found on the Web sites of publicly traded companies. Where possible, students should also scan full-text newspaper and magazine databases for articles published over the previous year about the company.

**INSTRUCTIONS** The instructor may have students work alone or in groups for this activity. Students will select a company and investigate the relevance and influence of various stakeholder groups on the organization. Stakeholders can be identified from annual reports, newspaper articles, Web site statements, and other available sources.

Stakeholders should be rank-ordered in terms of their perceived importance to the organization.

Students should be prepared to present or discuss their rank ordering of the organization’s stakeholders, including evidence for this ordering.

**DISCUSSION QUESTIONS**

1. What are the main reasons why certain stakeholders are more important than others for this organization?

2. On the basis of your knowledge of the organization’s environmental situation, is this rank order of stakeholders in the organization’s best interest, or should specific other stakeholders be given higher priority?

3. What societal groups, if any, are not mentioned as stakeholders by the organization? Does this lack of reference to these unmentioned groups make sense?
Self-Assessment 1.5

**IT ALL MAKES SENSE?**

**PURPOSE** This exercise is designed to help you comprehend how organizational behavior knowledge can help you to understand life in organizations.

**INSTRUCTIONS** (Note: This activity may be done as a self-assessment or as a team activity.) Read each of the statements below and circle whether each statement is true or false, in your opinion. The class will consider the answers to each question and discuss the implications for studying organizational behavior.

Due to the nature of this activity, the instructor will provide the answers to these questions. There is no scoring key in Appendix B.

1. **True**  **False**  A happy worker is a productive worker.
2. **True**  **False**  Decision makers tend to continue supporting a course of action even though information suggests that the decision is ineffective.
3. **True**  **False**  Organizations are more effective when they prevent conflict among employees.
4. **True**  **False**  It is better to negotiate alone than as a team.
5. **True**  **False**  Companies are more successful when they have strong corporate cultures.
6. **True**  **False**  Employees perform better without stress.
7. **True**  **False**  The best way to change people and organizations is by pinpointing the source of their current problems.
8. **True**  **False**  Female leaders involve employees in decisions to a greater degree than do male leaders.
9. **True**  **False**  The best decisions are made without emotion.
10. **True**  **False**  If employees feel they are paid unfairly, nothing other than changing their pay will reduce their feelings of injustice.

Self-Assessment 1.6

**IS TELECOMMUTING FOR YOU?**

Some employees adapt better than others to telecommuting (also called teleworking) and other forms of virtual work. This self-assessment measures personal characteristics that seem to relate to telecommuting, and therefore it provides a rough indication of how well you would adapt to telework. The instrument asks you to indicate how much you agree or disagree with each of the statements provided. You need to be honest with yourself to get a reasonable estimate of your telework disposition. Please keep in mind that this scale considers only your personal characteristics. Other factors, such as organizational, family, and technological systems support, must also be taken into account.

After reading this chapter, if you feel that you need additional tips on managing your anxiety, see [www.mhhe.com/mcshane5e](http://www.mhhe.com/mcshane5e) for more in-depth information and interactivities that correspond to this chapter.
Part Two

Individual Behavior and Processes

Chapter 2  Individual Behavior, Personality, and Values
Chapter 3  Perception and Learning in Organizations
Chapter 4  Workplace Emotions, Attitudes, and Stress
Chapter 5  Foundations of Employee Motivation
Chapter 6  Applied Performance Practices
Chapter 7  Decision Making and Creativity
Yasmeen Youssef’s self-confidence was a bit shaky when she and her husband moved from Egypt to Canada a few years ago. “I was worried no one would take a chance on me, would believe in me,” she recalls. But any self-doubts slowly disappeared after taking an entry-level job with Fairmont Hotels & Resorts corporate offices in Toronto. “Everything changed when I started working at Fairmont,” says Youssef, who is now on Fairmont’s human resource team and recently trained new staff in Cairo. “I can’t believe the amount of value, care, respect everyone has extended to me.”

As North America’s largest luxury hotel operator, Fairmont discovered long ago that one of the secret ingredients for employee performance and well-being is supporting the individual’s self-concept. “People want to feel valued and they stay where they feel valued,” says Carolyn Clark, Fairmont’s senior vice president of human resources. Clark also points out that Fairmont is able to nurture this talent by selecting the best, which means hiring people with the right values and personality for superb customer service. “We believed that we could train the technical skills—that’s the easy part,” Clark explained a few years ago. “What we can’t train is the service orientation. We just can’t put people in the training program and say they are going to come out smiling if that is not inherent in them.”

Along with hiring people with the right values and personality and nurturing their self-concept, Fairmont is developing staff to work effectively in a multicultural world. Sean Billing is a case in point. The economics graduate had been working as Fairmont’s director of rooms in Chicago when he casually asked his boss whether the hotel chain could use his skills and knowledge elsewhere. Soon after, Billing was offered a position in Kenya, bringing Fairmont’s new properties in the African country up to world-class standards through training and technology without losing the distinctive Kenyan character. Billing jumped at the opportunity, but he also recognizes the challenge of inculcating Fairmont’s deep values of customer service, environmentalism, and empowerment into another culture. “It’s a little bit of hotel culture shock . . . things are quite different here,” he says.
LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Describe the four factors that directly influence voluntary individual behavior and performance.
2. Define personality and discuss what determines an individual's personality characteristics.
3. Summarize the “Big Five” personality traits in the five-factor model and discuss their influence on organizational behavior.
5. Explain how social identity theory relates to a person's self-concept.
6. Distinguish personal, shared, espoused, and enacted values and explain why value congruence is important.
7. Summarize five values commonly studied across cultures.
8. Explain how moral intensity, ethical sensitivity, and the situation influence ethical behavior.
What makes Fairmont Hotels & Resorts a successful company? There is no single explanation, but this opening vignette reveals that North America’s largest luxury hotel company applies many of the theories and practices discussed in this chapter. It hires people with the right personality traits and values, trains them well, and nurtures their self-concept. As a global enterprise, Fairmont also ensures that its staff members develop cross-cultural competencies.

This chapter concentrates our attention on the role of the individual in organizations. We begin by presenting the MARS model, which outlines the four direct drivers of individual behavior and results. Next, we introduce the most stable aspect of individuals—personality—including personality development, personality traits, and how personality relates to organizational behavior. We then look at the individual’s self-concept, including self-enhancement, self-verification, self-evaluation, and social identity. The latter part of this chapter examines another relatively stable characteristic of individuals: their personal values. We look at types of values, issues of value congruence in organizations, cross-cultural values, and ethical values and practices.

Learning Objectives

After reading this section, you should be able to:

1. Describe the four factors that directly influence voluntary individual behavior and performance.

MARS Model of Individual Behavior and Performance

For most of the past century, experts in psychology, sociology, and, more recently, organizational behavior have investigated the direct predictors of individual behavior and performance. One of the earliest formulas was performance = person × situation, where person includes individual characteristics and situation represents external influences on the individual’s behavior. Another frequently mentioned formula is performance = ability × motivation. Sometimes known as the “skill-and-will” model, this formula elaborates two specific characteristics within the person that influence individual performance. Ability, motivation, and situation are by far the most commonly mentioned direct predictors of individual behavior and performance, but in the 1960s researchers identified a fourth key factor: role perceptions (the individual’s expected role obligations). 

Exhibit 2.1 illustrates these four variables—motivation, ability, role perceptions, and situational factors—which are represented by the acronym MARS. All four factors are critical influences on an individual’s voluntary behavior and performance; if any one of them is low in a given situation, the employee would perform the task poorly. For example, motivated salespeople with clear role perceptions and sufficient resources (situational factors) will not perform their jobs as well if they lack sales skills and related knowledge (ability). Let’s look at each of these four factors in more detail.

Employee Motivation

Motivation represents the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior. Direction refers to the path along which people engage their effort. People have choices about where they put their effort; they have a sense of what they are trying to achieve and at what level of quality, quantity, and so forth. In other words, motivation is goal-directed, not random.
People are motivated to arrive at work on time, finish a project a few hours early, or aim for many other targets. The second element of motivation, called intensity, is the amount of effort allocated to the goal. Intensity is all about how much people push themselves to complete a task. For example, two employees might be motivated to finish their project a few hours early (direction), but only one of them puts forth enough effort (intensity) to achieve this goal.

Finally, motivation involves varying levels of persistence, that is, continuing the effort for a certain amount of time. Employees sustain their effort until they reach their goal or give up beforehand. Remember that motivation exists within individuals; it is not their actual behavior. Thus, direction, intensity, and persistence are cognitive (thoughts) and emotional conditions that directly cause us to move.

**Ability**
Employee abilities also make a difference in behavior and task performance. Ability includes both the natural aptitudes and the learned capabilities required to successfully complete a task. Aptitudes are the natural talents that help employees learn specific tasks more quickly and perform them better. There are many physical and mental aptitudes, and our ability to acquire skills is affected by these aptitudes. For example, finger dexterity is an aptitude by which individuals learn more quickly and potentially achieve higher performance at picking up and handling small objects with their fingers. Employees with high finger dexterity are not necessarily better than others at first; rather, their learning tends to be faster and performance potential tends to be higher. Learned capabilities are the skills and knowledge that you currently possess. These capabilities include the physical and mental skills and knowledge you have acquired. Learned capabilities tend to wane over time when not in use.
Aptitudes and learned capabilities are closely related to competencies, which has become a frequently used term in business. Competencies are characteristics of a person that result in superior performance. Many experts describe these characteristics as personal traits (i.e., knowledge, skills, aptitudes, personality, self-concept, values). Others suggest that competencies represent actions produced by a person’s traits, such as serving customers, coping with heavy workloads, and providing creative ideas. With either definition, the challenge is to match a person’s competencies with the job’s task requirements. A good person-job match not only produces higher performance; it also tends to increase the employee’s well-being.

**Person-Job Matching Strategies** One way to match a person’s competencies with the job’s task requirements is to select applicants who already demonstrate the required competencies. For example, companies ask applicants to perform work samples, provide references for checking their past performance, and complete various selection tests. A second strategy is to provide training so that employees develop required skills and knowledge. Research indicates that training has a strong influence on individual performance and organizational effectiveness. The third person-job matching strategy is to redesign the job so that employees are given tasks only within their current learned capabilities. For example, a complex task might be simplified—some aspects of the work are transferred to others—so that a new employee performs only tasks that he or she is currently able to perform. As the employee becomes more competent at these tasks, other tasks are added back into the job.

**Role Perceptions** Motivation and ability are important influences on individual behavior and performance, but employees also require accurate role perceptions to perform their jobs well. Role perceptions are the extent to which people understand the job duties (roles) assigned to them or expected of them. These perceptions are critical because they guide the employee’s direction of effort and improve coordination with co-workers, suppliers, and other stakeholders. Unfortunately, many employees do not have clear role perceptions. According to one large-scale survey, most employees understand their organization’s business goals, but only 39 percent know what to do in their own jobs to achieve those goals.

The role perceptions concept has three components. First, employees have accurate role perceptions when they understand the specific tasks assigned to them, that is, when they know the specific duties or consequences for which they are accountable. This may seem obvious, but employees have been (unjustly) fired for failing to perform tasks that they didn’t even know were part of their job duties. Second, people have accurate role perceptions when they understand the priority of their various tasks and performance expectations. This includes the quantity versus quality dilemma, such as how many customers to serve in an hour (quantity) versus how well the employee should serve each customer (quality). It also refers to properly allocating time and resources to various tasks, such as how much time a manager should spend coaching employees in a typical week. The third component of role perceptions is understanding the preferred behaviors or procedures for accomplishing the assigned tasks. This refers to situations in which more than one method could be followed to perform the work. Employees with clear role perceptions know which of these methods is preferred by the organization.
Individual Behavior, Personality, and Values

Chapter 2

Situational Factors

Employees’ behavior and performance also depend on how much the situation supports or interferes with their task goals. Situational factors include conditions beyond the employee’s immediate control that constrain or facilitate behavior and performance. Some situational characteristics—such as consumer preferences and economic conditions—originate from the external environment and, consequently, are beyond the employee’s and organization’s control. However, other situational factors—such as time, people, budget, and physical work facilities—are controlled by people within the organization. Therefore, corporate leaders need to carefully arrange these conditions so that employees can achieve their performance potential.

The four elements of the MARS model—motivation, ability, role perceptions, and situational factors—affect all voluntary workplace behaviors and their performance outcomes. These elements are themselves influenced by other individual differences.

Best Buy Sorts Out Role Perceptions for Black Friday

It’s 5 a.m. on Black Friday, and hundreds of eager shoppers are pouring through the doors of the Best Buy retail outlet in Columbia, Maryland, to grab up the advertised bargains. Fortunately, Best Buy’s 225 employees in Columbia know what is expected of them on this extremely busy day after Thanksgiving. A huge floor plan in the back office has color-coded stickers marking where every staff member will be located; six green dots indicate where employees will stand outside to monitor and support customers who have lined up for hours. Many Best Buy stores held special rehearsals—complete with acting customers—during the week before Black Friday to help employees understand their roles and hone their customer service skills. For example, this photo shows customer assistance supervisor Aaron Sanford orchestrating a Black Friday practice run at a Best Buy store in Denver. “If you do it right, you’re very profitable,” advises Kevin McGrath, Best Buy’s store manager in Columbia. McGrath explains that clear role perceptions are just as important for a retail outlet as for a winning sports team. “The [Baltimore] Ravens are successful because [the players] know what is expected of them,” he says.
In the remainder of this chapter, we introduce three of the most stable individual characteristics: personality, self-concept, and values.

After reading the next two sections, you should be able to:
2. Define personality and discuss what determines an individual’s personality characteristics.
3. Summarize the “Big Five” personality traits in the five-factor model and discuss their influence on organizational behavior.
5. Explain how social identity theory relates to a person’s self-concept.

Personality in Organizations

Brian McHale carefully screens job applicants to find those who will take his company to the next level of success. “We look for people with passion about our business, a drive to understand consumers and what motivates them, and have a pervasive curiosity,” says the president of Empower MediaMarketing in Cincinnati. McHale emphasizes that his 150 employees are good at selecting applicants from interviews and résumés, but he also asks candidates to complete a personality test indicating whether they are the right fit. “A personality profile is just one more data point, one more window into the person you’re thinking about hiring,” McHale says. “It’s obviously not something that we depend on solely or even primarily when making a decision. But it can help complete a picture.”

Personality is an important individual characteristic, which explains why Empower MediaMarketing and many other companies are increasingly testing the personality traits of job applicants and employees. Personality is the relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics. It is, in essence, the bundle of characteristics that make us similar to or different from other people. We estimate an individual’s personality by what he or she says and does, and we infer the person’s internal states—including thoughts and emotions—from these observable behaviors. A basic premise of personality theory is that people have inherent characteristics or traits that can be identified by the consistency or stability of their behavior across time and situations. For example, you probably have some friends who are more talkative than others. You might know some people who like to take risks and others who are risk-averse. This consistency is an essential requirement for personality theory because it attributes a person’s behavior to something within him or her—the individual’s personality—rather than to purely environmental influences.

Of course, people do not act the same way in all situations; in fact, such consistency would be considered abnormal because it indicates a person’s insensitivity to social norms, reward systems, and other external conditions. People vary their behavior to suit the situation, even if the behavior is at odds with their personality. For example, talkative people remain relatively quiet in a library where “no talking” rules are explicit and strictly enforced. People typically exhibit a wide range of behaviors, yet within that variety are discernible patterns that we refer to as personality traits. Traits are broad concepts that allow us to label and understand individual differences. Furthermore, traits predict an individual’s behavior far into the future.
studies report that an individual’s personality in childhood predicts various behaviors and outcomes in adulthood, including educational attainment, employment success, marital relationships, illegal activities, and health-risk behaviors.¹⁵

**Personality Determinants: Nature versus Nurture**

What determines an individual’s personality? Most experts now agree that personality is shaped by both nature and nurture, although the relative importance of each continues to be debated and studied. *Nature* refers to our genetic or hereditary origins—the genes that we inherit from our parents. Studies of identical twins, particularly those separated at birth, reveal that heredity has a very large effect on personality; up to 50 percent of variation in behavior and 30 percent of temperament preferences can be attributed to a person’s genetic characteristics.¹⁶ In other words, genetic code not only determines our eye color, skin tone, and physical shape but also has a significant effect on our attitudes, decisions, and behavior.

Some similarities of identical twins raised apart are surreal. Consider Jim Springer and Jim Lewis, twins who were separated when only four weeks old and didn’t meet each other until age 39. In spite of being raised in different families and communities in Ohio, the “Jim twins” held similar jobs, smoked the same type of cigarettes, drove the same make and color of car, spent their vacations on the same Florida beach, had the same woodworking hobby, gave their first sons almost identical names, and had been married twice. Both their first and second wives also had the same first names!¹⁷

Although personality is heavily influenced by heredity, it is also affected to some degree by *nurture*—the person’s socialization, life experiences, and other forms of interaction with the environment. Studies have found that the stability of an individual’s personality increases up to at least age 30 and possibly to age 50, indicating that some personality development and change occurs when people are young.¹⁸ The main explanation of why personality becomes more stable over time is that people form clearer and more rigid self-concepts as they get older. The executive function—the part of the brain that manages goal-directed behavior—tries to keep our behavior consistent with our self-concept.¹⁹ As self-concept becomes clearer and more stable with age, behavior and personality therefore also become more stable and consistent. We discuss self-concept in more detail later in this chapter. The main point here is that personality is not completely determined by heredity; life experiences, particularly early in life, also shape each individual’s personality traits.

**Five-Factor Model of Personality**

One of the most important elements of personality theory is that people possess specific personality traits. Traits such as sociable, depressed, cautious, and talkative represent clusters of thoughts, feelings, and behaviors that allow us to identify, differentiate, and understand people.²⁰ The most widely respected model of personality traits is the **five-factor model (FFM)**. Several decades ago, personality experts identified more than 17,000 words in Roget’s thesaurus and Webster’s dictionary that describe an individual’s personality. These words were aggregated into 171 clusters and then further reduced to five abstract personality dimensions. Using more sophisticated techniques, recent investigations identified the same five personality dimensions. Analyses of trait words in several other languages have produced strikingly similar results, although they also lend support for the notion of six or possibly seven dimensions of personality. Generally, though, the five-factor model is fairly robust...
These “Big Five” dimensions, represented by the handy acronym CANOE, are outlined in Exhibit 2.2 and described below:

- **Conscientiousness.** Conscientiousness characterizes people who are careful, dependable, and self-disciplined. Some scholars argue that this dimension also includes the will to achieve. People with low conscientiousness tend to be careless, less thorough, more disorganized, and irresponsible.

- **Agreeableness.** This dimension includes the traits of being courteous, good-natured, empathic, and caring. Some scholars prefer the label “friendly compliance” for this dimension, with its opposite being “hostile noncompliance.” People with low agreeableness tend to be uncooperative, short-tempered, and irritable.

- **Neuroticism.** Neuroticism characterizes people with high levels of anxiety, hostility, depression, and self-consciousness. In contrast, people with low neuroticism (high emotional stability) are poised, secure, and calm.

- **Openness to experience.** This dimension is the most complex and has the least agreement among scholars. It generally refers to the extent to which people are imaginative, creative, curious, and aesthetically sensitive. Those who score low on this dimension tend to be more resistant to change, less open to new ideas, and more conventional and fixed in their ways.

- **Extroversion.** Extroversion characterizes people who are outgoing, talkative, sociable, and assertive. The opposite is introversion, which characterizes those who are quiet, shy, and cautious. Extroverts get their energy from the outer world (people and things around them), whereas introverts get their energy from the internal world, such as personal reflection on concepts and ideas. Introverts do not necessarily lack social skills. Rather, they are more inclined to direct their interests to ideas than to social events. Introverts feel quite comfortable being alone, whereas extroverts do not.

These five personality dimensions are not independent of each other. Some experts suggest that conscientiousness, agreeableness, and low neuroticism (high emotional...
stability) represent a common underlying characteristic broadly described as “getting along”; people with these traits are aware of and more likely to abide by rules and norms of society. The other two dimensions share the common underlying factor called “getting ahead”; people with high scores on extroversion and openness to experience exhibit more behaviors aimed at achieving goals, managing their environment, and advancing themselves in teams.  

Studies report fairly strong associations between personality and several workplace behaviors and outcomes, even when employee ability and other factors are taken into account. Conscientiousness and emotional stability (low neuroticism) stand out as the personality traits that best predict individual performance in almost every job group. Both are motivational components of personality because they energize a willingness to fulfill work obligations within established rules (conscientiousness) and to allocate resources to accomplish those tasks (emotional stability). Various studies have reported that conscientious employees set higher personal goals for themselves, are more motivated, and have higher performance expectations than do employees with low levels of conscientiousness. They also tend to have higher levels of organizational citizenship and work better in organizations that give employees more freedom than is found in traditional command-and-control workplaces.

The other three personality dimensions predict more specific types of employee behavior and performance. Extroversion is associated with performance in sales and management jobs, where employees must interact with and influence people. Agreeableness is associated with performance in jobs where employees are expected to be cooperative and helpful, such as working in teams, customer relations, and other conflict-handling situations. People high on the openness-to-experience personality dimension tend to be more creative and adaptable to change. Finally, personality influences employee well-being in various ways. Studies report that personality influences a person’s general emotional reactions to her or his job, how well the person copes with stress, and what type of career paths make that person happiest.

Jungian Personality Theory and the Myers-Briggs Type Indicator

The five-factor model of personality is the most respected and supported in research, but it is not the most popular in practice. That distinction goes to Jungian personality theory, which is measured through the **Myers-Briggs Type Indicator (MBTI)**. Nearly a century ago, Swiss psychiatrist Carl Jung proposed that personality is primarily represented by the individual’s preferences regarding perceiving and judging information. Jung explained that perceiving, which involves how people prefer to gather information or perceive the world around them, occurs through two competing orientations: **sensing (S)** and **intuition (N)**. Sensing involves perceiving information directly through the five senses; it relies on an organized structure to acquire factual and preferably quantitative details. Intuition, on the other hand, relies more on insight and subjective experience to see relationships among variables. Sensing types focus on the here and now, whereas intuitive types focus more on future possibilities.

Jung also proposed that judging—how people process information or make decisions based on what they have perceived—consists of two competing processes: **thinking (T)** and **feeling (F)**. People with a thinking orientation rely on rational cause-effect logic and systematic data collection to make decisions. Those with a strong feeling
orientation, on the other hand, rely on their emotional responses to the options presented, as well as to how those choices affect others. Jung noted that along with differing in the four core processes of sensing, intuition, thinking, and feeling, people also differ in their degrees of extroversion-introversion, which was introduced earlier as one of the Big Five personality traits.

In addition to measuring the personality traits identified by Jung, the MBTI measures Jung’s broader categories of perceiving and judging. People with a perceiving orientation are open, curious, and flexible; prefer to adapt spontaneously to events as they unfold; and prefer to keep their options open. Judging types prefer order and structure and want to resolve problems quickly.

The MBTI is one of the most widely used personality tests in work settings as well as in career counseling and executive coaching. Still, evidence regarding the effectiveness of the MBTI and Jung’s psychological types is mixed. On the one hand, MBTI does a reasonably good job of measuring Jung’s psychological types and seems to improve self-awareness for career development and mutual understanding. On the other hand, it poorly predicts job performance and is generally not recommended for employment selection or promotion decisions. Furthermore, MBTI overlaps with the five-factor personality model, yet it does so less satisfactorily than existing measures of the Big Five personality dimensions.

Caveats about Personality Testing in Organizations

Personality is clearly an important concept for understanding, predicting, and changing behavior in organizational settings. However, there are a few problems that continue to hound personality testing. One concern is that most tests are self-report scales, which allow applicants or employees to fake their answers. Rather than measuring a person’s personality, many test results might identify the traits that people believe the company values. This concern is compounded by the fact that test takers
often don’t know what personality traits the company is looking for and may not know which statements are relevant to each trait. Thus, the test scores might not represent the individual’s personality or anything else meaningful.

A second issue is that personality is a relatively weak predictor of a person’s performance. Some experts dispute this claim, pointing to strong associations between a few personality traits and specific types of performance. Still, the effect of personality on a person’s behavior and performance is generally low, and thus personality testing could cause companies to wrongly reject applicants who would have performed well. Finally, some companies have discovered that personality testing does not convey a favorable image of the company. For example, the British operations of PricewaterhouseCoopers (PwC) required that applicants complete an online personality test early in the selection process. The accounting firm learned that the test discouraged female applicants from applying because the process was impersonal and the test could be faked. “Our personality test was seen to alienate women and so we had to respond to that,” says PwC’s head of diversity. Overall, we need to understand personality in the workplace but also to be cautious about measuring and applying it too precisely.

Self-Concept: The “I” in Organizational Behavior

To more fully understand individual behavior in organizations, we need to realize that people develop, nurture, and act in ways that maintain and enhance their self-concept. Self-concept refers to an individual’s self-beliefs and self-evaluations. It is the “Who am I?” and “How do I feel about myself?” that people ask themselves and that guide their decisions and actions. Self-concept has not received much attention in organizational behavior research, but scholars in psychology, social psychology, and other disciplines have discovered that it is a critically important concept for understanding individual perceptions, attitudes, decisions, and behavior. Indeed, as the opening vignette to this chapter illustrated, managers at Fairmont Hotels & Resorts have known for years that nurturing an employee’s self-concept can be a powerful way to strengthen his or her motivation and well-being.

People do not have a single unitary self-concept. Rather, they think of themselves in several ways in various situations. For example, you might think of yourself as a creative employee, a health-conscious vegetarian, and an aggressive skier. A person’s self-concept has higher complexity when it consists of many categories. Along with varying in complexity, self-concept varies in the degree of its consistency. People have high consistency when similar personality traits and values are required across all aspects of self-concept. Low consistency occurs when some aspects of self require personal characteristics that conflict with the characteristics required for other aspects of self. A third structural feature of self-concept is clarity, that is, the degree to which a person’s self-conceptions are clearly and confidently described, internally consistent, and stable across time. A clear self-concept necessarily requires a consistent self-concept. Generally, people develop a clearer self-concept as they get older.

These three structural dimensions of self-concept—complexity, consistency, and clarity—influence an individual’s adaptability and well-being. People function better when their self-concept has many elements (high complexity) that are compatible with each other (high consistency) and are relatively clear. In contrast, people are more rigid and inflexible, and therefore less adaptable, when their self-view consists of only a few similar characteristics (low complexity). People also have poorer psychological adjustment when their self-concept is less clear and includes conflicting elements.
Self-Enhancement

A key ingredient in self-concept is the desire to feel valued. People are inherently motivated to promote and protect a self-view of being competent, attractive, lucky, ethical, and important. This self-enhancement is observed in many ways. Individuals tend to rate themselves above average, selectively recall positive feedback while forgetting negative feedback, attribute their successes to personal motivation or ability while blaming the situation for their mistakes, and believe that they have a better than average probability of success. People don’t see themselves as above average in all circumstances, but this bias is apparent for conditions that are common rather than rare and that are important to them.

Self-enhancement has both positive and negative consequences in organizational settings. On the positive side, research has found that individuals have better personal adjustment and experience better mental and physical health when they view their self-concept in a positive light. On the negative side, self-enhancement can result in bad decisions. For example, studies report that self-enhancement causes managers to overestimate the probability of success in investment decisions. Generally, though, successful companies, such as Fairmont Hotels & Resorts, strive to help employees feel they are valued and integral members of the organization. Global Connections 2.1 describes how Johnson & Johnson, Inc.’s businesses worldwide also support employees’ self-concept by making them feel valued and by aligning their career plans with their self-view.

Self-Verification

Along with being motivated by self-enhancement, people are motivated to verify and maintain their existing self-concept. Self-verification stabilizes an individual’s self-concept, which, in turn, provides an important anchor that guides his or her thoughts and actions. Self-verification differs from self-enhancement because people usually prefer feedback that is consistent with their self-concept even when that feedback is unflattering. Self-verification has several implications for organizational behavior. First, it affects the perceptual process because employees are more likely to remember information that is consistent with their self-concept. Second, the more confident employees are in their self-concept, the less they will accept feedback—positive or negative—that is at odds with their self-concept. Third, employees are motivated to interact with others who affirm their self-concept, and this affects how well they get along with their boss and with co-workers in teams.

Self-Evaluation

Almost everyone strives to have a positive self-concept, but some people have a more positive evaluation of themselves than do others. This self-evaluation is mostly defined by three concepts: self-esteem, self-efficacy, and locus of control.

Self-Esteem

Self-esteem—the extent to which people like, respect, and are satisfied with themselves—represents a global self-evaluation. People with high self-esteem are less influenced by others, tend to persist in spite of failure, and think more rationally. Self-esteem regarding specific aspects of self (e.g., a good student, a good driver, a good parent) predicts specific thoughts and behaviors, whereas a person’s overall self-esteem predicts only large bundles of thoughts and behaviors.
Self-Efficacy  

Self-efficacy refers to a person’s belief that he or she can successfully complete a task. Those with high self-efficacy have a “can do” attitude. They believe they possess the energy (motivation), resources (situational factors), understanding of the correct course of action (role perceptions), and competencies (ability) to perform the task. In other words, self-efficacy is an individual’s perception regarding the MARS model in a specific situation. Although originally defined in terms of specific tasks, self-efficacy is also a general trait related to self-concept. General self-efficacy is a perception of one’s competence to perform across a variety of situations. The higher the person’s general self-efficacy, the higher is his or her overall self-evaluation.

Locus of Control  

Locus of control, the third concept related to self-evaluation, is defined as a person’s general belief about the amount of control he or she has over personal life events. Individuals with more of an internal locus of control believe that their personal characteristics (i.e., motivation and competencies) mainly influence life’s outcomes. Those with more of an external locus of control believe that events in their life are due mainly to fate, luck, or conditions in the external environment. Locus of control is a generalized belief, so people with an external locus can feel in control in familiar situations (such as performing common tasks). However, their underlying locus of control would be apparent in new situations in which control over

Feeling Valued Adds Value at Johnson & Johnson  

Every Saturday, Vikas Shirodkar takes his daughter to dance lessons and pops into his office at Johnson & Johnson’s Indian headquarters in Mumbai, which is located next door to the dance class. Doing work at the office saves Shirodkar the trouble of driving home and back again to pick up his daughter after class. After three weeks, Shirodkar received a call from J&J’s managing director, Narendra Ambwani, asking if he was overburdened and needed additional staff. Shirodkar was surprised by the question, until Ambwani explained that he noticed the executive’s name on the register every Saturday and was concerned about his workload.

The managing director’s call was a defining moment for Shirodkar because it reflected J&J’s value system, in which every employee “must be considered as an individual” and the company “must respect [employees’] dignity and recognize their merit.” The credo recognizes employees, customers, communities, and the environment, as well as shareholders. In India, where job-hopping has become the norm, the average J&J employee has more than 15 years of service. Asked about J&J’s success at attracting and retaining talented workers, India managing director Narendra Ambwani answers: “We make them feel the company belongs to them.”

J&J also supports each employee’s self-concept through day-to-day coaching. For example, J&J’s Pharmaceutical Research & Development division in the United States discovered that a key ingredient of employee motivation and well-being is to have managers ensure that employees feel valued as contributors to the company’s success. The European operations of J&J’s Global Pharmaceutical Supply Group also introduced a new career program that takes into account employees’ self-concept by matching their personal values with corresponding job preferences.
events is uncertain. People with a more internal locus of control have a more positive self-evaluation. They also tend to perform better in most employment situations, are more successful in their careers, earn more money, and are better suited for leadership positions. Internals are also more satisfied with their jobs, cope better in stressful situations, and are more motivated by performance-based reward systems.45

The Social Self

A person’s self-concept can be organized into two fairly distinct categories: personal identity characteristics and social identity characteristics.46 Personal identity consists of characteristics that make us unique and distinct from people in the social groups to which we have a connection. For instance, an unusual achievement that distinguishes you from other people typically becomes a personal identity characteristic. Personal identity refers to something about you as an individual without reference to a larger group. At the same time, human beings are social animals; they have an inherent drive to be associated with others and to be recognized as part of social communities. This drive to belong is reflected in self-concept by the fact that all individuals define themselves to some degree by their association with others.47

This social element of self-concept is described by social identity theory. According to social identity theory, people define themselves by the groups to which they belong or have an emotional attachment. For instance, someone might have a social identity as an American, a graduate of the University of Massachusetts, and an employee at IBM (see Exhibit 2.3). Social identity is a complex combination of many memberships arranged in a hierarchy of importance. One factor determining importance is how easily we are identified as a member of the reference group, such as by our gender, age, and ethnicity. It is difficult to ignore your gender in a class where most other students are the opposite gender, for example. In that context, gender tends to become a stronger defining feature of your social identity than it is in social settings where there are many people of the same gender.

Along with our demographic characteristics, a group’s status is typically an important influence on whether we include the group in our social identity. We identify with groups that have high status or respect because this aids the self-enhancement of
our self-concept. Medical doctors usually define themselves by their profession because of its high status, whereas people in low-status jobs tend to define themselves by nonjob groups. Some people define themselves in terms of where they work because their employer has a positive reputation in the community. In contrast, other people never mention where they work because their employer is noted for poor relations with employees and has a poor reputation in the community.  

Self-Concept and Organizational Behavior

We began this section by stating that self-concept is an important topic for understanding individual perceptions, attitudes, decisions, and behavior. In fact, self-concept may eventually be recognized as one of the more useful ways to understand and improve an employee’s performance and well-being. Some aspects of self-concept, such as self-efficacy and locus of control, already are known influences on job performance. Self-concept also affects how people select and interpret information, as well as their biases in judgments (such as probability of success). Furthermore, as you will learn in future chapters, the social identity component of self-concept influences team dynamics, organizational commitment, and other OB concepts.

Learning Objectives

After reading the next three sections, you should be able to:

6. Distinguish personal, shared, espoused, and enacted values and explain why value congruence is important.
7. Summarize five values commonly studied across cultures.
8. Explain how moral intensity, ethical sensitivity, and the situation influence ethical behavior.

Values in the Workplace

A person’s self-concept is connected to his or her personal values. Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations. They are perceptions about what is good or bad, right or wrong. Values tell us what we “ought” to do. They serve as a moral compass that directs our motivation and, potentially, our decisions and actions. Values are related to self-concept because they partly define who we are as individuals and as members of groups with similar values.

People arrange values into a hierarchy of preferences, called a value system. Some individuals value new challenges more than they value conformity. Others value generosity more than frugality. Each person’s unique value system is developed and reinforced through socialization from parents, religious institutions, friends, personal experiences, and the society in which he or she lives. As such, a person’s hierarchy of values is stable and long-lasting. For example, one study found that value systems of a sample of adolescents were remarkably similar 20 years later when they were adults.

Notice that our description of values has focused on individuals, whereas executives often describe values as though they belong to the organization. In reality, values exist only within individuals—we call them personal values. However, groups of people might hold the same or similar values, so we tend to ascribe these shared values to the team, department, organization, profession, or entire society. The values shared by people throughout an organization (organizational values) receive fuller discussion.
in Chapter 14 because they are a key part of corporate culture. The values shared across a society (cultural values) receive attention later in this chapter.

**Types of Values**

Values come in many forms, and experts on this topic have devoted considerable attention to organizing them into clusters. Several decades ago, social psychologist Milton Rokeach developed two lists of values, distinguishing means (instrumental values) from end goals (terminal values). Although Rokeach’s lists are still mentioned in some organizational behavior sources, they are no longer considered acceptable representations of personal values. The instrumental-terminal values distinction was neither accurate nor useful, and experts have identified values that were excluded from Rokeach’s lists.

Today, by far the most respected and widely studied set of values is the model developed and tested by social psychologist Shalom Schwartz and his colleagues.\(^51\) Schwartz’s list of 57 values builds on Rokeach’s earlier work but does not distinguish instrumental from terminal values. Instead, through painstaking empirical research, Schwartz reported that human values are organized into the circular model (circumplex) shown in Exhibit 2.4.\(^52\) The model organizes values into 10 broad categories, each representing several specific values. For example, conformity consists of four values: politeness, honoring parents, self-discipline, and obedience.

---

**Exhibit 2.4** Schwartz’s Values Circumplex

---

These 10 categories of values are further reduced to two bipolar dimensions. One dimension has the opposing value domains of openness to change and conservation. *Openness to change* refers to the extent to which a person is motivated to pursue innovative ways. It includes the value domains of self-direction (creativity, independent thought) and stimulation (excitement and challenge). *Conservation* is the extent to which a person is motivated to preserve the status quo. This dimension includes the value clusters of conformity (adherence to social norms and expectations), security (safety and stability), and tradition (moderation and preservation of the status quo).

The other bipolar dimension in Schwartz’s model has the opposing value domains of self-enhancement and self-transcendence. *Self-enhancement*—how much a person is motivated by self-interest—includes the value categories of achievement (pursuit of personal success) and power (dominance over others). The opposite of self-enhancement is *self-transcendence*, which refers to motivation to promote the welfare of others and nature. Self-transcendence includes the values of benevolence (concern for others in one’s life) and universalism (concern for the welfare of all people and nature).

**Values and Individual Behavior**

Personal values guide our decisions and actions to some extent, but this connection isn’t always as strong as some would like to believe. Habitual behavior tends to be consistent with our values, but our everyday conscious decisions and actions apply our values much less consistently. The main reason for the “disconnect” between personal values and individual behavior is that values are abstract concepts that sound good in theory but are less easily followed in practice.

Three conditions strengthen the linkage between personal values and behavior.  
First, we are more likely to apply values when we are reminded of them. For example, co-workers tend to treat each other with much more respect and consideration immediately after a senior executive gives a speech on the virtues of benevolence in the workplace. Second, we tend to apply our values only when we can think of specific reasons for doing so. In other words, we need logical reasons for applying a specific value in a specific situation. Third, we tend to apply our values in situations that facilitate doing so. Work environments shape our behavior, at least in the short term, so they necessarily encourage or discourage value-consistent behavior.

**Value Congruence**

Personal values not only define the person’s self-concept; they also affect how comfortable that person is with being associated with the organization and working with specific people. The key concept here is value congruence, which refers to how similar a person’s value hierarchy is to the value hierarchy of the organization, a co-worker, or another source of comparison. *Person-organization value congruence* occurs when the employee’s and organization’s dominant values are similar. Values are guideposts, so employees whose values are similar to the dominant organizational values are more likely to make decisions compatible with the organization’s value-based mission and objectives. Person-organization value congruence also leads to higher job satisfaction, loyalty, and organizational citizenship as well as lower stress and turnover. “The most difficult but rewarding accomplishment in any career is ‘living true’ to your values and finding companies where you can contribute at the highest level while being your authentic self,” says Cynthia Schwalm, president of the U.S. commercial division of biopharmaceutical company Eisai Co., Ltd. “There is nothing more important in my estimation.”
Do the most successful organizations have the highest possible levels of person-organization value congruence? Not at all! While a comfortable degree of value congruence is necessary for the reasons just noted, organizations also benefit from some level of value incongruence. Employees with diverse values offer different perspectives, which potentially lead to better decision making. Also, too much congruence can create a “corporate cult” that potentially undermines creativity, organizational flexibility, and business ethics.

A second type of value congruence involves how consistent the values apparent in our actions (enacted values) are with what we say we believe in (espoused values). This *espoused-enacted value congruence* is especially important for people in leadership positions because any obvious gap between espoused and enacted values undermines their perceived integrity, a critical feature of effective leaders. One global survey reported recently that 55 percent of employees believe senior management behaves consistently with the company’s core values. Meyners & Co., the Albuquerque, New Mexico, accounting firm, tries to maintain high levels of espoused-enacted value congruence by surveying subordinates and peers about whether managers’ decisions and actions are consistent with the company’s espoused values.

A third type of value congruence involves the compatibility of an organization’s dominant values with the prevailing values of the community or society in which it conducts business. For example, an organization headquartered in one country that tries to impose its value system on employees and other stakeholders located in another culture may experience higher employee turnover and have more difficult relations with the communities in which the company operates. Thus, globalization calls for a delicate balancing act: Companies depend on shared values to maintain consistent standards and behaviors, yet they need to operate within the values of different cultures around the world. Let’s look more closely at how values vary across cultures.

Values across Cultures

Fairmont Hotels & Resorts operates world-class hotels in several countries and is rapidly expanding its operations into the Middle East, Africa, and other regions. As the opening story in this chapter described, Fairmont actively develops cross-cultural competencies in its staff through work experience and formal training. Sean Billing and other Fairmont staff soon realize that they need to be sensitive to the fact that cultural differences exist and, although often subtle, can influence decisions, behavior, and interpersonal relations.

Individualism and Collectivism

Many values have been studied in the context of cross-cultural differences, but the two most commonly mentioned are individualism and collectivism. *Individualism* is the extent to which we value independence and personal uniqueness. Highly individualist people value personal freedom, self-sufficiency, control over their own lives, and appreciation of the unique qualities that distinguish them from others. As shown in Exhibit 2.5, Americans and Italians generally exhibit high individualism, whereas Taiwanese tend to have low individualism. *Collectivism* is the extent to which we value our duty to groups to which we belong and to group harmony. Highly collectivist people define themselves by their group memberships and value harmonious relationships within those groups. Americans generally have low collectivism, whereas Italians and Taiwanese have relatively high collectivism.
Contrary to popular belief, individualism is not the opposite of collectivism. In fact, an analysis of previous studies reports that the two concepts are unrelated. Some cultures that highly value duty to one’s group do not necessarily give a low priority to personal freedom and self-sufficiency. The distinction between individualism and collectivism makes sense when we realize that people across all cultures define themselves in terms of both their uniqueness (personal identity) and their relationship to others (social identity). Some cultures clearly reflect one more than the other, but both have a place in a person’s values and self-concept.

### Power Distance

Power distance—a cross-cultural value describing the degree to which people in a culture accept unequal distribution of power in a society—is the extent to which people accept unequal distribution of power in a society. Those with high power distance accept and value unequal power. They value obedience to authority and are comfortable receiving commands from their superiors without consultation or debate, and they prefer to resolve differences indirectly through formal procedures rather than directly. In contrast, people with low power distance expect relatively equal power sharing. They view the relationship with their boss as one of interdependence, not dependence; that is, they believe their boss is also dependent on them, so they expect power sharing and consultation before decisions affecting them are made. People in India tend to have high power distance, whereas people in Denmark generally have low power distance.

### Uncertainty Avoidance

Uncertainty avoidance is a cross-cultural value describing the degree to which people tolerate ambiguity (low uncertainty avoidance) or feel threatened by ambiguity and uncertainty (high uncertainty avoidance). Employees with high uncertainty avoidance value structured situations in which rules of conduct and decision making are clearly documented. They usually prefer direct rather than indirect or ambiguous communications. Uncertainty avoidance tends to be high in Italy and Taiwan and very high in Japan. It is generally low in Denmark.

---

**Exhibit 2.5** Five Cross-Cultural Values in Selected Countries

<table>
<thead>
<tr>
<th>Country</th>
<th>Individualism</th>
<th>Collectivism</th>
<th>Power distance</th>
<th>Uncertainty avoidance</th>
<th>Achievement orientation</th>
</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>High</td>
<td>Low</td>
<td>Medium low</td>
<td>Medium low</td>
<td>Medium high</td>
</tr>
<tr>
<td>Denmark</td>
<td>Medium</td>
<td>Medium low</td>
<td>Low</td>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>India</td>
<td>Medium high</td>
<td>Medium</td>
<td>High</td>
<td>Medium low</td>
<td>Medium high</td>
</tr>
<tr>
<td>Italy</td>
<td>High</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Japan</td>
<td>Medium high</td>
<td>Low</td>
<td>Medium</td>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Taiwan</td>
<td>Low</td>
<td>High</td>
<td>Medium</td>
<td>High</td>
<td>Medium</td>
</tr>
</tbody>
</table>

Achievement-Nurturing Orientation

Achievement-nurturing orientation reflects a competitive versus cooperative view of relations with other people. People with a high achievement orientation value assertiveness, competitiveness, and materialism. They appreciate people who are tough, and they favor the acquisition of money and material goods. In contrast, people in nurturing-oriented cultures emphasize relationships and the well-being of others. They focus on human interaction and caring rather than competition and personal success. People in Sweden, Norway, and Denmark score very low on achievement orientation (i.e., they have a high nurturing orientation). In contrast, very high achievement orientation scores have been reported in Japan and Hungary, with fairly high scores in the United States and Italy.

Before leaving this topic, we need to point out two concerns about cross-cultural values. One concern is that country scores on power distance, uncertainty avoidance, and achievement-nurturing orientation are based on a survey of IBM staff worldwide more than a quarter century ago. More than 100,000 IBM employees in dozens of countries completed that survey, but IBM employees might not represent the general population. There is also evidence that values have since changed considerably in some countries. A second concern is the assumption that everyone in a society has similar cultural values. This may be true in a few countries, but multiculturalism—in which several microcultures coexist in the same country—is becoming the more common trend. By attributing specific values to an entire society, we are engaging in a form of stereotyping that limits our ability to understand the more complex reality of that society.

Ethical Values and Behavior

When employees are asked to list the most important characteristic they look for in a leader, the top factor isn’t intelligence, courage, or even being inspirational. Although these characteristics are important, the most important factor in most surveys is honesty/ethics. Ethics refers to the study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. People rely on their ethical values to determine “the right thing to do.”
Unfortunately, incidents involving corporate wrongdoing continue to raise serious questions about the ethical values of many corporate leaders. Scandals at Enron, WorldCom, Tyco, and other companies led to the Sarbanes-Oxley Act in 2002, which put more controls on U.S. companies and auditing firms to minimize conflict of interest and disclose the company’s financial picture more fully. This legislation might reduce some unethical conduct, but wrongdoing is unlikely to disappear completely.

Three Ethical Principles
To better understand business ethics, we need to consider three distinct types of ethical principles: utilitarianism, individual rights, and distributive justice. While you might prefer one principle more than the others on the basis of your personal values, all three should be actively considered to put important ethical issues to the test.

- **Utilitarianism.** This principle advises us to seek the greatest good for the greatest number of people. In other words, we should choose the option that provides the highest degree of satisfaction to those affected. This is sometimes known as a *consequential principle* because it focuses on the consequences of our actions, not on how we achieve those consequences. One problem with utilitarianism is that it is almost impossible to evaluate the benefits or costs of many decisions, particularly when many stakeholders have wide-ranging needs and values. Another problem is that even if the objective of our behavior is ethical according to utilitarianism, the means to achieving that objective is sometimes considered unethical.

- **Individual rights.** This principle reflects the belief that everyone has entitlements that let her or him act in a certain way. Some of the most widely cited rights are freedom of movement, physical security, freedom of speech, fair trial, and freedom from torture. The individual-rights principle includes more than legal rights; it also includes human rights that everyone is granted as a moral norm of society. One problem with individual rights is that certain individual rights may conflict with others. The shareholders’ right to be informed about corporate activities may ultimately conflict with an executive’s right to privacy, for example.

- **Distributive justice.** This principle suggests that people who are similar to each other should receive similar benefits and burdens; those who are dissimilar should receive different benefits and burdens in proportion to their dissimilarity. For example, we expect that two employees who contribute equally in their work should receive similar rewards, whereas those who make a lesser contribution should receive less. A variation of the distributive justice principle says that inequalities are acceptable when they benefit the least well off in society. Thus, employees in risky jobs should be paid more if their work benefits others who are less well off. One problem with the distributive justice principle is that it is difficult to agree on who is “similar” and what factors are “relevant.”

Moral Intensity, Ethical Sensitivity, and Situational Influences
Along with ethical principles and their underlying values, three other factors influence ethical conduct in the workplace: the moral intensity of the issue, the individual’s ethical sensitivity, and situational factors. **Moral intensity** is the degree to which an issue demands the application of ethical principles. Decisions with high moral intensity are more important, so the decision maker needs to more carefully apply ethical principles to resolve it. Several factors influence the moral intensity of an issue, including those listed in Exhibit 2.6. Keep in mind that this list represents the
factors people tend to think about; some of them might not be considered morally acceptable when people are formally making ethical decisions. Even if an issue has high moral intensity, some employees might not recognize its ethical importance because they have low ethical sensitivity. Ethical sensitivity is a personal characteristic that enables people to recognize the presence of an ethical issue and determine its relative importance. Ethically sensitive people are not necessarily more ethical. Rather, they are more likely to recognize whether an issue requires ethical consideration; that is, they can more accurately estimate the moral intensity of the issue. Ethically sensitive people tend to have higher empathy. They also have more information about the specific situation. For example, accountants would be more ethically sensitive regarding the appropriateness of specific accounting procedures than would someone who has not received training in this profession.

The third important factor explaining why good people engage in unethical decisions and behavior is the situation in which the conduct occurs. Employees say they regularly experience pressure from top management that motivates them to lie to customers, breach regulations, or otherwise act unethically. Situational factors do not justify unethical conduct. Rather, we need to recognize these factors so that organizations can reduce their influence in the future.

Supporting Ethical Behavior

Most large and medium-size organizations in the United States, United Kingdom, and several other countries apply one or more strategies to improve ethical conduct.
Creating ethical codes of conduct is the most common. Almost all Fortune 500 companies in the United States and the majority of the 500 largest U.K. companies now have codes of ethics. These statements communicate the organization’s ethical standards and signal to employees that the company takes ethical conduct seriously. However, critics point out that ethics codes alone do little to reduce unethical conduct. After all, Enron had a well-developed code of ethics, but that document didn’t prevent senior executives from engaging in wholesale accounting fraud, resulting in the energy company’s bankruptcy.

To supplement ethics codes, many firms provide ethics training. At Texas Instruments, employees learn to ask the following questions as their moral compass: “Is the action legal? Does it comply with our values? If you do it, will you feel bad? How would it look in the newspaper? If you know it’s wrong, don’t do it! If you’re not sure, ask. Keep asking until you get an answer.” Molson Coors developed an award-winning online training program set up as an expedition: Employees must resolve ethics violations at each “camp” as they ascend a mountain. The first few camps present real scenarios with fairly clear ethical violations of the company’s ethics code; later camps present much fuzzier dilemmas requiring more careful thought about the company’s underlying values.

Some companies have also introduced procedures whereby employees can communicate possible ethical violations in confidence. Food manufacturer H. J. Heinz Co. has an ethics hotline that operates around the clock and in 150 languages for its global workforce. Heinz’s director of ethics says that the hotline “has provided an early warning signal of problems we were not aware of.” Rogers Cable Communications Inc. also has an anonymous “star hotline” as well as a Web link that employees can use to raise ethical issues or concerns about ethical conduct. Rogers employees can even call back to find out what actions have been taken to resolve an ethical issue.

These additional measures support ethical conduct to some extent, but the most powerful foundation is a set of shared values that reinforce ethical conduct. “If you don’t have a culture of ethical decision making to begin with, all the controls and compliance regulations you care to deploy won’t necessarily prevent ethical misconduct,” warns a senior executive at British communications giant Vodafone. This culture is supported by the ethical conduct and vigilance of corporate leaders. By acting with the highest standards of moral conduct, leaders not only gain support and trust from followers; they role-model the ethical standards that employees are more likely to follow.
Chapter Summary

Individual behavior is influenced by motivation, ability, role perceptions, and situational factors (MARS). Motivation consists of internal forces that affect the direction, intensity, and persistence of a person’s voluntary choice of behavior. Ability includes both the natural aptitudes and the learned capabilities required to successfully complete a task. Role perceptions are a person’s beliefs about what behaviors are appropriate or necessary in a particular situation. Situational factors are environmental conditions that constrain or facilitate employee behavior and performance.

Personality is the relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics. Most experts now agree that personality is shaped by both nature and nurture. Most personality traits are represented within the five-factor model, which includes conscientiousness, agreeableness, neuroticism, openness to experience, and extroversion. Another set of traits, measured by the Myers-Briggs Type Indicator, represents how people prefer to perceive and judge information. Conscientiousness and emotional stability (low neuroticism) stand out as the personality traits that best predict individual performance in almost every job group. The other three personality dimensions predict more specific types of employee behavior and performance.

Self-concept includes an individual’s self-beliefs and self-evaluations. It has three structural dimensions: complexity, consistency, and clarity. People are inherently motivated to promote and protect their self-concept; this is self-enhancement. At the same time, people are motivated to verify and maintain their existing self-concept; this is self-verification.

Self-evaluation, an important aspect of self-concept, consists of self-esteem, self-efficacy, and locus of control. Self-esteem is the extent to which people like, respect, and are satisfied with themselves. Self-efficacy is a person’s belief that he or she has the ability, motivation, correct role perceptions, and favorable situation to complete a task successfully; general self-efficacy is a perception of one’s competence to perform across a variety of situations. Locus of control is defined as a person’s general belief about the amount of control he or she has over personal life events. Self-concept consists of both personality identity and social identity. Social identity theory explains how people define themselves in terms of the groups to which they belong or have an emotional attachment.

Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations. People arrange values into a hierarchy of preferences, called a value system. Espoused values—what we say and think we use as values—are different from enacted values, which are values evident from our actions. Values have been organized into a circle with 10 clusters. Value congruence is the similarity of value systems between two entities.

Five values that differ across cultures are individualism, collectivism, power distance, uncertainty avoidance, and achievement-nurturing orientation. Three values that guide ethical conduct are utilitarianism, individual rights, and distributive justice. Three factors that influence ethical conduct are the extent to which an issue demands ethical principles (moral intensity), the person’s ethical sensitivity to the presence and importance of an ethical dilemma, and situational factors that cause people to deviate from their moral values. Companies improve ethical conduct through a code of ethics, ethics training, ethics hotlines, and the conduct of corporate leaders.

Key Terms

ability, p. 35
achievement-nurturing orientation, p. 52
collectivism, p. 50
competencies, p. 36
conscientiousness, p. 40
ethical sensitivity, p. 54
extroversion, p. 40
five-factor model (FFM), p. 39
individualism, p. 50
locus of control, p. 43
moral intensity, p. 53
motivation, p. 34
Myers-Briggs Type Indicator (MBTI), p. 41
neuroticism, p. 40
personality, p. 38
power distance, p. 51
role perceptions, p. 36
self-concept, p. 43
self-efficacy, p. 45
social identity theory, p. 46
uncertainty avoidance, p. 52
Critical Thinking Questions

1. An insurance company has high levels of absenteeism among the office staff. The head of office administration argues that employees are misusing the company’s sick leave benefits. However, some of the mostly female staff members have explained that family responsibilities interfere with work. Using the MARS model, as well as your knowledge of absenteeism behavior, discuss some of the possible reasons for absenteeism here and how it might be reduced.

2. As the district manager responsible for six stores in a large electronics retail chain, you have had difficulty with the performance of some sales employees. Although they are initially motivated and generally have good interpersonal skills, many have difficulty with the complex knowledge of the wide variety of store products, ranging from computers to high-fidelity sound systems. Describe three strategies you might apply to improve the match between the competencies of new sales employees and the job requirements.

3. Studies report that heredity has a strong influence on an individual’s personality. What are the implications of this in organizational settings?

4. Suppose that you give all candidates applying for a management trainee position a personality test that measures the five dimensions in the five-factor model. Which personality traits would you consider to be the most important for this type of job? Explain your answer.

5. An important aspect of self-concept is the idea that almost everyone engages in self-enhancement. What problems tend to occur in organizations as a result of the self-enhancement phenomenon? What can organizational leaders do to make use of a person’s inherent drive for self-enhancement?

6. This chapter discussed value congruence mostly in the context of an employee’s personal values versus the organization’s values. But value congruence also relates to the juxtaposition of other pairs of value systems. Explain how value congruence is relevant with respect to organizational versus professional values (i.e., values of a professional occupation, such as physician, accountant, pharmacist).

7. People in a particular South American country have high power distance and high collectivism. What does this mean, and what are the implications of this information when you (a senior executive) visit employees working for your company in that country?

8. “All decisions are ethical decisions.” Comment on this statement, particularly by referring to the concepts of moral intensity and ethical sensitivity.

Case Study 2.1 SK TELECOM GOES EGALITARIAN IN A HIERARCHICAL SOCIETY

Until recently, Hur Jae-hoon could end debate with junior staff members just by declaring that the discussion was over. Employed at the fourth tier in SK Telecom Co.’s five-tier management/professional hierarchy, the 33-year-old strategist held the corresponding title of “Hur Daeri” and received plenty of respect from people in lower positions. No one below Hur was allowed to question his decisions, and Hur was expected to silently comply with requests from above. South Korea’s culture of deferring to people in higher positions was deeply ingrained in the telecommunications company. In some South Korean companies, such as Samsung, junior staff members aren’t even allowed to initiate conversations with anyone above their boss.

Now, in spite of South Korea’s strong hierarchical culture, SK Telecom wants to support more egalitarian values. It has already removed its five management ranks and their differentiated titles and status. The English word Manager is now used to address anyone employed throughout the five former ranks. (Hur Jae-hoon’s title has changed from Hur Daeri to “Hur Manager”). Only vice presidents and above retain their previous status titles. People in charge of projects or people are also called “Team Leader.” Furthermore, the company is assigning project
leadership responsibilities to employees in their twenties, whereas these roles were previously held only by older staff with much more seniority. As an added change, the company is allowing a more casual dress code at work.

Through this dramatic shift in values and practices, SK Telecom’s senior executives hope that junior staff will speak up more freely, thereby improving creativity and decision making. They particularly want to avoid incidents such as one that occurred several years ago in which an excellent idea from younger employees was initially shot down by their bosses. The junior staff suggested that allowing customers to change their cell phone ringtones to music chosen by the friend they’ve phoned would generate revenue through music licensing. Fortunately, the idea was introduced several months later, after a few persistent employees proposed the idea again.

SK Telecom’s initiative is not completely new to South Korea. Small high-tech companies already embrace egalitarian values and flatter corporate structures. But SK Telecom is among the first large firms in the country to attempt this culture shift, and it has met with resistance along the way. SK Telecom executives were initially divided over how quickly and to what extent the company should distance itself from South Korea’s traditional hierarchical culture. “There were ideas for gradual versus all-out reforms,” recalls chief executive Kim Shin-bae. “But the word ‘gradually’ means ‘not now’ to some people. So we decided to go all-out.”

According to a company survey, 80 percent of employees support the changes. However, even with the changes in titles, many still look for subtle evidence of who has higher status and, therefore, should receive more deference. Some also rely on what positions managers held under the old five-tier hierarchy. “I know what the old titles were,” says an LG Electronics Co. manager who supplies cell phones to SK Telecom. “So unconsciously, I keep that in mind.”

Hur Jae-hoon admits there are times when he prefers a more hierarchical culture, but he believes that SK Telecom’s more egalitarian values and practices are already showing favorable results. In one recent meeting, a younger colleague sparred with Hur over the better way to complete a strategy project. “For a moment, I wished it was back in the old days when I could have shut that guy down,” Hur recalls. “But I had to admit his opinion was better than mine, and I adjusted. So the system worked.”

Discussion Questions
1. SK Telecom is attempting to distance itself from which South Korean cultural value? What indicators of this value are identified in this case study? What other artifacts of this cultural value would you notice while visiting a South Korean company that upheld this national culture?
2. In your opinion, why is this hierarchical value so strong in South Korea? What are the advantages and disadvantages of this value in societies?
3. Do you think SK Telecom will be successful in integrating a more egalitarian culture, even though it contrasts with South Korea’s culture? What are some of the issues that may complicate or support this transition?


Case Study 2.2 PUSHING PAPER CAN BE FUN

A large city government was putting on a number of seminars for managers of various departments throughout the city. At one of these sessions, the topic discussed was motivation—how we can get public servants motivated to do a good job. The plight of a police captain became the central focus of the discussion:

I’ve got a real problem with my officers. They come on the force as young, inexperienced rookies, and we send them out on the street, either in cars or on a beat. They seem to like the contact they have with the public, the action involved in crime prevention, and the apprehension of criminals. They also like helping people out at fires, accidents, and other emergencies.

The problem occurs when they get back to the station. They hate to do the paperwork, and because they dislike it, the job is frequently put off or done inadequately. This lack of attention hurts us later on when we get to court. We need clear, factual reports. They must
be highly detailed and unambiguous. As soon as one part of a report is shown to be inadequate or incorrect, the rest of the report is suspect. Poor reporting probably causes us to lose more cases than any other factor.

I just don’t know how to motivate them to do a better job. We’re in a budget crunch and I have absolutely no financial rewards at my disposal. In fact, we’ll probably have to lay some people off in the near future. It’s hard for me to make the job interesting and challenging because it isn’t—it’s boring, routine paperwork, and there isn’t much you can do about it.

Finally, I can’t say to them that their promotions will hinge on the excellence of their paperwork. First of all, they know it’s not true. If their performance is adequate, most are more likely to get promoted just by staying on the force a certain number of years than for some specific outstanding act. Second, they were trained to do the job they do out in the streets, not to fill out forms. All through their career it is the arrests and interventions that get noticed.

Some people have suggested a number of things, like using conviction records as a performance criterion. However, we know that’s not fair—too many other things are involved. Bad paperwork increases the chance that you lose in court, but good paperwork doesn’t necessarily mean you’ll win. We tried setting up team competitions based upon the excellence of the reports, but the officers caught on to that pretty quickly. No one was getting any type of reward for winning the competition, and they figured why should they bust a gut when there was no payoff.

I just don’t know what to do.

Discussion Questions
1. What performance problems is the captain trying to correct?
2. Use the MARS model of individual behavior and performance to diagnose the possible causes of the unacceptable behavior.
3. Has the captain considered all possible solutions to the problem? If not, what else might be done?


Case Study 2.3 THE TROUBLE WITH BUSINESS ETHICS

Business Week has learned that practicing ethics can also present ethical dilemmas. A few months after going through a new employee training session with a heavy emphasis on ethics, Chalace Epley Lowry acted on the guidance to report any activity that seemed the least bit suspicious. Lowry told the company’s ethics office about possible insider trading by one of her supervisors. Wal-Mart’s investigation concluded that the supervisor had done nothing wrong, but Lowry soon discovered that her identity as the whistle-blower had been revealed to the supervisor she accused of wrongdoing. Now Lowry is looking for another job, but there’s no guarantee she’ll get transferred at Wal-Mart.

This Business Week case study examines the challenges of supporting ethics hotlines and whistle-blowing, and it discusses the reasons why employees are reluctant to communicate ethical wrongdoing. Read the full text of this Business Week article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions
1. In an organization’s efforts to maintain ethical standards, how important is it to encourage and support employees who report possible incidents of ethical wrongdoing (i.e., engage in whistle-blowing)? Why? What can companies do to support whistle-blowers?
2. What actions are described in this case study that companies have taken to improve ethical standards in their organizations? Are these actions substantive changes or mostly symbolic? Why?

Class Exercise 2.4  TEST YOUR KNOWLEDGE OF PERSONALITY

PURPOSE  This exercise is designed to help you think about and understand the effects of the Big Five personality dimensions on individual preferences and outcomes.

INSTRUCTIONS (LARGE CLASS)  Below are several questions relating to the Big Five personality dimensions and various preferences or outcomes. Answer each of these questions relying on your personal experience or best guess. Later, the instructor will show you the answers based on scholarly results. You will not be graded on this exercise, but it may help you to better understand the effect of personality on human behavior and preferences.

INSTRUCTIONS (SMALL CLASS)

1. The instructor will organize students into teams. Members of each team work together to answer each of the questions below relating to the Big Five personality dimensions and various preferences or outcomes.

2. The instructor will reveal the answers based on scholarly results. (Note: The instructor might create a competition to see which team has the most answers correct.)

PERSONALITY AND PREFERENCES QUESTIONS

1. Which two Big Five personality dimensions are positively associated with enjoyment of workplace humor?

2. Listed below are several jobs. Please check no more than two personality dimensions that you believe are positively associated with preferences for each occupation.

<table>
<thead>
<tr>
<th>Job</th>
<th>Extroversion</th>
<th>Conscientiousness</th>
<th>Agreeableness</th>
<th>Neuroticism</th>
<th>Openness to experience</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget analyst</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate executive</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Engineer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Journalist</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life insurance agent</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nurse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Physician</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Production supervisor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public relations director</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research analyst</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Schoolteacher</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sculptor</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Rank order (1 = highest, 5 = lowest) the Big Five personality dimensions in terms of how much you think they predict a person’s degree of life satisfaction. *(Note: Personality dimensions are ranked by their absolute effect, so ignore the negative or positive direction of association.)*

---

Team Exercise 2.5  
**COMPARING CULTURAL VALUES**

**PURPOSE**  This exercise is designed to help you determine the extent to which students hold similar assumptions about the values that dominate in other countries.

**INSTRUCTIONS (SMALL CLASS)**  The terms in the left column represent labels that a major consulting project identified with businesspeople in a particular country, based on its national culture and values. These terms appear in alphabetical order. In the right column are the names of countries, also in alphabetical order, corresponding to the labels in the left column.

1. Working alone, connect the labels with the countries by relying on your perceptions of these countries. Each label is associated with only one country, so each label should be connected to only one country, and vice versa. Draw a line to connect the pairs, or put the label number beside the country name.
2. The instructor will form teams of four or five members. Members of each team will compare their results and try to reach consensus on a common set of connecting pairs.
3. Teams or the instructor will post the results so that all can see the extent to which students hold common opinions about businesspeople in other cultures. Class discussion can then consider the reasons why the results are so similar or different, as well as the implications of these results for working in a global work environment.

**INSTRUCTIONS (LARGE CLASS)**

1. Working alone, connect the labels with the countries by relying on your perceptions of these countries. Each label is associated with only one country, so each label should be connected to only one country, and vice versa. Draw a line to connect the pairs, or put the label number beside the country name.
2. Asking for a show of hands, the instructor will find out which country is identified by most students with each label. The instructor will then post the correct answers.

**Value Labels and Country Names**

<table>
<thead>
<tr>
<th>Value label (alphabetical)</th>
<th>Country name (alphabetical)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Affable humanists</td>
<td>Australia</td>
</tr>
<tr>
<td>2. Ancient modernizers</td>
<td>Brazil</td>
</tr>
<tr>
<td>3. Commercial catalysts</td>
<td>Canada</td>
</tr>
<tr>
<td>4. Conceptual strategists</td>
<td>China</td>
</tr>
<tr>
<td>5. Efficient manufacturers</td>
<td>France</td>
</tr>
<tr>
<td>6. Ethical statesmen</td>
<td>Germany</td>
</tr>
<tr>
<td>7. Informal egalitarians</td>
<td>India</td>
</tr>
<tr>
<td>8. Modernizing traditionalists</td>
<td>Netherlands</td>
</tr>
<tr>
<td>9. Optimistic entrepreneurs</td>
<td>New Zealand</td>
</tr>
<tr>
<td>10. Quality perfectionists</td>
<td>Singapore</td>
</tr>
<tr>
<td>11. Rugged individualists</td>
<td>Taiwan</td>
</tr>
<tr>
<td>12. Serving merchants</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>13. Tolerant traders</td>
<td>United States</td>
</tr>
</tbody>
</table>

Team Exercise 2.6 ETHICS DILEMMA VIGNETTES

PURPOSE This exercise is designed to make you aware of the ethical dilemmas people face in various business situations, as well as the competing principles and values that operate in these situations.

INSTRUCTIONS (SMALL CLASS) The instructor will form teams of four or five students. Team members will read each case below and discuss the extent to which the company’s action in each case was ethical. Teams should be prepared to justify their evaluation using ethics principles and the perceived moral intensity of each incident.

INSTRUCTIONS (LARGE CLASS) Working alone, read each case below and determine the extent to which the company’s action in each case was ethical. The instructor will use a show of hands to determine the extent to which students believe the case represents an ethical dilemma (high or low moral intensity) and the extent to which the main people or company in each incident acted ethically.

CASE ONE An employee who worked for a major food retailer wrote a Weblog (blog) and, in one of his writings, complained that his boss wouldn’t let him go home when he felt sick and that his district manager refused to promote him because of his dreadlocks. His blog named the employer, but the employee didn’t use his real name. Although all blogs are on the Internet, the employee claims that his was low-profile and that it didn’t show up in a Google search of his name or the company. Still, the employer somehow discovered the blog, figured out the employee’s real name, and fired him for “speaking ill of the company in a public domain.”

CASE TWO Computer printer manufacturers usually sell printers at a low margin over cost and generate much more income from subsequent sales of the high-margin ink cartridges required for each printer. One global printer manufacturer now designs its printers so that they work only with ink cartridges made in the same region. Ink cartridges purchased in the United States will not work with the same printer model sold in Europe, for example. This “region coding” of ink cartridges does not improve performance. Rather, it prevents consumers and gray marketers from buying the product at a lower price in another region. The company says this policy allows it to maintain stable prices within a region rather than continually changing prices due to currency fluctuations.

CASE THREE For the past few years, the design department of a small (40-employee) company has been using a particular software program, but the three employees who use the software have been complaining for more than a year that the software is out of date and is slowing down their performance. The department agreed to switch to a competing software program, costing several thousand dollars. However, the next version won’t be released for six months and buying the current version will not allow much discount on the next version. The company has put in advance orders for the next version. Meanwhile, one employee was able to get a copy of the current version of the software from a friend in the industry. The company has allowed the three employees to use this current version of the software even though they did not pay for it.

CASE FOUR Judy Price is a popular talk-show radio personality and opinionated commentator on the morning phone-in show of a popular radio station in a large U.S. city. Price is married to John Tremble, an attorney who was recently elected mayor of the city even though he had no previous experience in public office. The radio station’s board of directors is very concerned that the station’s perceived objectivity will be compromised if Price remains on air as a commentator and talk-show host while her husband holds such a public position. For example, the radio station manager believes that Price gave minimal attention to an incident in which environmental groups criticized the city for its slow progress on recycling. Price denied that her views are biased and stated that the incident didn’t merit as much attention as other issues that particular week. To ease the board’s concerns, the station manager transferred Price from her talk-show host and commentator position to the hourly news reporting position, where most of the script is written by others. Although the reporting job is technically a lower position, Price’s total salary package remains the same. Price is now seeking professional advice to determine whether the radio station’s action represents a form of discrimination on the basis of marital status.
Self-Assessment 2.7

**ARE YOU INTROVERTED OR EXTROVERTED?**

**PURPOSE**  This self-assessment is designed to help you estimate the extent to which you are introverted or extroverted.

**INSTRUCTIONS**  The statements in the scale below refer to personal characteristics that might or might not be characteristic of you. Mark the box indicating the extent to which the statement accurately or inaccurately describes you. Then use the scoring key in Appendix B at the end of this book to calculate your results. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the meaning and implications of extroversion and introversion in organizations.

### IPIP Introversion-Extroversion Scale

<table>
<thead>
<tr>
<th>How accurately does each of the statements listed below describe you?</th>
<th>Very accurate description of me</th>
<th>Moderately accurate</th>
<th>Neither accurate nor inaccurate</th>
<th>Moderately inaccurate</th>
<th>Very inaccurate description of me</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I feel comfortable around people.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I make friends easily.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I keep in the background.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I don’t talk a lot.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I would describe my experiences as somewhat dull.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I know how to captivate people.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I don’t like to draw attention to myself.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I am the life of the party.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I am skilled in handling social situations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I have little to say.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Self-Assessment 2.8

WHAT ARE YOUR DOMINANT VALUES?

Values have taken center stage in organizational behavior. Increasingly, OB experts are realizing that our personal values influence our motivation, decisions, and attitudes. This self-assessment is designed to help you estimate your personal values and value system. The instrument consists of several words and phrases, and you are asked to indicate whether each word or phrase is highly opposite or highly similar to your personal values or is at some point between these two extremes. As with all self-assessments, you need to be honest with yourself when completing this activity in order to get the most accurate results.

Self-Assessment 2.9

INDIVIDUALISM-COLLECTIVISM SCALE

Two of the most important concepts in cross-cultural organizational behavior are individualism and collectivism. This self-assessment measures your levels of individualism and collectivism with one of the most widely adopted measures. This scale consists of several statements, and you are asked to indicate how well each statement describes you. You need to be honest with yourself to receive a reasonable estimate of your level of individualism and collectivism.

Self-Assessment 2.10

ESTIMATING YOUR LOCUS OF CONTROL

This self-assessment is designed to help you estimate the extent to which you have an internal or external locus-of-control personality. The instrument asks you to indicate the degree to which you agree or disagree with each of the statements provided. As with all self-assessments, you need to be honest with yourself when completing this activity to get the most accurate results. The results show your relative position on the internal-external locus continuum and the general meaning of this score.

Self-Assessment 2.11

IDENTIFYING YOUR GENERAL SELF-EFFICACY

Self-efficacy refers to a person’s belief that he or she has the ability, motivation, and resources to complete a task successfully. Self-efficacy is usually conceptualized as a situation-specific belief. You may believe that you can perform a certain task in one situation but may be less
confident with that task in another situation. However, there is evidence that people develop a more general self-efficacy. This exercise helps you estimate your general self-efficacy. Read each of the statements in this self-assessment and select the response that best fits your personal belief. This self-assessment should be completed alone so that you rate yourself honestly without concerns of social comparison. Class discussion will focus on the meaning and importance of self-efficacy in the workplace.
In his regular job, John Leiter helps American companies carry out internal investigations into financial wrongdoing. But the Boston-based Ernst & Young senior manager found himself in a completely different environment as a participant in the accounting firm’s corporate social responsibility fellows program. For three months, Leiter was transplanted to Montevideo, Uruguay, assisting Infocorp, a young information technology company, with its first real five-year strategic plan. Leiter was performing different work in a different country with a different culture and language. “I worked out of my comfort zone the entire time,” he recalls.

Leiter particularly noticed that he had to adjust his fast-paced American business style to the more personal approach in Uruguay, which included traditional quarter-hour chitchats before meetings. The experience gave him a different perspective of the world and his approach to working with clients. “Oftentimes, we have such a myopic focus, and it doesn’t allow us to take a large view of the issue,” says Leiter, who now spends more time learning about the client’s needs before launching into the work.

International corporate volunteering is more than an important form of corporate social responsibility; it is also a valuable tool to help employees at Ernst & Young and other companies develop more cosmopolitan perceptions of the world. “We need people with a global mindset, and what better way to develop a global mindset, and what more realistic way, than for somebody to have an immersion experience with just enough safety net,” says Deborah K. Holmes, Ernst & Young Americas director of corporate responsibility.

Ernst & Young has sent John Leiter and two dozen other high-performing employees to work with entrepreneurs in South America. At Pfizer, the world’s largest pharmaceutical company, between 25 and 45 employees work up to six months in Africa and elsewhere each year to combat HIV-AIDS and other illnesses. Through its Project Ulysses program, PricewaterhouseCoopers sends 25 partners each year to developing countries, where they spend eight weeks working with nongovernmental organizations (NGOs) on community projects.

IBM has also made international corporate volunteering part of its global leadership development curriculum through its recently launched Corporate Service Corps program.
LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Outline the perceptual process.
2. Explain how social identity and stereotyping influence the perceptual process.
3. Describe the attribution process and two attribution errors.
4. Summarize the self-fulfilling-prophecy process.
5. Explain how halo, primacy, recency, and false-consensus effects bias our perceptions.
6. Discuss three ways to improve social perception, with specific application to organizational situations.
7. Describe the A-B-C model of behavior modification and the four contingencies of reinforcement.
8. Describe the three features of social learning theory.
9. Outline the elements of organizational learning and ways to improve each element.

IBM CEO Sam Palmisano explains that these corporate social responsibility initiatives will develop its global leaders because participants “work in these other kinds of environments, so they can get a perspective and learn . . . how to think about problems from another perspective, from another point of view.”
International corporate volunteering programs have become a key component of global leadership development because they nurture a global mindset. They help employees develop a superior awareness of and openness to different “spheres of meaning and action,” that is, the various ways that others perceive their environment. Global mindset is gaining interest among organizational behavior experts. It is also a fitting topic to begin this chapter because it encompasses the dynamics of perceptions and learning. From a perceptual view, global mindset begins with self-awareness—understanding our own beliefs, values, and attitudes. Through self-awareness, we are more open-minded and nonjudgmental when receiving and processing complex information for decision making. Having a global mindset also relates to learning because employees working in a global environment need to quickly absorb large volumes of information about the diverse environments in which they work. Furthermore, people with a global mindset have a strong learning orientation. They welcome new situations as learning opportunities rather than view them as threats, and they continually question rather than quickly confirm what they know.

This chapter describes these two related topics of perceptions and learning in organizations. We begin by describing the perceptual process, that is, the dynamics of selecting, organizing, and interpreting external stimuli. Next, we examine the perceptual processes of social identity and stereotyping, attribution, and self-fulfilling prophecy, including biases created within these processes. Four other perceptual biases—halo, primacy, recency, and false consensus—are also briefly introduced. We then identify potentially effective ways to improve perceptions, including practices similar to corporate volunteering. The latter part of this chapter looks at three perspectives of learning: behavior modification, social learning theory, and experiential learning, followed by the key elements in organizational learning.

Learning Objectives

After reading the next two sections, you should be able to:
1. Outline the perceptual process.
2. Explain how social identity and stereotyping influence the perceptual process.

The Perceptual Process

Perception is the process of receiving information about and making sense of the world around us. It entails determining which information to notice, how to categorize this information, and how to interpret it within the framework of our existing knowledge. This perceptual process is far from perfect, as you will learn in this chapter, but it generally follows the steps shown in Exhibit 3.1. Perception begins when environmental stimuli are received through our senses. Most stimuli that bombard our senses are screened out; the rest are organized and interpreted. The process of attending to some information received by our senses and ignoring other information is called selective attention. Selective attention is influenced by characteristics of the person or object being perceived, particularly size, intensity, motion, repetition, and novelty. For example, a small, flashing red light on a nurse station console is immediately noticed because it is bright (intensity), flashing (motion), a rare event...
(novelty), and has symbolic meaning that a patient’s vital signs are failing. Notice that selective attention is also influenced by the context in which the target is perceived. The selective attention process is triggered by things or people who might be out of context, such as hearing someone with a foreign accent in a setting where most people have American accents.

Characteristics of the perceiver play an important role in selective attention, much of it without the perceiver’s awareness. When information is received through the senses, our brain quickly and nonconsciously assesses whether it is relevant or irrelevant to us and then attaches emotional markers (worry, happiness, boredom) to that information. The emotional markers help us to store information in memory; they also reproduce the same emotions when we are subsequently thinking about this information.

The selective attention process is far from perfect. As mentioned in Chapter 2, we have a natural and usually nonconscious tendency to seek out information that supports our self-concept or puts us in a favorable light and to ignore or undervalue information that is contrary to our self-concept. This confirmation bias also screens out information that is contrary to our values and assumptions. Several studies have found that people fail to perceive (or soon forget) statements and events that undermine political parties that they support. One recent study examined how people perceived and accepted stories during the first weeks of the Iraq War that were subsequently retracted (acknowledged by the media as false stories). The study found that most of the Germans and Australians surveyed dismissed the retracted events, whereas a significantly large percentage of Americans continued to believe these false stories, even though many of them recalled that the stories had been retracted by the media. In essence, people in the American sample were reluctant to reject and forget about information that supported their beliefs about the Iraq War.

Finally, selective attention is influenced by our assumptions and conscious anticipation of future events. You are more likely to notice a co-worker’s e-mail among the daily bombardment of messages when you expect to receive that e-mail (particularly
when it is important to you. Unfortunately, expectations and assumptions also cause us to screen out potentially important information. In one study, students were asked to watch a 30-second video clip in which several people passed around two basketballs. Students who were asked just to watch the video clip easily noticed someone dressed in a gorilla suit walking among the players for nine seconds and stopping to thump its chest. But only half of the students who were asked to carefully count the number of times one basketball was passed around noticed the intruding gorilla.

This perceptual blindness also occurs when we form an opinion or theory about something, such as a consumer trend or an employee’s potential. The preconception causes us to select information that is consistent with the theory and to ignore contrary or seemingly irrelevant information. Studies have reported that this faulty selective attention occurs when police detectives and other forensic experts quickly form theories about what happened. These experts are now increasingly aware of the need to avoid selective attention traps by keeping an open mind, absorbing as much information as possible, and avoiding theories too early in the investigation.

Perceptual Organization and Interpretation

People make sense of information even before they become aware of it. This sense making partly includes *categorical thinking*—the mostly nonconscious process of organizing people and objects into preconceived categories that are stored in our long-term memory. Categorical thinking relies on a variety of automatic perceptual grouping principles. Things are often grouped together on the basis of their similarity or proximity to others. If you notice that a group of similar-looking people includes several professors, for instance, you will likely assume that the others in that group are also professors. Another form of perceptual grouping is based on the need for cognitive closure, such as filling in missing information about what happened at a meeting that you didn’t attend (e.g., who was there, where it was held). A third form of grouping occurs when we think we see trends in otherwise ambiguous information. Several studies have found that people have a natural tendency to see patterns that really are random events, such as presumed winning streaks among sports stars or in gambling.

The process of “making sense” of the world around us also involves interpreting incoming information. This happens quickly as selecting and organizing because the previously mentioned emotional markers are tagged to incoming
stimuli, which are essentially quick judgments about whether that information is good or bad for us. To give you an idea of how quickly and systematically this nonconscious perceptual interpretation process occurs, consider the following study.\textsuperscript{12} After viewing video clips of university instructors teaching an undergraduate class, eight observers rated the instructors on several personal characteristics (optimistic, likable, anxious, active, etc.). The observers, who had never seen the instructors before, were similar to each other on how they rated the instructors, even though they completed their ratings alone. Equally important, these ratings were very similar to the ratings completed by students who attended the actual class.

These results may be interesting, but they become extraordinary when you realize that the observers formed their perceptions from as little as \textit{six seconds} of video—three segments of two seconds each selected randomly from the one-hour class! Furthermore, the video didn’t have any sound. In other words, people form similar perceptions and judgments on the basis of very thin slices of information. Other studies have reported similar findings for observations of high school teachers, courtroom judges, and physicians. Collectively, these “thin slice” studies reveal that selective attention, as well as perceptual organization and interpretation, operates very quickly and to a large extent without our awareness.

\textbf{Mental Models} To achieve our goals with some degree of predictability and sanity, we need road maps of the environments in which we live. These road maps, called \textit{mental models}, are internal representations of the external world.\textsuperscript{13} They consist of visual or relational images in our mind, such as what the classroom looks like or, conceptually, what happens when we submit an assignment late. We rely on mental models to make sense of our environment through perceptual grouping; the models fill in the missing pieces, including the causal connection among events. For example, you have a mental model about attending a class lecture or seminar, including assumptions or expectations about where the instructor and students arrange themselves in the room, how they ask and answer questions, and so forth. We can create a mental image of a class in progress.

Mental models play an important role in sense making, yet they also make it difficult to see the world. For example, accounting professionals tend to see corporate problems in terms of accounting solutions, whereas marketing professionals see the same problems from a marketing perspective. Mental models also block our recognition of new opportunities. How do we change mental models? That’s a tough challenge. After all, we developed models from several years of experience and reinforcement. The most important way to minimize the perceptual problems with mental models is to constantly question them. We need to ask ourselves about the assumptions we make. Working with people from diverse backgrounds is another way to break out of existing mental models. Colleagues from different cultures and areas of expertise tend to have different mental models, so working with them makes our own assumptions more obvious.

\textbf{Social Identity and Stereotyping} In the previous chapter, you learned that social identity is an important component of a person’s self-concept. We define ourselves to a large extent by the groups to which we belong or have an emotional attachment. Along with shaping our
self-concept, social identity theory explains the dynamics of social perception—how we perceive others. Social perception is influenced by three activities in the process of forming and maintaining our social identity: categorization, homogenization, and differentiation.

- **Categorization.** Social identity is a comparative process, and the comparison begins by categorizing people into distinct groups. By viewing someone (including yourself) as a Texan, for example, you remove that person’s individuality and, instead, see him or her as a prototypical representative of the group “Texans.” This categorization then allows you to distinguish Texans from people who live in, say, California or New Hampshire.

- **Homogenization.** To simplify the comparison process, we tend to think that people within each group are very similar to each other. For instance, we think Texans collectively have similar attitudes and characteristics, whereas Californians collectively have their own set of characteristics. Of course, every individual is unique, but we tend to lose sight of this fact when thinking about our social identity and how we compare to people in other social groups.

- **Differentiation.** Social identity fulfills our inherent need to have a distinct and positive self-concept. To achieve this, we do more than categorize people and homogenize them; we also differentiate groups by assigning more favorable characteristics to people in our groups than to people in other groups. This differentiation is often subtle, but it can escalate into a “good-guy–bad-guy” contrast when groups are in conflict with each other.

**Stereotyping in Organizations**

Stereotyping is an extension of social identity theory and a product of our natural process of organizing information through categorical thinking. Stereotyping has three elements. First, we develop social categories and assign traits that are difficult to observe. For instance, students might form the stereotype that professors are both intelligent and absentminded. Personal experiences shape stereotypes to some extent, but stereotypes are mainly provided to us through cultural upbringing and media images (e.g., movie characters). Second, we assign people to one or more social categories on the basis of easily observable information about them, such as their gender, appearance, or physical location. Third, people who seem to belong to the stereotyped group are assigned nonobservable traits associated with the group. For example, if we learn that someone is a professor, we implicitly tend to assume the person is also intelligent and absentminded.

One reason why people engage in stereotyping is that, as a form of categorical thinking, it is a natural and mostly nonconscious “energy-saving” process that simplifies our understanding of the world. It is easier to remember features of a stereotype than the constellation of characteristics unique to everyone we meet. A second reason is that we have an innate need to understand and anticipate how others will behave. We don’t have much information when first meeting someone, so we rely heavily on stereotypes to fill in the missing pieces. People with a strong need for cognitive closure have a higher tendency to rely on stereotypes. A third reason is that stereotyping enhances our self-concept. As mentioned earlier, the social identity process includes differentiation—we have more favorable views of members of our own groups than we do of people in other groups. When out-group members threaten our
self-concept, we are particularly motivated (often without our awareness) to assign negative stereotypes to them.\textsuperscript{18}

**Problems with Stereotyping**  
Stereotypes are not completely fictional, but neither do they accurately describe every person in a social category. For instance, the widespread “bean counter” stereotype of accountants views people in this profession as “single-mindedly preoccupied with precision and form, methodical and conservative, and a boring joyless character.”\textsuperscript{19} Although this may be true of some accountants, it is certainly not characteristic of all—or even most—people in this profession. Even so, once we categorize someone as an accountant, the features of accountants in general rather than the features of the specific person get recalled, even when the person does not possess many of the stereotypic traits.

Another problem with stereotyping is that it lays the foundation for discriminatory attitudes and behavior. Most of this perceptual bias occurs as *unintentional (systemic) discrimination*, whereby decision makers rely on stereotypes to establish notions of the “ideal” person in specific roles. A person who doesn’t fit the ideal tends to receive a less favorable evaluation. This subtle discrimination often shows up in age discrimination claims, such as the case in which Ryanair’s recruitment advertising said it was looking for “young dynamic” employees. Recruiters at the Irish discount airline probably didn’t intentionally discriminate against older people, but the tribunal concluded that systemic discrimination did occur because none of the job applicants were over 40 years old.\textsuperscript{20}

The more serious form of stereotype bias is *intentional discrimination or prejudice*, in which people hold unfounded negative attitudes toward people belonging to a particular stereotyped group.\textsuperscript{21} Overt prejudice seems to be less common today than a few decades ago, but it still exists. Over each of the past four years, for instance, more than one-quarter of Americans say they overhead racial slurs in the workplace.\textsuperscript{22} In one recent case, three female advisers in California successfully sued their employer, Smith Barney, on the grounds that their male co-workers were deliberately assigned more lucrative clients (and therefore received higher pay) and more administrative support. These complaints were raised less than a decade after Smith Barney was ordered to correct discriminatory practices in its New York offices, where female employees complained of sexist and discriminatory behavior. A tribunal in Quebec was shocked to discover that one of Canada’s largest vegetable farms prevented black employees from eating in the regular cafeteria. Instead, they were relegated to a “blacks only” eating area that lacked heat, running water, proper toilets, and refrigeration.\textsuperscript{23} As Global Connections 3.1 describes, France is also coming to terms with both intentional and unintentional discrimination against non-Caucasian job applicants.

If stereotyping is such a problem, shouldn’t we try to avoid this process altogether? Unfortunately, it’s not that simple. Most experts agree that categorical thinking (including stereotyping) is an automatic and nonconscious process. Intensive training can minimize stereotype activation to some extent, but for the most part the process is hardwired in our brain cells.\textsuperscript{24} Also remember that stereotyping helps us in several valuable (although fallible) ways described earlier: minimizing mental effort, filling in missing information, and supporting our social identity. The good news is that while it is very difficult to prevent the *activation* of stereotypes, we can minimize the *application* of stereotypic information. Later in this chapter, we identify ways to minimize stereotyping and other perceptual biases.
“Your Name Says Everything in France”

Hamid Senni wears a shirt and tie whenever he strolls along the Champs Elysées in Paris. The reason for this formality? “If I’m in jeans, people think I’m a shoplifter,” he says. What makes this misperception even worse is that Senni, the son of Moroccan immigrants, was born and raised in France. And in spite of his education (three degrees in economics) and fluent language skills, Senni was told more than once that he would never find a job in France. A well-intentioned high school teacher once told him that he should replace Hamid with a more traditional French name. Incensed by the daily discrimination he experienced in his own country, Senni moved to Sweden and now lives in London, where he advises companies on ethnic diversity and has written a book on his experience. “Going abroad was like an exorcism,” he says bluntly. “In the U.K., diversity is seen as an opportunity. In France it’s still seen as a problem.”

Senni’s perception of racial and ethnic discrimination in France is supported by a recent study conducted jointly by the French government and the International Labour Organization (ILO). Researchers submitted two nearly identical job applications to 2,440 help-wanted ads. The main difference was that the candidate in one application had a French-sounding name whereas the individual in the other application had a North African or sub-Saharan African name. Almost 80 percent of employers preferred the applicant with the French-sounding name. Furthermore, when applicants personally visited human resource staff, those who had foreign names seldom received job interviews; instead, they were often told that the job had been filled or that the company would not be hiring after all. The report concluded that “almost 90 percent of overall discrimination occurred before the employer had even bothered to interview both test candidates.”

One young black resident near Paris who calls himself Billy Fabrice knows about the undercurrents of racial discrimination. “Your name says everything in France,” says Fabrice. “If you are called Diallo or Amir, that’s all they want to know. If you are called Jean-Pierre, you show up for a job and they take you.” Some employers specifically ask hiring agencies for applicants who are “BBR.” This acronym for the colors of the French flag (bleu, blanc, rouge) is apparently a well-known employment code to hire only white French people. In one recent court case, prosecutors claimed that Garnier, a division of L’Oréal, tried to hire mostly white staff for in-store promotions. Garnier sent its temporary recruitment agency a fax specifying that those hired should be within a specific age range (18 to 22), have a certain clothing size, and be “BBR.” Initially, 38 percent of candidates sent by the recruitment agency were non-Caucasian. After the fax was sent, this dropped to less than 5 percent.

While many French employers, including Garnier, deny prejudice or even systemic discrimination against non-Caucasian applicants, others are taking steps to make the hiring process more color-blind. Axa SA, the giant French insurance company, introduced anonymous résumés, in which job applicants provide their qualifications but not their names, addresses, gender, or age. Serge Simon, a 20-something French resident with Haitian origins, is hopeful. “I think that with an anonymous résumé, a person will be hired for what they are—for their qualifications and not for the color of their skin,” he believes.

Global Connections 3.1

After reading the next three sections, you should be able to:

3. Describe the attribution process and two attribution errors.
4. Summarize the self-fulfilling-prophecy process.
5. Explain how halo, primacy, recency, and false-consensus effects bias our perceptions.
Attribution Theory

The **attribution process** involves deciding whether an observed behavior or event is caused mainly by the person (internal factors) or by the environment (external factors). Internal factors include the person’s ability or motivation, whereas external factors include lack of resources, other people, or just luck. If a co-worker doesn’t show up for an important meeting, for instance, we infer either internal attributions (the co-worker is forgetful, lacks motivation, etc.) or external attributions (traffic, a family emergency, or other circumstances prevented the co-worker from attending).

People rely on the three attribution rules shown in Exhibit 3.2 to determine whether someone’s behavior mainly has an internal or external attribution. Internal attributions are made when the observed individual behaved this way in the past (high consistency), he or she behaves like this toward other people or in different situations (low distinctiveness), and other people do not behave this way in similar situations (low consensus). On the other hand, an external attribution is made when there is low consistency, high distinctiveness, and high consensus.

To illustrate how these three attribution rules operate, suppose that an employee is making poor-quality products one day on a particular machine. We would probably conclude that there is something wrong with the machine (an external attribution) if the employee has made good-quality products on this machine in the past (low consistency),
the employee makes good-quality products on other machines (high distinctiveness), and other employees have recently had quality problems on this machine (high consensus). We would make an internal attribution, on the other hand, if the employee usually makes poor-quality products on this machine (high consistency), other employees produce good-quality products on this machine (low consensus), and the employee also makes poor-quality products on other machines (low distinctiveness). 27

Attribution is an essential perceptual process because it forms cause-effect relationships, which, in turn, affect how we respond to others’ behavior and how we act in the future. How we react to a co-worker’s poor performance depends on our internal or external attribution of that performance. Students who make internal attributions about their poor performance are more likely to drop out of their programs, for instance. 28

**Attribution Errors**

People are far from perfect when making attributions. One bias, called **fundamental attribution error**, refers to our tendency to see the person rather than the situation as the main cause of that person’s behavior. 29 If an employee is late for work, observers are more likely to conclude that the person is lazy than to realize that external factors may have caused this behavior. Fundamental attribution error occurs because observers can’t easily see the external factors that constrain the person’s behavior. We didn’t see the traffic jam that caused the person to be late, for instance. Research suggests that fundamental attribution error is more common in Western countries than in Asian cultures, where people are taught from an early age to pay attention to the context in interpersonal relations and to see everything as being connected in a holistic way. 30

Another attribution error, known as **self-serving bias**, is the tendency to attribute our favorable outcomes to internal factors and our failures to external factors. Simply put, we take credit for our successes and blame others or the situation for our mistakes. Self-serving bias is one of several related biases that maintain a positive self-concept, particularly engaging in self-enhancement to maintain a positive self-evaluation. It is evident in many aspects of work life. In annual reports, for example, executives mainly refer to their personal qualities as reasons for the company’s successes and to external factors as reasons for the company’s failures. 31

**Self-Fulfilling Prophecy**

**Self-fulfilling prophecy** occurs when our expectations about another person cause that person to act in a way that is consistent with those expectations. In other words, our perceptions can influence reality. Exhibit 3.3 illustrates the four steps in the self-fulfilling-prophecy process using the example of a supervisor and a subordinate. 32 The process begins when the supervisor forms expectations about the employee’s future behavior and performance. These expectations are sometimes inaccurate, because first impressions are usually formed from limited information. The supervisor’s expectations influence his or her treatment of employees. Specifically, high-expectancy employees (those expected to do well) receive more emotional support through nonverbal cues (e.g., more smiling and eye contact), more frequent and valuable feedback and reinforcement, more challenging goals, better training, and more opportunities to demonstrate good performance.

The third step in self-fulfilling prophecy includes two effects of the supervisor’s behavior on the employee. First, through better training and more practice opportunities, a high-expectancy employee learns more skills and knowledge than a low-expectancy
employee. Second, the employee becomes more self-confident, which results in higher motivation and willingness to set more challenging goals. In the final step, high-expectancy employees have higher motivation and better skills, resulting in better performance, while the opposite is true of low-expectancy employees.

There are plenty of examples of self-fulfilling prophecies in work and school settings. Research has found that women perform less well on math tests after being informed that men tend to perform better on them. Women perform better on these tests when they are not exposed to this negative self-fulfilling prophecy. Similarly, people over 65 receive lower results on memory tests after hearing that mental ability declines with age. Another study reported that the performance of Israeli Defense Force trainees was influenced by their instructor’s expectations regarding the trainee’s potential in the program. Self-fulfilling prophecy was at work here because the instructor’s expectations were based on a list provided by researchers showing which recruits had high and low potential, even though the researchers had actually listed these trainees randomly.

Contingencies of Self-Fulfilling Prophecy

Self-fulfilling prophecies are more powerful under some conditions than others. The self-fulfilling-prophecy effect is stronger at the beginning of a relationship, such as when employees are first hired. It is also stronger when several people (rather than just one person) hold the same expectations of the individual. In other words, we might be able to ignore one person’s doubts about our potential but not the collective doubts of several people. The self-fulfilling-prophecy effect is also stronger among people with a history of low achievement. High achievers can draw on their past successes to offset low expectations, whereas low achievers do not have past successes to support their self-confidence. Fortunately, the opposite is also true: Low achievers respond more favorably than high achievers to positive self-fulfilling prophecy. Low achievers don’t receive this positive encouragement very often, so it probably has a stronger effect on their motivation to excel.

The main lesson from the self-fulfilling-prophecy literature is that leaders need to develop and maintain a positive, yet realistic, expectation toward all employees. This recommendation is consistent with the emerging philosophy of positive organizational behavior, which suggests that focusing on the positive rather than negative aspects of
life will improve organizational success and individual well-being. Communicating hope and optimism is so important that it is identified as one of the critical success factors for physicians and surgeons. Unfortunately, training programs that make leaders aware of the power of positive expectations seem to have minimal effect. Instead, generating positive expectations and hope depends on a corporate culture of support and learning. Hiring supervisors who are inherently optimistic toward their staff is another way of increasing the incidence of positive self-fulfilling prophecies.

Other Perceptual Errors

Self-fulfilling prophecy, attribution, and stereotyping are among the most common perceptual processes and biases in organizational settings, but there are many others. Four others are briefly described below because they can also bias our perception of the world around us.

- **Halo effect.** The *halo effect* occurs when our general impression of a person, usually based on one prominent characteristic, distorts our perception of other characteristics of that person. If a supervisor who values punctuality notices that an employee is sometimes late for work, the supervisor might form a negative image of the employee and evaluate that person’s other traits unfavorably as well. The halo effect is most likely to occur when concrete information about the perceived target is missing or we are not sufficiently motivated to search for it. Instead, we use our general impression of the person to fill in the missing information.

- **Primacy effect.** The *primacy effect* is our tendency to quickly form an opinion of people on the basis of the first information we receive about them. This rapid perceptual organization and interpretation occurs because we need to make sense of the world around us. The problem is that first impressions—particularly negative first impressions—are difficult to change. After categorizing someone, we tend to select subsequent information that supports our first impression and screen out information that opposes that impression.

- **Recency effect.** The *recency effect* occurs when the most recent information dominates our perceptions. This perceptual bias is most common when people (especially those with limited experience) are making an evaluation involving complex information. For instance, auditors must digest large volumes of information in their judgments about financial documents, and the most recent
information received prior to the decision tends to get weighted more heavily than information received at the beginning of the audit. Similarly, when supervisors evaluate the performance of employees over the previous year, the most recent performance information dominates the evaluation because it is the most easily recalled.

- **False-consensus effect.** Sometimes called the *similar-to-me effect*, the **false-consensus effect** is a widely observed bias in which we overestimate the extent to which others have beliefs and characteristics similar to our own. Employees who are thinking of quitting their jobs believe that a large percentage of their co-workers are also thinking about quitting. This bias occurs to some extent because we associate with others who are similar to us, and we selectively remember information that is consistent with our own views. We also believe “everyone does it” to reinforce our self-concept regarding behaviors that do not have a positive image (quitting, parking illegally, etc.).

---

### Learning Objectives

**After reading this section, you should be able to:**

6. Discuss three ways to improve social perception, with specific application to organizational situations.

### Improving Perceptions

We can’t bypass the perceptual process, but we should make every attempt to minimize perceptual biases and distortions. Three potentially effective ways to improve perceptions include awareness of perceptual biases, self-awareness, and meaningful interaction.

#### Awareness of Perceptual Biases

One of the most obvious and widely practiced ways to reduce perceptual biases is by knowing that they exist. For example, diversity awareness training tries to minimize discrimination by making people aware of systemic discrimination as well as prejudices that occur through stereotyping. This training also attempts to dispel myths about people from various cultural and demographic groups. Awareness of perceptual biases can reduce these biases to some extent by making people more mindful of their thoughts and actions. However, awareness has only a limited effect. For example, trying to correct misinformation about demographic groups has limited effect on people with deeply held prejudices against those groups. Also, self-fulfilling-prophecy training informs managers about this perceptual bias and encourages them to engage in more positive rather than negative self-fulfilling prophecies, yet research has found that managers continue to engage in negative self-fulfilling prophecies after they complete the training program.

#### Improving Self-Awareness

A more powerful way to minimize perceptual biases is to help people become more aware of biases in their own decisions and behavior. As mentioned at the beginning of this chapter, self-awareness is a critical foundation for developing a global mindset. We need to understand our beliefs, values, and attitudes to be more open-minded and nonjudgmental toward others. Self-awareness is equally important in other ways.
The emerging concept of authentic leadership, for instance, emphasizes self-awareness as the first step in a person’s ability to effectively lead others (see Chapter 12).41

But how do we become more self-aware? One formal procedure, called the Implicit Association Test (IAT), detects subtle race, age, and gender bias by associating positive and negative words with specific demographic groups.42 Many people are much more cautious about their stereotypes and prejudices after discovering that their test results show a personal bias against older people or individuals from different ethnic backgrounds. For example, Jennifer Smith-Holladay was surprised to learn after taking the IAT that she is biased in favor of white people, a group to which she belongs, and in favor of heterosexuals, a group to which she does not belong. “I discovered that I not only have some in-group favoritism lurking in my subconscious, but also possess some internalized oppression in terms of my sexuality,” says Smith-Holladay. She adds that the IAT results will make her more aware of personal biases and help her to minimize their application in decision making. “In the case of my own subconscious in-group favoritism for white people, for example, my charge is to be color conscious, not color blind, and to always explicitly consider how race may affect behaviors and decisions.”43

More generally, people tend to reduce their perceptual biases by “knowing themselves”—increasing awareness of their own values, beliefs, and prejudices.44 The **Johari Window** is a popular model for understanding how co-workers can increase their mutual understanding.45 Developed by Joseph Luft and Harry Ingram (hence the name “Johari”), this model divides information about you into four “windows”—open, blind, hidden, and unknown—based on whether your own values, beliefs, and experiences are known to you and to others (see Exhibit 3.4). The **open area** includes information about you that is known both to you and to others. The **blind area** refers to information that is known to others but not to you. For example, your colleagues might notice that you are self-conscious and awkward when meeting the company chief executive, but you are unaware of this fact. Information known to you but unknown to others is found in the **hidden area**. Finally, the **unknown area** includes your values, beliefs, and experiences that aren’t known to you or others.

---

**Johari Window**

A model of mutual understanding that encourages disclosure and feedback to increase our own open area and reduce the blind, hidden, and unknown areas.

---

**Exhibit 3.4**

The Johari Window Model of Self-Awareness and Mutual Understanding

---

**Feedback**

<table>
<thead>
<tr>
<th>Known to self</th>
<th>Unknown to self</th>
</tr>
</thead>
<tbody>
<tr>
<td>Known to others</td>
<td>Open area</td>
</tr>
<tr>
<td>Unknown to others</td>
<td>Blind area</td>
</tr>
<tr>
<td>Hidden area</td>
<td>Unknown area</td>
</tr>
</tbody>
</table>

The main objective of the Johari Window is to increase the size of the open area so that both you and colleagues are aware of your perceptual limitations. This is partly accomplished by reducing the hidden area through disclosure—informing others of your beliefs, feelings, and experiences that may influence the work relationship.\textsuperscript{46} The open area also increases through feedback from others about your behavior. This information helps you to reduce your blind area, because coworkers often see things in you that you do not see. Finally, the combination of disclosure and feedback occasionally produces revelations about information in the unknown area.

**Meaningful Interaction**

While the Johari Window relies on dialogue, self-awareness and mutual understanding can also improve through meaningful interaction.\textsuperscript{47} This statement is based on the contact hypothesis, which states that, under certain conditions, people who interact with each other will be less prejudiced or perceptually biased against each other. Simply spending time with members of other groups can improve your understanding and opinion of those persons to some extent. However, the contact hypothesis effect is much stronger when people have close and frequent interaction working toward a shared goal and need to rely on each other (i.e., cooperate rather than compete with each other). Everyone should have equal status in that context and should be engaged in a meaningful task.

An hour-long social gathering between executives and frontline employees would not satisfy the contact hypothesis conditions. On the other hand, meaningful interaction might occur in many of the international volunteering activities described in the opening vignette to this chapter. In these programs, professionals from developed countries work alongside people from developing countries. Although the volunteers have expertise (and therefore status), they often perform work outside that expertise and in unfamiliar environments requiring the expertise of people in the local community. Another potential application of the contact hypothesis occurs when senior executives and other staff from headquarters work in frontline jobs frequently or for an extended time. Everyone at Domino’s head office in Ann Arbor, Michigan, attends Pizza Prep School, where they learn how to make pizzas and run a pizza store. “How can you possibly empathize with someone out in the field unless you’ve been on the truck yourself?” asks CEO and founder Brian Scudamore.\textsuperscript{49}
Meaningful interaction does more than reduce our reliance on stereotypes. It also potentially improves empathy toward others, that is, the extent to which we understand and are sensitive to the feelings, thoughts, and situations of others. You have empathy when actively visualizing the other person’s situation and feeling that person’s emotions in that situation. Empathizing with others improves our sensitivity to the external causes of another person’s performance and behavior, thereby reducing fundamental attribution error. A supervisor who imagines what it’s like to be a single mother, for example, would become more sensitive to the external causes of lateness and other events among such employees.

The perceptual process represents the filter through which information passes from the external environment to our memory. As such, it is really the beginning of the learning process, which we discuss next.

After reading the next two sections, you should be able to:

7. Describe the A-B-C model of behavior modification and the four contingencies of reinforcement.
8. Describe the three features of social learning theory.
9. Outline the elements of organizational learning and ways to improve each element.

Learning in Organizations

Learning is a relatively permanent change in behavior (or behavioral tendency) that occurs as a result of a person’s interaction with the environment. Learning occurs when the learner behaves differently. For example, you have “learned” computer skills when you operate the keyboard and software more quickly than before. Learning occurs when interaction with the environment leads to behavior change. This means that we learn through our senses, such as through study, observation, and experience.

Some of what we learn is explicit knowledge, such as reading information in this book. However, explicit knowledge is really only the tip of the knowledge iceberg. Most of what we know is tacit knowledge. Tacit knowledge is not documented; rather, it is acquired through observation and direct experience. For example, airline pilots learn to operate commercial jets more by watching experts and practicing on flight simulators than by attending lectures. They acquire tacit knowledge by directly experiencing the complex interaction of behavior with the machine’s response.

Three perspectives of learning tacit and explicit knowledge are reinforcement, social learning, and direct experience. Each perspective offers a different angle for understanding the dynamics of learning.

Behavior Modification: Learning through Reinforcement

One of the oldest perspectives on learning, called behavior modification (also known as operant conditioning and reinforcement theory), takes the rather extreme view that learning is completely dependent on the environment. Behavior modification does not question the notion that thinking is part of the learning process, but it views human thoughts as unimportant intermediate stages between behavior and the environment. The environment teaches us to alter our behaviors so that we maximize positive consequences and minimize adverse consequences.
A-B-Cs of Behavior Modification

The central objective of behavior modification is to change behavior (B) by managing its antecedents (A) and consequences (C). This process is nicely illustrated in the A-B-C model of behavior modification, shown in Exhibit 3.5.\(^{53}\)

**Antecedents** are events preceding the behavior, informing employees that certain behaviors will have particular consequences. An antecedent may be a sound from your computer signaling that an e-mail has arrived or a request from your supervisor asking you to complete a specific task by tomorrow. Such antecedents let employees know that a particular action will produce specific consequences. Notice that antecedents do not cause behaviors. The computer sound doesn’t cause us to open our e-mail. Rather, the sound is a cue telling us that certain consequences are likely to occur if we engage in certain behaviors. In behavior modification, **consequences** are events following a particular behavior that influence its future occurrence. Generally speaking, people tend to repeat behaviors that are followed by pleasant consequences and are less likely to repeat behaviors that are followed by unpleasant consequences or no consequences at all.

**Contingencies of Reinforcement** Behavior modification identifies four types of consequences, called the **contingencies of reinforcement**, that increase, maintain, or reduce the probability that behavior will be repeated.\(^{54}\)

- **Positive reinforcement** occurs when the introduction of a consequence increases or maintains the frequency or future probability of a specific behavior. Receiving a bonus after successfully completing an important project is considered positive reinforcement because it typically increases the probability that you will use that behavior in the future.

- **Punishment** occurs when a consequence decreases the frequency or future probability of a behavior. This consequence typically involves introducing something that employees try to avoid. For instance, most of us would consider being demoted or being ostracized by our co-workers as forms of punishment.\(^{55}\)

- **Negative reinforcement** occurs when the removal or avoidance of a consequence increases or maintains the frequency or future probability of a specific behavior. Supervisors apply negative reinforcement when they stop criticizing employees.
whose substandard performance has improved. When the criticism is withheld, employees are more likely to repeat behaviors that improved their performance. Notice that negative reinforcement is not punishment. Whereas punishment extinguishes behavior by introducing a negative consequence, negative reinforcement actually reinforces behavior by removing the negative consequence.

- **Extinction** occurs when the target behavior decreases because no consequence follows it. In this respect, extinction is a do-nothing strategy. Generally, behavior that is no longer reinforced tends to disappear; it becomes extinct. For instance, research suggests that performance tends to decline when managers stop congratulating employees for their good work.\(^{56}\)

Which contingency of reinforcement should be used in the learning process? In most situations, positive reinforcement should follow desired behaviors and extinction (do nothing) should follow undesirable behaviors. This approach is preferred because punishment and negative reinforcement generate negative emotions and attitudes toward the punisher (e.g., supervisor) and organization. However, some form of punishment (dismissal, suspension, demotion, etc.) may be necessary for extreme behaviors, such as deliberately hurting a co-worker or stealing inventory. Indeed, research suggests that, under certain conditions, punishment maintains a sense of fairness.\(^{57}\)

**Schedules of Reinforcement** Along with the types of reinforcement, the frequency and timing of the reinforcers also influence employee behaviors.\(^{58}\) These reinforcement schedules can be continuous or intermittent. The most effective reinforcement schedule for learning new tasks is **continuous reinforcement**—providing positive reinforcement after every occurrence of the desired behavior. Employees learn desired behaviors quickly, and when the reinforcer is removed, extinction also occurs very quickly.

The best schedule for reinforcing learned behavior is a **variable ratio schedule** in which employee behavior is reinforced after a variable number of times. Salespeople experience variable ratio reinforcement because they make a successful sale (the reinforcer) after a varying number of client calls. They might make four unsuccessful calls before receiving an order on the fifth one, then make 10 more calls before receiving the next order, and so on. The variable ratio schedule makes behavior highly resistant to extinction because the reinforcer is never expected at a particular time or after a fixed number of accomplishments.

**Behavior Modification in Practice** Everyone practices behavior modification in one form or another. We thank people for a job well done, are silent when displeased, and sometimes try to punish those who go against our wishes. Behavior modification also occurs in various formal programs to reduce absenteeism, improve task performance, encourage safe work behaviors, and have a healthier lifestyle.\(^{59}\) In Arkansas, for example, the North Little Rock School Board introduced an absenteeism reduction plan in which teachers can earn $300 after every six months with perfect attendance. Those with no more than one day of absence receive $100. ExxonMobil’s Fawley refinery in the United Kingdom introduced a “Behave Safely Challenge” program in which supervisors rewarded employees and contractors on the spot when they exhibited good safety behavior or intervened to improve the safe behavior of co-workers. These rewards were a form of positive reinforcement using a variable ratio schedule (safe work behaviors were reinforced after a variable number of times that they occurred).\(^{60}\)
Although a natural part of human interaction, behavior modification has a number of limitations when applied strategically in organizational settings. One limitation is “reward inflation,” in which the reinforcer is eventually considered an entitlement. For this reason, most behavior modification programs must run infrequently and for a short duration. Another concern is that the variable ratio schedule of reinforcement tends to create a lottery-style reward system, which is unpopular with people who dislike gambling. Probably the most significant problem is behavior modification’s radical view that behavior is learned only through personal interaction with the environment. This view is no longer accepted; instead, learning experts recognize that people also learn by observing others and thinking logically about possible consequences. This learning-through-observation process is explained by social learning theory.

Social Learning Theory: Learning by Observing

Social learning theory states that much learning occurs by observing others and then modeling the behaviors that lead to favorable outcomes and avoiding behaviors that lead to punishing consequences. This form of learning occurs in three ways: behavior modeling, learning behavior consequences, and self-reinforcement.

- **Behavior modeling.** People learn by observing the behaviors of a role model on a critical task, remembering the important elements of the observed behaviors, and then practicing those behaviors. This is a valuable form of learning because tacit knowledge and skills are mainly acquired through observation and practice. As an example, it is difficult to document or explain in a conversation all the steps necessary to bake professional-quality bread. Student chefs also need to observe the master baker’s subtle behaviors. Behavioral modeling also
increases self-efficacy because people gain more self-confidence after seeing someone else perform the task. This is particularly true when observers identify with the model, such as someone who is similar in age, experience, gender, and related features.

- **Learning behavior consequences.** People learn the consequences of behavior through logic and observation, not just through direct experience. They logically anticipate consequences after completing a task well or poorly. They also learn behavioral consequences by observing the experiences of other people. Consider the employee who observes a co-worker receiving a stern warning for working in an unsafe manner. This event would reduce the observer’s likelihood of engaging in unsafe behaviors because he or she has learned to anticipate a similar reprimand following those behaviors.

- **Self-reinforcement.** Self-reinforcement occurs whenever an employee has control over a reinforcer but doesn’t “take” it until completing a self-set goal. For example, you might be thinking about having a snack after you finish reading the rest of this chapter. Raiding the refrigerator is a form of self-induced positive reinforcement for completing this reading assignment. Self-reinforcement takes many forms, such as taking a short walk, watching a movie, or simply congratulating yourself for completing a task.

### Learning through Experience

Along with behavior modification and social learning, another way that employees learn is through direct experience. In fact, most tacit knowledge and skills are acquired through experience as well as observation. Generally, experiential learning begins when we engage with the environment; then we reflect on that experience and form theories about how the world around us works. This is followed by experimentation, in which we find out how well the newly formed theories work. Experiential learning requires all these steps, although people tend to prefer one step more than the others.

One of the most important ingredients for learning through experience is that the organization and its employees should possess a strong **learning orientation**. As mentioned at the beginning of this chapter, people with a global mindset have a strong learning orientation, meaning that they welcome new learning opportunities, actively experiment with new ideas and practices, view reasonable mistakes as a natural part of the learning process, and continuously question past practices. This individual orientation becomes part of the organization’s culture when it is held by many people throughout the organization.

Organizations develop and maintain a learning orientation culture by supporting experimentation, acknowledging reasonable mistakes without penalty, and supporting the mindset that employees should engage in continuous learning. They encourage employees to question long-held assumptions or mental models and to actively “unlearn” practices that are no longer ideal. Without a learning orientation, mistakes are hidden and problems are more likely to escalate or reemerge later. It’s not surprising, then, that one of the most frequently mentioned lessons from the best-performing manufacturers is to expect mistakes. “At CIMB we have learnt to admit our mistakes openly,” says Datuk Nazir Razak, chief executive of CIMB Group, Malaysia’s second-largest financial services company. “Some of these mistakes cost us a lot of money,” he adds, but “each mistake is a learning opportunity.”
Chapter 3  Perception and Learning in Organizations

From Individual to Organizational Learning

One of the most popular contemporary perspectives of organizational effectiveness is organizational learning, which was defined in Chapter 1 as any structured activity that improves an organization’s capacity to acquire, share, and use knowledge in ways that improve its survival and success. Organizational learning is heavily dependent on individual learning, but the “capacity” to acquire, share, and use knowledge means that companies establish systems, structures, and organizational values that support the knowledge management process.

- **Knowledge acquisition.** This includes extracting information and ideas from the external environment as well as through insight. One of the fastest and most powerful ways to acquire knowledge is by hiring individuals or acquiring entire companies. Knowledge also enters the organization when employees learn from external sources, such as by discovering new resources from suppliers or becoming aware of new trends from clients. A third knowledge acquisition strategy is experimentation. Companies receive knowledge through insight as a result of research and other creative processes.

- **Knowledge sharing.** This aspect of organizational learning involves distributing knowledge to others across the organization. Although typically associated with computer intranets and digital repositories of knowledge, knowledge sharing also occurs through informal online or face-to-face communication. Most social learning (such as behavioral modeling) and experiential learning are forms of knowledge sharing because the learning is transferred from one employee to another.

**Learning from Near Misses** If there is one thing more serious than making mistakes in a hospital setting, it would be failing to report and learn from those mistakes. With that idea in mind, Osaka University Hospital in Japan has developed a “no-blame” Web-based system whereby staff can anonymously report “near-miss” incidents, thereby enabling the hospital to quickly identify practices that most urgently require better procedures or training. For example, when the reporting system identified medication ordering and dispensing as the most common near misses, staff developed new procedures to reduce those errors. Canossa Hospital in Hong Kong also encourages staff to speak up about near misses so that everyone can improve the quality of hospital care. “The hospital believes through staff’s alertness of potential risk and early reporting of near misses, both quality and safety of the hospital could be improved,” explains Terence Chow, Canossa Hospital’s physiotherapy department manager. “The training program also serves to help employees cultivate a positive attitude towards learning from mistakes.”


Knowledge use. The competitive advantage of knowledge comes from applying it in ways that add value to the organization and its stakeholders. To do this, employees must realize that the knowledge is available and that they have enough freedom to apply it. This requires a culture that supports the learning process.

This chapter has introduced two fundamental activities in human behavior in the workplace: perceptions and learning. These activities involve receiving information from the environment, organizing it, and acting on it as a learning process. Our knowledge about perceptions and learning in the workplace lays the foundation for the next chapter, which looks at workplace emotions and attitudes.

Chapter Summary

Perception involves selecting, organizing, and interpreting information to make sense of the world around us. Perceptual organization engages categorical thinking—the mostly nonconscious process of organizing people and objects into preconceived categories that are stored in our long-term memory. Mental models—internal representations of the external world—also help us to make sense of incoming stimuli.

Social identity theory explains how we perceive people through categorization, homogenization, and differentiation. Stereotyping is a derivative of social identity theory, in which people assign traits to others based on their membership in a social category. Stereotyping economizes mental effort, fills in missing information, and enhances our self-perception and social identity. However, it also lays the foundation for prejudice and systemic discrimination.

The attribution process involves deciding whether an observed behavior or event is caused mainly by the person (internal factors) or the environment (external factors). Attributions are decided by perceptions of the consistency, distinctiveness, and consensus of the behavior. This process helps us to link together the various pieces of our world in cause-effect relationships, but it is also subject to attribution errors, including fundamental attribution error and self-serving bias.

Self-fulfilling prophecy occurs when our expectations about another person cause that person to act in a way that is consistent with those expectations. Essentially, our expectations affect our behavior toward the target person, which then affects that employee’s opportunities and attitudes, which then influences his or her behavior. Self-fulfilling prophecies tend to be stronger when the relationship begins (such as when employees first join the department), when several people hold the expectations toward the employee, and when the employee has a history of low achievement.

Four other perceptual errors commonly noted in organizations are the halo effect, primacy effect, recency effect, and false-consensus effect. We can minimize these and other perceptual problems through awareness of perceptual bias, self-awareness, and meaningful interaction.

Learning is a relatively permanent change in behavior (or behavior tendency) that occurs as a result of a person’s interaction with the environment. Much of what we learn is tacit knowledge, which is embedded in our actions without conscious awareness.

The behavior modification perspective of learning states that behavior change occurs by altering its antecedents and consequences. Antecedents are environmental stimuli that provoke (not necessarily cause) behavior. Consequences are events following behavior that influence its future occurrence. Consequences include positive reinforcement, punishment, negative reinforcement, and extinction. The schedules of reinforcement also influence behavior.

Social learning theory states that much learning occurs by observing others and then modeling the behaviors that seem to lead to favorable outcomes and avoiding behaviors that lead to punishing consequences. It also recognizes that we often engage in self-reinforcement. Behavior modeling is effective because it transfers tacit knowledge and enhances the observer’s confidence in performing the task.

Many companies now use experiential learning because employees do not acquire tacit knowledge through formal classroom instruction. Experiential learning begins with concrete experience, followed by reflection on that experience, formation of a theory from that experience, and then testing of that theory in the environment.

Organizational learning is any structured activity that improves an organization’s capacity to acquire, share, and use knowledge in ways that improve its survival and success. Organizations acquire knowledge through individual learning and experimentation. Knowledge sharing occurs mainly through various forms of communication and training. Knowledge use occurs when employees realize that the knowledge is available and that they have enough freedom to apply it.
Key Terms

attribution process, p. 75
behavioral modification, p. 82
categorical thinking, p. 70
contact hypothesis, p. 81
empathy, p. 82
false-consensus effect, p. 79
fundamental attribution error, p. 76
global mindset, p. 68
halo effect, p. 78
Johari Window, p. 80
learning, p. 82
learning orientation, p. 86
mental models, p. 71
perception, p. 68
positive organizational behavior, p. 77
primacy effect, p. 78
recency effect, p. 78
selective attention, p. 68
self-fulfilling prophecy, p. 76
self-reinforcement, p. 86
self-serving bias, p. 76
social learning theory, p. 85
stereotyping, p. 72
tacit knowledge, p. 82

Critical Thinking Questions

1. Several years ago, senior executives at energy company CanOil wanted to acquire an exploration company (HBOG) that was owned by another energy company, AmOil. Rather than face a hostile takeover and unfavorable tax implications, CanOil’s two top executives met with the CEO of AmOil to discuss a friendly exchange of stock to carry out the transaction. AmOil’s chief executive was previously unaware of CanOil’s plans, and as the meeting began, the AmOil executive warned that he was there merely to listen. The CanOil executives were confident that AmOil wanted to sell HBOG because energy legislation at the time made HBOG a poor investment for AmOil. AmOil’s CEO remained silent for most of the meeting, which CanOil executives interpreted as an implied agreement to proceed to buy AmOil stock on the market. But when CanOil launched the stock purchase a month later, AmOil’s CEO was both surprised and outraged. He thought he had given the CanOil executives the cold shoulder, remaining silent to show his disinterest in the deal. The misunderstanding nearly bankrupted CanOil because AmOil reacted by protecting its stock. What perceptual problem(s) likely occurred that led to this misunderstanding?

2. What mental models do you have about attending a college or university lecture? Are these mental models helpful? Could any of these mental models hold you back from achieving the full benefit of the lecture?

3. Do you define yourself in terms of the university or college you attend? Why or why not? What are the implications of your answer for your university or college?

4. During a diversity management session, a manager suggests that stereotypes are a necessary part of working with others. “I have to make assumptions about what’s in the other person’s head, and stereotypes help me do that,” she explains. “It’s better to rely on stereotypes than to enter a working relationship with someone from another culture without any idea of what they believe in!” Discuss the merits of and problems with the manager’s statement.

5. Describe how a manager or coach could use the process of self-fulfilling prophecy to enhance an individual’s performance.

6. Describe a situation in which you used behavior modification to influence someone’s behavior. What specifically did you do? What was the result?

7. Why are organizations moving toward the use of experiential approaches to learning? What conditions are required for success?

8. BusNews Corp. is the leading stock market and business news service. Over the past two years, BusNews has experienced increased competition from other news providers. These competitors have brought in Internet and other emerging computer technologies to link customers with information more quickly. There is little knowledge within BusNews about how to use these computer technologies. On the basis of the knowledge acquisition processes for knowledge management, explain how BusNews might gain the intellectual capital necessary to become more competitive in this respect.
Case Study 3.1  HY DAIRIES, INC.

Syd Gilman read the latest sales figures with a great deal of satisfaction. The vice president of marketing at Hy Dairies, Inc., a large midwestern milk products manufacturer, was pleased to see that the marketing campaign to improve sagging sales of Hy’s gourmet ice-cream brand was working. Sales volume and market share of the product had increased significantly over the past two quarters compared with the previous year.

The improved sales of Hy’s gourmet ice cream could be credited to Rochelle Beauport, who was assigned to the gourmet ice-cream brand last year. Beauport had joined Hy less than two years ago as an assistant brand manager after leaving a similar job at a food products firm. She was one of the few women of color in marketing management at Hy Dairies and had a promising career with the company. Gilman was pleased with Beauport’s work and tried to let her know this in the annual performance reviews. He now had an excellent opportunity to reward her by offering her the recently vacated position of market research coordinator. Although technically only a lateral transfer with a modest salary increase, the marketing research coordinator job would give Beauport broader experience in some high-profile work, which would enhance her career with Hy Dairies. Few people were aware that Gilman’s own career had been boosted by working as marketing research coordinator at Hy several years earlier.

Rochelle Beauport had also seen the latest sales figures on Hy’s gourmet ice cream and was expecting Gilman’s call to meet with her that morning. Gilman began the conversation by briefly mentioning the favorable sales figures and then explained that he wanted Beauport to take the marketing research coordinator job. Beauport was shocked by the news. She enjoyed brand management and particularly the challenge involved with controlling a product that directly affected the company’s profitability. Marketing research coordinator was a technical support position—a “backroom” job—far removed from the company’s bottom-line activities. Marketing research was not the route to top management in most organizations, Beauport thought. She had been sidelined.

After a long silence, Beauport managed a weak “Thank you, Mr. Gilman.” She was too bewildered to protest. She wanted to collect her thoughts and reflect on what she had done wrong. Also, she did not know her boss well enough to be openly critical.

Gilman recognized Beauport’s surprise, which he naturally assumed was her positive response to hearing of this wonderful career opportunity. He, too, had been delighted several years earlier about his temporary transfer to marketing research to round out his marketing experience. “This move will be good for both you and Hy Dairies,” said Gilman as he escorted Beauport from his office.

Beauport was preoccupied with several tasks that afternoon, but she was able to consider the day’s events that evening. She was one of the top women and few minorities in brand management at Hy Dairies and feared that she was being sidelined because the company didn’t want women or people of color in top management. Her previous employer had made it quite clear that women “couldn’t take the heat” in marketing management and tended to place women in technical support positions after a brief term in lower brand management jobs. Obviously Syd Gilman and Hy Dairies were following the same game plan. Gilman’s comment that the coordinator job would be good for her was just a nice way of saying that Beauport couldn’t go any further in brand management at Hy Dairies.

Beauport now faced the difficult decision of whether to confront Gilman and try to change Hy Dairies’ sexist and possibly racist practices or to leave the company.

Discussion Questions

1. Apply your knowledge of stereotyping and social identity theory to explain what went wrong here.

2. What other perceptual error is apparent in this case study?

3. What can organizations do to minimize misperceptions in these types of situations?
Case Study 3.2  HOW FAILURE BREEDS SUCCESS

Coca-Cola chairman and former CEO E. Neville Isdell knows that the best companies embrace their mistakes and learn from them. That’s why Isdell doesn’t mind rhyming off the list of Coke’s failures over the years. In fact, he is keen to convince employees and shareholders that he will tolerate the failures that will inevitably result from the bigger risks that he wants Coke to take. At the same time, say analysts, balancing a learning culture with a performance culture is a perennial challenge. Intuit, the tax software company, thinks it has a solution. When one of its marketing strategies recently flopped, the company celebrated the failure and spent a lot of time dissecting it.

This BusinessWeek case study describes several ways that companies learn from their mistakes while still maintaining a strong focus on performance and the bottom line. Read the full text of this BusinessWeek article at www.mhhe.com/mcshe5e, and prepare for the discussion questions below.

Discussion Questions

1. Describe the experiential learning process that companies mentioned in this case study apply to learn from their mistakes and failures.
2. What perceptual problems do managers need to overcome with failures? How can these perceptual problems be minimized?


Class Exercise 3.3  THE LEARNING EXERCISE

PURPOSE  This exercise is designed to help you understand how the contingencies of reinforcement in behavior modification affect learning.

MATERIALS  Any objects normally available in a classroom will be acceptable for this activity.

INSTRUCTIONS (LARGE OR SMALL CLASS)
The instructor will ask for three volunteers, who are then briefed outside the classroom. The instructor will spend a few minutes briefing the remaining students in the class about their duties. Then, one of the three volunteers will enter the room to participate in the exercise. When completed, the second volunteer enters the room and participates in the exercise. When completed, the third volunteer enters the class and participates in the exercise.

For students to gain the full benefit of this exercise, no other information will be provided here. However, the instructor will have more details at the beginning of this fun activity.
Class Exercise 3.4  
STEREOTYPING IN CORPORATE ANNUAL REPORTS

PURPOSE  This exercise is designed to help you diagnose evidence of stereotyping and identify corporate role models that minimize stereotyping in corporate annual reports.

MATERIALS  Students need to complete their research for this activity prior to class, including selecting a publicly traded company and downloading the past four or more years of its fully illustrated annual reports.

INSTRUCTIONS  The instructor may have students work alone or in groups for this activity. Students will select a company that is publicly traded and posts its annual reports on the company Web site. Ideally, annual reports for at least the past four years should be available, and these reports should be presented in the final illustrated format (typically PDF replicas of the original hard-copy report).

Students will closely examine images in the selected company’s recent annual reports in terms of how women, visible minorities, and older employees and clients are presented. Specifically, students should be prepared to discuss and provide details in class regarding:

1. The percentage of images showing (i.e., visual representation of) women, visible minorities, and older workers and clients. Students should also be sensitive to the size and placement of these images on the page and throughout the annual report.

2. The roles in which women, visible minorities, and older workers and clients are depicted. For example, are women shown more in traditional or nontraditional occupations and nonwork roles in these annual reports?

If several years of annual reports are available, students should pick one that is a decade or more old and compare its visual representation of and role depiction of women, visible minorities, and older employees and clients.

If possible, students should pick one of the most blatantilly stereotypic illustrations they can find in these annual reports to show in class, either as a hard-copy printout or as a computer projection.

Self-Assessment 3.5

HOW MUCH PERCEPTUAL STRUCTURE DO YOU NEED?

PURPOSE  This self-assessment is designed to help you estimate your personal need for perceptual structure.

INSTRUCTIONS  Read each of the statements below and decide how much you agree with each according to your attitudes, beliefs, and experiences. Then use the scoring key in Appendix B at the end of this book to calculate your results. It is important for you to realize that there are no right or wrong answers to these questions. This self-assessment should be completed alone so that you can rate yourself honestly without concerns of social comparison. Class discussion will focus on the meaning of need for structure in terms of how we engage differently in the perceptual process at work and in other settings.
To what extent do you agree or disagree with each of these statements about yourself?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Moderately agree</th>
<th>Slightly agree</th>
<th>Slightly disagree</th>
<th>Moderately disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. It upsets me to go into a situation without knowing what I can expect from it.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I'm not bothered by things that interrupt my daily routine.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I enjoy being spontaneous.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I find that a well-ordered life with regular hours makes my life tedious.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I find that a consistent routine enables me to enjoy life more.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I enjoy having a clear and structured mode of life.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I like to have a place for everything and everything in its place.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I don't like situations that are uncertain.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I hate to change my plans at the last minute.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I hate to be with people who are unpredictable.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. I enjoy the exhilaration of being in unpredictable situations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. I become uncomfortable when the rules in a situation are not clear.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Self-Assessment 3.6

ASSESSING YOUR PERSPECTIVE TAKING (COGNITIVE EMPATHY)

Empathy is an important perceptual ability in social relations, but the degree to which people empathize varies considerably. This self-assessment provides an estimate of one form of empathy, known as cognitive empathy or perspective taking. That is, it measures the level of your cognitive awareness of another person’s situational and individual circumstances. To complete this scale, indicate the degree to which each of the statements presented does or does not describe you very well. You need to be honest with yourself for a reasonable estimate of your level of perspective taking. The results show your relative position along the perspective-taking continuum and the general meaning of this score.

Self-Assessment 3.7

ASSESSING YOUR EMOTIONAL EMPATHY

Empathy is an important perceptual ability in social relations, but the degree to which people empathize varies considerably. This self-assessment provides an estimate of one form of empathy, known as emotional empathy—the extent that you are able to experience the emotions or feelings of another person. To complete this scale, indicate the degree to which each of the statements presented does or does not describe you very well. You need to be honest with yourself for a reasonable estimate of your level of emotional empathy. The results show your relative position along the emotional empathy continuum and the general meaning of this score.

After reading this chapter, if you feel that you need additional tips on managing your anxiety, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
You know the fun is about to begin at Suntech Optics when employees spot the pineapple wearing sunglasses. The bespectacled fruit is the mascot for the eyewear supplier’s Have Fun Team, which is responsible for creating various forms of workplace levity. Employees at the company’s headquarters in Vancouver, Canada, might discover a puzzle on their desk, with a prize awarded to the person who solves it first. Dozens of stuffed bears are brought to work on Bring Your Teddy Bear to Work Day. Halloween is a special treat as staff dress up for the occasion and show off their pumpkin-carving skills. “We try to infuse having fun into our whole corporate culture,” says Suntech manager Deborah Peck. “It’s one of our core strategies. It’s part of our life.”

Fun at work? It sounds like an oxymoron. But to attract and keep talented employees, companies are finding creative ways to generate positive emotions in the workplace. Don’t be surprised if you see staff at John Laing Homes, a construction firm in California, walking around in slippers on one of their crazy-dress days. AstraZeneca’s “Fun Department” set up a mock doctor’s office where employees with “terminal seriousness” receive “prescriptions to play.” The pharmaceutical company is also known for fun pranks, such as surprising an employee on his birthday with a cubicle filled to the brim with colorful peanut-shaped packing material. Employees at Mott MacDonald, a global management, engineering, and development consulting firm, also have plenty of fun. For example, the Abu Dhabi oil and gas team has an annual desert safari, complete with camel rides (shown in photo).

Another fun-focused company is Dixon Schwabl, a 75-employee marketing and public relations firm in Rochester, New York. “Fun is not just a word here, it is a way of life!” wrote one employee in a recent survey. Employees enjoy bocce tournaments, softball leagues, golf chipping contests, water balloon toss events, Halloween pumpkin-decorating contests, a padded primal scream room to release tension, and a spiral slide for those who want to descend more quickly to the main floor. “At the end of the day, everyone’s going to be happier and the product will be far better than if they’re not happy,” says Dixon Schwabl CEO Lauren Dixon.¹
Workplace Emotions, Attitudes, and Stress

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Explain how emotions and cognition (conscious reasoning) influence attitudes and behavior.
2. Identify the conditions that require, and the problems associated with, emotional labor.
3. Describe the four dimensions of emotional intelligence.
4. Summarize the consequences of job dissatisfaction in terms of the exit-voice-loyalty-neglect model.
5. Discuss the effects of job satisfaction on job performance and customer service.
6. Distinguish affective and continuance commitment and discuss their influence on employee behavior.
7. Describe five strategies for increasing organizational (affective) commitment.
8. Define stress and describe the stress experience.
9. Explain why a stressor might produce different stress levels in two people.
10. Identify five ways to manage workplace stress.
Dixon Schwabl, Mott MacDonald, AstraZeneca, John Laing Homes, Suntech Optics, and many other companies around the world are discovering that emotions and attitudes make a difference in individual behavior and well-being, as well as in the organization’s performance and customer service. Over the past decade, the field of organizational behavior has experienced a sea change in thinking about workplace emotions, so this chapter begins by introducing the concept and explaining why researchers are so eager to discover how emotions influence attitudes and behavior. Next, we consider the dynamics of emotional labor, followed by the popular topic of emotional intelligence. The specific work attitudes of job satisfaction and organizational commitment are then discussed, including their association with various employee behaviors and work performance. The latter part of this chapter examines work-related stress, beginning with an overview of the stress experience and the consequences of distress. Three major work-related stressors are then described, followed by coverage of five ways to manage stress in the workplace.

**Learning Objectives**

After reading this section, you should be able to:

1. Explain how emotions and cognition (conscious reasoning) influence attitudes and behavior.

**Emotions in the Workplace**

Emotions have a profound effect on almost everything we do in the workplace. This is a strong statement, and one that you would rarely find a decade ago in organizational behavior research or textbooks. Until recently, OB experts assumed that a person’s thoughts and actions are governed primarily by conscious reasoning (called cognition). Yet groundbreaking neuroscience discoveries have revealed that our perceptions, attitudes, decisions, and behavior are influenced by both cognition and emotion. In fact, emotions may have a greater influence because emotional processes often occur before conscious cognitive processes and, consequently, influence the latter. By ignoring emotionality, many theories have overlooked a large piece of the puzzle about human behavior in the workplace.

**Emotions** are physiological, behavioral, and psychological episodes experienced toward an object, person, or event that create a state of readiness. These “episodes” are very brief events that typically subside or occur in waves lasting from milliseconds to a few minutes. Emotions are directed toward someone or something. For example, we experience joy, fear, anger, and other emotional episodes toward tasks, customers, or a software program we are using. This differs from moods, which are less intense and longer-term emotional states that are not directed toward anything in particular.

Emotions are experiences. They represent changes in our physiological state (e.g., blood pressure, heart rate), psychological state (e.g., ability to think clearly), and behavior (e.g., facial expression). Most of these
emotional reactions are subtle and occur without our awareness. This is a particularly
important point because people often think about “getting emotional” when the subject
of emotions is mentioned. In reality, you experience emotions every minute but aren’t
even aware of most of them. Finally, emotions put us in a state of readiness. When we
get worried, for example, our heart rate and blood pressure increase to make our body
better prepared to engage in fight or flight. Strong emotions also trigger our conscious
awareness of a threat or opportunity in the external environment. 5

Types of Emotions
People experience many emotions as well as various combinations of emotions, but
all of them have two common features. First, emotions generate a global evaluation
(called core affect) that something is good or bad, helpful or harmful, to be approached
or to be avoided. Second, all emotions produce some level of activation. However,
they vary considerably in this activation, that is, in how much they demand our atten-
tion and motivate us to act. These two dimensions of emotions are the foundation of
the circumplex model shown in Exhibit 4.1. 6 Distressed is a negative emotion that
generates a high level of activation, whereas relaxed is a pleasant emotion that has
fairly low activation.

Exhibit 4.1  
Circumplex Model of
Emotions

in Emotions in the Workplace, ed. R. G. Lord, R. J. Klimoski, and R. Kanfer (San Francisco: Jossey-Bass, 2002),
pp. 64–113; J. A. Russell, “Core Affect and the Psychological Construction of Emotion,” Psychological Review 110,
Emotions, Attitudes, and Behavior

To understand how emotions influence our thoughts and behavior in the workplace, we first need to know about attitudes. Attitudes represent the cluster of beliefs, assessed feelings, and behavioral intentions toward a person, object, or event (called an attitude object). Attitudes are judgments, whereas emotions are experiences. In other words, attitudes involve conscious logical reasoning, whereas emotions operate as events, usually without our awareness. We also experience most emotions briefly, whereas our attitude toward someone or something is more stable over time.

Until recently, experts described attitudes in terms of the three cognitive components illustrated on the left side of Exhibit 4.2: beliefs, feelings, and behavioral intentions. Now we have good evidence that a parallel emotional process is also at work, shown on the right side of the exhibit. Using attitude toward mergers as an example, let’s look more closely at this model, beginning with the traditional cognitive perspective of attitudes.

- **Beliefs.** These are your established perceptions about the attitude object—what you believe to be true. For example, you might believe that mergers reduce job security for employees in the merged firms. Or you might believe that mergers increase the company’s competitiveness in this era of globalization. These beliefs are perceived facts that you acquire from past experience and other forms of learning.

- **Feelings.** Feelings represent your positive or negative evaluations of the attitude object. Some people think mergers are good; others think they are bad. Your like or dislike of mergers represents your assessed feelings. According to the traditional cognitive perspective of attitudes (left side of the model), feelings are calculated from your beliefs about mergers. If you believe that mergers typically have negative consequences such as layoffs and organizational politics, you will form negative feelings toward mergers in general or about a specific planned merger in your organization.

Exhibit 4.2
Model of Emotions, Attitudes, and Behavior

![Exhibit 4.2 Diagram](image-url)
Chapter 4  Workplace Emotions, Attitudes, and Stress

• *Behavioral intentions.* Intentions represent your motivation to engage in a particular behavior regarding the attitude object. Upon hearing that the company will merge with another organization, you might become motivated to look for a job elsewhere or possibly to complain to management about the merger decision. Your feelings toward mergers motivate your behavioral intentions, and which actions you choose depends on your past experience, self-concept (values, personality), and social norms of appropriate behavior.

Exhibit 4.2 also illustrates that behavioral intentions directly predict behavior. However, whether your intentions translate into behavior depends on all four elements of the MARS model, such as opportunity and ability to act. Attitudes are also more likely to influence behavior when they are strong, meaning that they are anchored by strong emotions.

**How Emotions Influence Attitudes and Behavior** As we mentioned, emotions play a central role in forming and changing employee attitudes. The right side of Exhibit 4.2 illustrates this process, which (like the cognitive process) also begins with perceptions of the world around us. The emotional centers of our brain quickly and imprecisely tag emotional markers to incoming sensory information on the basis of whether that information supports or threatens our innate drives. These markers are not calculated feelings; they are automatic and nonconscious emotional responses based on very thin slices of sensory information.

Returning to the example of your attitude toward mergers, you might experience excitement, worry, nervousness, or happiness upon learning that your company intends to merge with a competitor. The large dots on the right side of Exhibit 4.2 illustrate the numerous emotional episodes you experience upon hearing the merger announcement, subsequently thinking about the merger, discussing the merger with co-workers, and so on. These emotions are transmitted to the logical reasoning process, where they are logically analyzed along with other information about the attitude object. Thus, while you are consciously evaluating whether the merger is good or bad, your emotions have already formed an opinion, which then sways your conscious evaluation. In fact, we often deliberately “listen in” on our emotions to help us consciously decide whether to support or oppose something. If you experience mainly positive emotions whenever you think about or discuss the merger, these positive emotional episodes will lean your logical reasoning toward positive feelings regarding the merger.

The dual cognitive-emotional attitude process helps us to understand why Dixon Schwabl and many other companies want their employees to experience plenty of positive emotional episodes each day. Work attitudes are shaped by the almost continuous bombardment of emotional experiences people have at work. Those who experience more positive emotions tend to have more favorable attitudes toward their jobs and organizations, even when they aren’t consciously aware of many of these emotional experiences. And when they do think about how they feel about their jobs, they listen in on the emotions regenerated from past positive or negative events in the workplace.

The influence of both cognitive reasoning and emotions on attitudes is most apparent when they disagree with each other. People occasionally experience this mental tug-of-war, sensing that something isn’t right even though they can’t think of any logical reason to be concerned. This conflicting experience indicates that the person’s logical analysis of the situation (left side of Exhibit 4.2) can’t identify reasons to support the automatic emotional reaction (right side of Exhibit 4.2). Should we
pay attention to our emotional response or our logical analysis? This question is not easy to answer, but some studies indicate that while executives tend to make quick decisions based on their gut feelings (emotional response), the best decisions tend to occur when executives spend time logically evaluating the situation. Thus, we should pay attention to both the cognitive and emotional sides of the attitude model, and hope they agree with each other most of the time!

One last comment about Exhibit 4.2: Notice the arrow from the emotional episodes to behavior. It indicates that emotions directly (without conscious thinking) influence a person’s behavior. This occurs when we jump suddenly if someone sneaks up on us. It also occurs in everyday situations because even low-intensity emotions automatically change our facial expressions. These actions are not carefully thought out. They are automatic emotional responses that are learned or hardwired by heredity for particular situations.

Cognitive Dissonance Emotions and attitudes usually lead to behavior, but the opposite sometimes occurs through the process of cognitive dissonance. Cognitive dissonance occurs when we perceive an inconsistency between our beliefs, feelings, and behavior. When this inconsistency violates our self-concept, it generates emotions that motivate us to change one or more of these elements. For example, let’s say that you agreed to accept a foreign posting, even though it didn’t interest you, because you believed it might be necessary for promotion into senior management. However, you later learn that many people become senior managers in the firm without spending any time on foreign assignment. In this situation, you will likely experience cognitive dissonance because of the inconsistency between your beliefs and feelings (dislike foreign assignments) and behavior (accepted a foreign posting).

Behavior is usually more difficult to change than beliefs and feelings. This is particularly true when the dissonant behavior has been observed by others, was done voluntarily, and can’t be undone. In the foreign assignment example, you experience cognitive dissonance because others know that you accepted the assignment, it was accepted voluntarily (e.g., you weren’t threatened with dismissal if you refused the assignment), and working overseas can’t be undone (although you might be able to change your mind beforehand). Thus, people usually change their beliefs and feelings to reduce the inconsistency. For example, you might convince yourself that the foreign posting is not so bad after all because it will develop your management skills. Alternatively, you might downplay the features that previously made the foreign posting less desirable. Over time, a somewhat negative attitude toward foreign assignments becomes a more favorable one.

Emotions and Personality Our coverage of the dynamics of workplace emotions wouldn’t be complete unless we mentioned that emotions are also partly determined by a person’s personality, not just workplace experiences. Some people experience positive emotions as a natural trait. These people are generally extroverted—outgoing, talkative, sociable, and assertive (see Chapter 2). In contrast, other people have a personality with a tendency to experience more negative emotions. Positive and negative emotional traits affect a person’s attendance, turnover, and long-term work attitudes. For example, several studies report that people with a negative emotional trait have lower levels of job satisfaction and higher levels of job burnout. While positive and negative personality traits have some effect, other research concludes that the actual situation in which people work has a noticeably stronger influence on their attitudes and behavior.
Managing Emotions at Work

The Elbow Room Café is packed and noisy on this Saturday morning. A customer at
the Vancouver restaurant half shouts across the room for more coffee. A passing waiter
scoffs: “You want more coffee, get it yourself!” The customer only laughs. Another
diner complains loudly that he and his party are running late and need their food. This
time, restaurant manager Patrick Savoie speaks up: “If you’re in a hurry, you should
have gone to McDonald’s.” The diner and his companions chuckle. To the uninitiated,
the Elbow Room Café is an emotional basket case, where staff turn rudeness into a fine
art. But it’s all a performance—a place where guests can enjoy good food and play out
their emotions about dreadful customer service. “It’s almost like coming to a theatre,”
says Savoie, who spends much of his time inventing new ways to insult the clientele. 21

Whether giving the most insulting service at Elbow Room Café in Vancouver or the
friendliest service at Dixon Schwab in Rochester, New York, people are expected to
manage their emotions in the workplace. They must conceal their frustration when serv-
icing an irritating customer, display compassion to an ill patient, and hide their boredom
in a long meeting with senior management. These are all forms of emotional labor—the
effort, planning, and control needed to express organizationally desired emotions during
interpersonal transactions. 22 Almost everyone is expected to abide by display rules—norms
requiring us to display specific emotions and to hide other emotions.

Emotional labor is higher in jobs requiring a variety of emotions (e.g., anger as
well as joy) and more intense emotions (e.g., showing delight rather than smiling
weakly), as well as in jobs where interaction with clients is frequent and has a longer
duration. Emotional labor also increases when employees must precisely rather than
casually abide by the display rules. 23 This particularly occurs in the service industries,
where employees have frequent face-to-face interaction with clients. For instance, the
Ritz-Carlton Hotel Co.’s motto is “Smile—we are on stage.” To ensure that this stan-
dard is maintained at the dozens of properties it manages around the world, the Ritz
developed a detailed training program that teaches staff how to look pleasant in front
of guests. Its orientation manual even includes two pages on phrases to use and to
avoid saying, such as “My pleasure” rather than “OK, sure.” 24

Emotional Display Norms across Cultures

How much we are expected to hide or reveal our true emotions in public depends to
some extent on the culture in which we live. Cultural values in some countries—
particularly Ethiopia, Korea, Japan, and Austria—expect people to subdue their
emotional expression and minimize physical contact with others. Even voice intona-
tion tends to be monotonic. In other countries—notably Kuwait, Egypt, Spain, and
Russia—cultural values allow or encourage open display of one’s true emotions. People
are expected to be transparent in revealing their thoughts and feelings, dramatic in
their conversational tones, and animated in their use of nonverbal behaviors to get
their message across. These cultural variations in emotional display can be quite
noticeable. One survey reported that 83 percent of Japanese believe it is inappropriate to get emotional in a business context, compared with 40 percent of Americans, 34 percent of French, and only 29 percent of Italians. In other words, Italians are more likely to accept or tolerate people who display their true emotions at work, whereas emotional behavior would be considered rude or embarrassing in Japan.

Emotional Dissonance

Emotional labor can be challenging for most of us because it is difficult to conceal true emotions and to display the emotions required by the job. Joy, sadness, worry, and other emotions automatically activate a complex set of facial muscles that are difficult to prevent and equally difficult to fake. Pretending to be cheerful or concerned requires adjustment and coordination of several specific facial muscles and body positions. Meanwhile, our true emotions tend to reveal themselves as subtle gestures, usually without our awareness. More often than not, observers see when we are faking and sense that we feel a different emotion.
Emotional labor also creates conflict between required and true emotions, which is called **emotional dissonance**. The larger the gap between the required and true emotions, the more employees tend to experience stress, job burnout, and psychological separation from self. Hiring people with a natural tendency to display the emotions required for the job can minimize emotional dissonance. For example, The Container Store expects employees to display positive emotions on the job, so its unofficial motto is “Grouchy People Need Not Apply.” St. Wilfred’s Hospice in Chichester, England, takes a similar view. “We have standards of behavior,” says chief executive Alison Moorey. “We expect anyone who comes into the hospice to be treated with smiles and courtesy.”

Emotional dissonance is also minimized through deep acting rather than surface acting. People engage in **surface acting** when they try to modify their behavior to be consistent with required emotions but continue to hold different internal feelings. For instance, we force a smile while greeting a customer whom we consider rude. **Deep acting** involves changing true emotions to match the required emotions. Rather than feeling irritated by a rude customer, you might view your next interaction with that person as an opportunity to test your sales skills. This change in perspective can potentially generate more positive emotions next time you meet that difficult customer, thereby producing friendlier displays of emotion. However, deep acting also requires considerable emotional intelligence, which we discuss next.

### Emotional Intelligence

Exactech, Inc., is growing quickly, so the Gainesville, Florida, orthopedic device manufacturer introduced a program to develop future leaders. Two dozen high-potential employees were identified among the staff of 260 and then given intensive yearlong training. This program didn’t focus completely on technical skill development. Rather, participants learned how to improve their self-awareness and interaction with other staff members. “Especially as people rise to higher levels in organizations, their ability to do their job effectively depends on emotional intelligence qualities more than technical qualities,” explains Exactech cofounder Bill Petty.

Exactech is one of many organizations discovering that **emotional intelligence (EI)** can significantly improve individual, team, and organizational effectiveness. Emotional intelligence includes a set of abilities to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others. One popular model, shown in Exhibit 4.3, organizes EI into four dimensions representing the recognition of emotions in ourselves and in others, as well as the regulation of emotions in ourselves and in others. These four dimensions are also found in other models of EI, but experts disagree on the definitive list of abilities representing EI. For example, the authors of the model shown here include a list of “abilities” for each cell,

### Exhibit 4.3
Dimensions of Emotional Intelligence

<table>
<thead>
<tr>
<th>Recognition of emotions</th>
<th>Self-Awareness</th>
<th>Social Awareness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regulation of emotions</td>
<td>Self-Management</td>
<td>Relationship Management</td>
</tr>
</tbody>
</table>

but others warn that the list includes personality traits and personal values (e.g., achievement, optimism) as well as task outcomes (e.g., teamwork, inspirational leadership).  

- **Self-awareness.** Self-awareness is the ability to perceive and understand the meaning of your own emotions. You are more sensitive to subtle emotional responses to events and understand their message. Self-aware people are better able to eavesdrop on their emotional responses to specific situations and to use this awareness as conscious information.  

- **Self-management.** Self-management is the ability to manage your own emotions, something that we all do to some extent. We keep disruptive impulses in check. We try not to feel angry or frustrated when events go against us. We try to feel and express joy and happiness toward others when the occasion calls for these emotional displays. We try to create a second wind of motivation later in the workday. Notice that self-management goes beyond displaying behaviors that represent desired emotions in a particular situation. It includes generating or suppressing emotions. In other words, the deep acting described earlier requires high levels of the self-management component of emotional intelligence.  

- **Social awareness.** Social awareness is the ability to perceive and understand the emotions of other people. To a large extent, this ability is represented by empathy—having an understanding of and sensitivity to the feelings, thoughts, and situations of others (see Chapter 3). This includes understanding another person’s situation, experiencing the other person’s emotions, and knowing his or her needs even though unstated. Social awareness extends beyond empathy to include being organizationally aware, such as sensing office politics and understanding social networks.  

- **Relationship management.** This dimension of EI involves managing other people’s emotions. This includes consoling people who feel sad, emotionally inspiring your team members to complete a class project on time, getting strangers to feel comfortable working with you, and managing dysfunctional emotions among staff who experience conflict with customers or other employees. Some emotional intelligence experts link this component of EI to a wide variety of interpersonal activities, but we must remember that relationship management is restricted to managing other people’s emotions, whereas working effectively with other people extends to other competencies.  

These four dimensions of emotional intelligence form a hierarchy. Self-awareness is the lowest level of EI because it is a prerequisite for the other three dimensions but does not require the other dimensions. Self-management and social awareness are necessarily above self-awareness in the EI hierarchy. You can’t manage your own emotions (self-management) if you aren’t good at knowing your own emotions (self-awareness). Relationship management is the highest level of EI because it requires all three other dimensions. In other words, we require a high degree of emotional intelligence to master relationship management because this set of competencies requires sufficiently high levels of self-awareness, self-management, and social awareness.  

Most jobs involve social interaction with co-workers or external stakeholders, so employees need emotional intelligence to work effectively. Research indicates that people with high EI are better at interpersonal relations, perform better in jobs requiring emotional labor, are superior leaders, make better decisions involving social exchanges, and are more successful in many aspects of job interviews. Teams whose members have high emotional intelligence initially perform better than teams with
However, emotional intelligence does not improve some forms of performance, such as tasks that require minimal social interaction. Improving Emotional Intelligence

Emotional intelligence is associated with some personality traits, as well as with the emotional intelligence of one’s parents. For this reason, some companies have attempted to test the levels of EI in applicants. For example, all new pilots at Air Canada receive EI testing. Pilots are team leaders of the on-board crew and need to work effectively with staff on the ground, so they must have the ability to understand and manage their own emotions as well as the emotions of others. “If you have to interact well with other people, these [emotional intelligence tests] are instruments that we can use during the selection process to identify people that have these enhanced skills,” says Captain Dave Legge, vice president of Air Canada flight operations. “At the end of the day, we want to have a better idea of who we’re hiring.”

Emotional intelligence is not completely innate, however. It can also be learned, which is why Exactech invests in developing EI skills in its future leaders. Sony Europe also incorporates EI training in its executive development program, including an exercise in which leaders keep a journal of their emotional experiences throughout a week of work. One study reported that business students scored higher on emotional intelligence after taking an undergraduate interpersonal skills course. As Global Connections 4.1 describes, employees at GM Holden in Australia also improved their interpersonal relations after completing an emotional intelligence training program.
Personal coaching, plenty of practice, and frequent feedback are particularly effective at developing EI. Emotional intelligence also increases with age; it is part of the process called maturity. Overall, emotional intelligence offers considerable potential, but we also have a lot to learn about its measurement and effects on people in the workplace.

So far, this chapter has introduced the model of emotions and attitudes, as well as emotional intelligence as the means by which we manage emotions in the workplace. The next two sections of this chapter introduce the concepts of job satisfaction and organizational commitment. These two attitudes are so important in our understanding of workplace behavior that some experts suggest that together they should be called “overall job attitude.”

### Learning Objectives

After reading the next two sections, you should be able to:

4. Summarize the consequences of job dissatisfaction in terms of the exit-voice-loyalty-neglect model.
5. Discuss the effects of job satisfaction on job performance and customer service.
6. Distinguish affective and continuance commitment and discuss their influence on employee behavior.
7. Describe five strategies for increasing organizational (affective) commitment.

### Job Satisfaction

**Job satisfaction**, a person’s evaluation of his or her job and work context, is probably the most studied attitude in organizational behavior. It is an *appraisal* of the perceived job characteristics, work environment, and emotional experiences at work. Satisfied employees have a favorable evaluation of their jobs, based on their observations and emotional experiences. Job satisfaction is best viewed as a collection of attitudes about different aspects of the job and work context. You might like your co-workers but be less satisfied with your workload, for instance.

How satisfied are employees at work? The answer depends, of course, on the person, the workplace, and the country. Global surveys indicate with some consistency that job satisfaction tends to be highest in the Nordic countries (Denmark, Sweden, Norway, and Finland) as well as in India and the United States. The lowest levels of overall job satisfaction are usually recorded in Hungary and several Asian countries (e.g., China [including Hong Kong] and South Korea). Exhibit 4.4 reveals that more than 85 percent of Americans are moderately or very satisfied with their jobs, a level that has been consistent for the past three decades.

Can we conclude from these results that Americans are happy at work? Possibly, but not as much as these statistics suggest. The problem is that surveys often use a single direct question, such as “How satisfied are you with your job?” Many dissatisfied employees are reluctant to reveal their feelings in a direct question because this is tantamount to admitting that they made a poor job choice and are not enjoying life. For instance, surveys in the United States, Canada, and Malaysia found that although most employees in those countries say they are satisfied with their jobs and work environment, more than half would abandon their employer if offered a comparable job elsewhere. Another indication is that employees rate almost all aspects of the job lower than their overall satisfaction.
Job Satisfaction and Work Behavior

Brad Bird pays a lot of attention to job satisfaction. “In my experience, the thing that has the most significant impact on a budget—but never shows up in a budget—is morale,” advises Bird, who directed *Ratatouille* and other award-winning films at Pixar Animation Studios. “If you have low morale, for every dollar you spend, you get 25 cents of value. If you have high morale, for every dollar you spend, you get about $3 of value.”

Brad Bird’s opinion about the importance of job satisfaction is consistently reflected in the actions of leaders in many companies. Along with their increasing competition to win best-workplace awards, many companies carefully monitor job satisfaction and related employee attitudes. In some firms, executive bonuses depend partly on employee satisfaction ratings. The reason for this attention is simple: Job satisfaction affects many of the individual behaviors introduced in Chapter 1. A useful template for organizing and understanding the consequences of job dissatisfaction is the exit-voice-loyalty-neglect (EVLN) model. As the name suggests, the EVLN model identifies four ways that employees respond to dissatisfaction:

- **Exit.** Exit includes leaving the organization, transferring to another work unit, or at least trying to get away from the dissatisfying situation. The traditional theory is that job dissatisfaction builds over time and is eventually strong enough to motivate employees to search for better work opportunities elsewhere. This is likely true to some extent, but the most recent opinion is that specific “shock events” quickly energize employees to think about and engage in exit behavior.
For example, the emotional reaction you experience to an unfair management decision or a conflict episode with a co-worker motivates you to look at job ads and speak to friends about job opportunities where they work. This begins the process of redefining your self-concept more in terms of another company than in terms of your current employer.50

- **Voice.** Voice is any attempt to change, rather than escape from, the dissatisfying situation. Voice can be a constructive response, such as recommending ways for management to improve the situation, or it can be more confrontational, such as filing formal grievances or forming a coalition to oppose a decision.51 In the extreme, some employees might engage in counterproductive behaviors to get attention and force changes in the organization.

- **Loyalty.** In the original version of this model, loyalty was not an outcome of dissatisfaction. Rather, it determined whether people chose exit or voice (i.e., high loyalty resulted in voice; low loyalty produced exit).52 More recent writers describe loyalty as an outcome, but in various and somewhat unclear ways. Generally, they suggest that “loyalists” are employees who respond to dissatisfaction by patiently waiting—some say they “suffer in silence”—for the problem to work itself out or be resolved by others.53

- **Neglect.** Neglect includes reducing work effort, paying less attention to quality, and increasing absenteeism and lateness. It is generally considered a passive activity that has negative consequences for the organization.

Which of the four EVLN alternatives do employees use? It depends on the person and situation.54 One determining factor is the person’s self-concept. Some people avoid the self-image of being a complainer, whereas others view themselves very much as taking action when they dislike a work situation. Self-concept relates to personal and cultural values as well as personality. For example, people with a high-conscientiousness personality are less likely to engage in neglect and more likely to engage in voice. Past experience also influences which EVLN action is applied. Employees who were unsuccessful with voice in the past are more likely to engage in exit or neglect when experiencing job dissatisfaction in the future. Another factor is loyalty, as it was originally intended. Specifically, employees are more likely to quit when they have low loyalty to the company, and they are more likely to engage in voice when they have high loyalty. Finally, the response to dissatisfaction depends on the situation. Employees are less likely to use the exit option when there are few alternative job prospects, for example.

**Job Satisfaction and Performance** For almost a century, OB researchers have challenged the popular belief that “a happy worker is a productive worker.” For most of that time, they concluded that job satisfaction had a minimal effect on job performance. Now the evidence suggests that the popular saying may be correct after all: There is a moderate relationship between job satisfaction and job performance. In other words, happy workers really are more productive workers to some extent.55 Even with a moderate association between job satisfaction and performance, there are a few underlying reasons why the relationship isn’t stronger. One argument is that general attitudes (such as job satisfaction) don’t predict specific behaviors very well. As we learned with the EVLN model, job dissatisfaction can lead to a variety of outcomes other than lower job performance (neglect). Some employees continue to work productively while they complain (voice), look for another job (exit), or patiently wait for the problem to be fixed (loyalty).
A second explanation is that job performance leads to job satisfaction (rather than vice versa), but only when performance is linked to valued rewards. Higher performers receive more rewards and, consequently, are more satisfied than low-performing employees who receive fewer rewards. The connection between job satisfaction and performance isn’t stronger because many organizations do not reward good performance. The third explanation is that job satisfaction influences employee motivation but doesn’t affect performance in jobs where employees have little control over their job output (such as assembly-line work).

**Job Satisfaction and Customer Satisfaction** Another popular belief is that happy customers are the result of happy employees. This belief is strongly held at Dixon Schwabl, the Rochester, New York, advertising, marketing, and public relations agency described at the beginning of this chapter. “You might think our clients are No. 1, but really it’s our employees,” says Dixon Schwabl CEO Lauren Dixon. “If we make our employees No. 1, they’ll make our clients No. 1.” Ralph Norris, the CEO of Commonwealth Bank of Australia and previously CEO of Air New Zealand, agrees. “I’m not primarily interested in shareholder returns,” says Norris. “If we look after and inspire the staff, they will look after the customers and that will take care of shareholder returns.”

These executives are referring to the service profit chain model, which proposes that increasing employee satisfaction and loyalty results in higher customer perceptions of value, thereby improving the company’s profitability. In other words, job satisfaction has a positive effect on customer service. There are two main reasons for this relationship. First, employees are usually in a more positive mood when they feel satisfied with their jobs and working conditions. Employees in a good mood display friendliness and positive emotions more naturally and frequently, and this causes customers to experience positive emotions. Second, satisfied employees are less likely to quit their jobs, so they have better knowledge and skills to serve clients. Lower turnover also enables customers to have the same employees serve them, so there is more consistent service. Some evidence indicates that customers build their loyalty to specific employees, not to the organization, so keeping employee turnover low tends to build customer loyalty.

**Employees First, Customers Second** Wegmans Food Markets has an unusual motto: “Employees first, customers second.” The grocery chain definitely puts its 33,000 employees in New York and four nearby states on top of the stakeholder list. They enjoy above-average pay, health benefits, and other perks, resulting in labor costs of about 16 percent of sales compared to 12 percent at most supermarkets. Perhaps more important is that employees feel welcome and valued. “You’re not part of a company, you’re part of a family,” says Katie Southard, who works in customer service at a Wegmans store in Rochester, New York. “You’re treated as an individual, not just one of the 350 persons in the store.” Why don’t customers come first? Wegmans’ rationale is that you can’t have happy customers if employees have low morale. The theory seems to work: Wegmans enjoys one of the highest levels of customer loyalty and lowest levels of employee turnover in the industry.
The Ethics of Job Satisfaction

Before leaving the topic of job satisfaction, we should mention that job satisfaction does more than improve work behaviors and customer satisfaction. Job satisfaction is also an ethical issue that influences the organization’s reputation in the community. People spend a large portion of their time working in organizations, and many societies now expect companies to provide work environments that are safe and enjoyable. Indeed, employees in several countries closely monitor ratings of the best companies to work for, an indication that employee satisfaction is a virtue worth considerable goodwill to employers. This virtue is apparent when an organization has low job satisfaction. The company tries to hide this fact, and when morale problems become public, corporate leaders are usually quick to improve the situation.

Organizational Commitment

Along with studying job satisfaction, OB researchers have been very interested in an attitude called organizational commitment. Organizational (affective) commitment is the employee’s emotional attachment to, identification with, and involvement in a particular organization. This definition pertains specifically to affective commitment because it is an emotional attachment—our feelings of loyalty—to the organization. Organizational (affective) commitment differs from continuance commitment, which is a calculative attachment. Employees have high continuance commitment when they do not particularly identify with the organization where they work but feel bound to remain there because it would be too costly to quit. In other words, they choose to stay because the calculated (typically financial) value of staying is higher than the value of working somewhere else. You can tell an employee has high calculative commitment when he or she says: “I hate this place but can’t afford to quit!” This reluctance to quit may exist because the employee might lose a large bonus by leaving early or is well established in the community where he or she works.

Consequences of Organizational Commitment

Organizational (affective) commitment can be a significant competitive advantage. Loyal employees are less likely to quit their jobs and be absent from work. They also have higher work motivation and organizational citizenship, as well as somewhat higher job performance. Organizational commitment also improves customer satisfaction because long-tenure employees have better knowledge of work practices and because clients like to do business with the same employees. One warning is that employees with very high loyalty tend to have high conformity, which results in lower creativity. There are also cases of dedicated employees who violated laws to defend the organization. However, most companies suffer from too little rather than too much employee loyalty.

Affective commitment is usually beneficial, whereas continuance commitment tends to be dysfunctional. In fact, employees with high levels of continuance commitment tend to have lower performance ratings and are less likely to engage in organizational citizenship behaviors. Furthermore, unionized employees with high continuance commitment are more likely to use formal grievances, whereas employees with high affective commitment engage in more constructive problem solving when employee-employer relations sour. Although some level of financial connection may be necessary, employers should not confuse continuance commitment with employee loyalty. Employers still need to win employees’ hearts (affective commitment) beyond tying them financially to the organization (continuance commitment).
Building Organizational Commitment

There are almost as many ways to build organizational loyalty as there are topics in this textbook, but the following list is most prominent in the literature:

- **Justice and support.** Affective commitment is higher in organizations that fulfill their obligations to employees and abide by humanitarian values, such as fairness, courtesy, forgiveness, and moral integrity. These values relate to the concept of organizational justice, which we discuss in the next chapter. Similarly, organizations that support employee well-being tend to cultivate higher levels of loyalty in return.  

- **Shared values.** The definition of affective commitment refers to a person’s identification with the organization, and that identification is highest when employees believe their values are congruent with the organization’s dominant values. Also, employees experience more comfort and predictability when they agree with the values underlying corporate decisions. This comfort increases their motivation to stay with the organization.

- **Trust.** Trust refers to positive expectations one person has toward another person in situations involving risk. Trust means putting faith in the other person or group. It is also a reciprocal activity: To receive trust, you must demonstrate trust. Employees identify with and feel obliged to work for an organization only when they trust its leaders. This explains why layoffs are one of the greatest blows to employee loyalty—by reducing job security, companies reduce the trust employees have in their employer and the employment relationship.

- **Organizational comprehension.** Organizational comprehension refers to how well employees understand the organization, including its strategic direction, social dynamics, and physical layout. This awareness is a necessary prerequisite to affective commitment because it is difficult to identify with something that you don’t know very well. The practical implication here is to ensure that employees are able to develop a reasonably clear and complete mental picture of the organization. This occurs by giving staff information and opportunities to keep up to date about organizational events, interact with co-workers, discover what goes on in different parts of the organization, and learn about the organization’s history and future plans.

- **Employee involvement.** Employee involvement increases affective commitment by strengthening the employee’s social identity with the organization. Employees feel that they are part of the organization when they participate in decisions that guide the organization’s future. Employee involvement also builds loyalty because giving this power is a demonstration of the company’s trust in its employees.

Organizational commitment and job satisfaction represent two of the most often studied and discussed attitudes in the workplace. Each is linked to emotional episodes and cognitive judgments about the workplace and relationship with the company. Emotions also play an important role in another concept that is on everyone’s mind these days: stress. The final section of this chapter provides an overview of work-related stress and how it can be managed.

**Learning Objectives**

After reading the next section, you should be able to:

8. Define stress and describe the stress experience.

9. Explain why a stressor might produce different stress levels in two people.

10. Identify five ways to manage workplace stress.
Work-Related Stress and Its Management

Josh Holmes has fond memories of working at Electronic Arts (EA) but admits that the long hours at the electronic-game company were stressful. “From the minute I joined [EA], I put every waking hour of my day into my work. . . . It definitely took its toll,” says Holmes. After 10 years at EA, Holmes was burned out, so he quit. “We had done a lot of really long grueling hours. I know I was thinking that there’s got to be a way to do things a little differently.” So, in their quest for a less stressful electronic-game company, Holmes and three other senior EA staff members formed Propaganda Games (now a creative center within Disney’s video game division), with the unique values of creativity, risk taking, and work–life balance. “We want you to come into the studio, do great work, then get out and live your life,” says Propaganda’s Web site. “We foster a start-up attitude without the start-up stress.”

Experts have trouble defining stress, but it is most often described as an adaptive response to a situation that is perceived as challenging or threatening to the person’s well-being. Stress is a physiological and psychological condition that prepares us to adapt to hostile or noxious environmental conditions. Our heart rate increases, muscles tighten, breathing speeds up, and perspiration increases. Our body also moves more blood to the brain, releases adrenaline and other hormones, fuels the system by releasing more glucose and fatty acids, activates systems that sharpen our senses, and conserves resources by shutting down our immune system. One school of thought suggests that stress is a negative evaluation of the external environment. However, critics of this cognitive appraisal perspective point out that the stress experience is an emotional experience, which may occur before or after a conscious evaluation of the situation.

Whether stress is a complex emotion or a cognitive evaluation of the environment, it has become a pervasive experience in the daily lives of most people. Three out of four Americans (and a similar percentage of people in Germany, Canada, Australia, and the United Kingdom) say they frequently or sometimes feel stress in their daily lives. Approximately one in every four employees in the United Kingdom feels “very or extremely stressed,” and this condition has become the top cause of absenteeism there. More than one-quarter of Canadians say they experience high levels of stress each day. A survey of 4,700 people across Asia reported that one-third were feeling more stress than they had in the recent past. The percentage of people reporting stress was highest in Taiwan and lowest in Thailand. The Japanese government, which tracks work-related stress every five years, has found that the percentage of Japanese employees who feel “strong worry, anxiety or stress at work or in daily working life” has increased from 51 percent in 1982 to almost two-thirds of the population today.

As these surveys imply, stress is typically described as a negative experience. This is known as distress—the degree of physiological, psychological, and behavioral deviation from healthy functioning. However, some level of stress—called eustress—is a necessary part of life because it activates and motivates people to achieve goals, change their environments, and succeed in life’s challenges. Our focus is on the causes and management of distress, because it has become a chronic problem in many societies.

General Adaptation Syndrome

More than 500 years ago, people began using the word stress to describe the human response to harsh environmental conditions. However, it wasn’t until the 1930s that Hans Selye (often described as the father of stress research) first documented the stress experience, called the general adaptation syndrome. Selye determined (initially by studying rats) that people have a fairly consistent and automatic physiological
response to stressful situations, which helps them to cope with environmental demands.

The general adaptation syndrome consists of the three stages shown in Exhibit 4.5. The *alarm reaction* stage occurs when a threat or challenge activates the physiological stress responses that were noted above. The individual’s energy level and coping effectiveness decrease in response to the initial shock. The second stage, *resistance*, activates various biochemical, psychological, and behavioral mechanisms that give the individual more energy and engage coping mechanisms to overcome or remove the source of stress. To focus energy on the source of the stress, the body reduces resources to the immune system during this stage. This explains why people are more likely to catch a cold or some other illness when they experience prolonged stress. People have a limited resistance capacity, and if the source of stress persists, the individual will eventually move into the third stage, *exhaustion*. Most of us are able to remove the source of stress or remove ourselves from that source before becoming too exhausted. However, people who frequently reach exhaustion have increased risk of long-term physiological and psychological damage.

**Consequences of Distress**

Stress takes its toll on the human body. Many people experience tension headaches, muscle pain, and related problems mainly due to muscle contractions from the stress response. Studies have found that high stress levels also contribute to cardiovascular disease, including heart attacks and strokes, and may be associated with some forms of cancer. Stress also produces various psychological consequences, such as job dissatisfaction, moodiness, depression, and lower organizational commitment. Furthermore, various behavioral outcomes have been linked to high or persistent stress, including lower job performance, poor decision making, and increased workplace accidents and aggressive behavior. Most people react to stress through “fight or flight,” so increased absenteeism is another outcome because it is a form of flight.

**Job Burnout**

*Job burnout* is a particular stress consequence that refers to the process of emotional exhaustion, cynicism, and reduced feelings of personal accomplishment. *Emotional exhaustion*, the first stage, is characterized by a lack of energy, tiredness, and a feeling that one’s emotional resources are depleted. This is followed by *cynicism* (also called *depersonalization*), which is characterized by an indifferent attitude toward work, emotional detachment from clients, a cynical view of the organization,
and a tendency to strictly follow rules and regulations rather than adapt to the needs of others. The final stage of burnout, called reduced personal accomplishment, entails feelings of diminished confidence in one’s ability to perform the job well. In such situations, employees develop a sense of learned helplessness as they no longer believe that their efforts make a difference.

Stressors: The Causes of Stress

Before identifying ways to manage work-related stress, we must first understand its causes, known as stressors. Stressors include any environmental conditions that place a physical or emotional demand on a person. There are numerous stressors in the workplace and in life in general. In this section, we’ll highlight three of the most common stressors: harassment and incivility, workload, and lack of task control.

Harassment and Incivility

One of the fastest-growing sources of workplace stress is psychological harassment. Psychological harassment includes repeated and hostile or unwanted conduct, verbal comments, actions, and gestures that affect an employee’s dignity or psychological or physical integrity and that result in a harmful work environment for the employee. This covers a broad landscape of behaviors, from threats and bullying to subtle yet persistent forms of incivility. Two-thirds of Americans think people are less civil today than 20 years ago; 10 percent say they witness incivility daily in their workplaces and are targets of that abuse at least once each week. More than half of U.K. human resource managers and Australian lawyers say they have been bullied or intimidated.

Sexual harassment is a type of harassment in which a person’s employment or job performance is conditional and depends on unwanted sexual relations (called quid pro quo harassment) and/or the person experiences sexual conduct from others (such as posting pornographic material) that unreasonably interferes with work performance or creates an intimidating, hostile, or offensive working environment (called hostile work environment harassment). The number of charges alleging sexual harassment in the United States has declined steadily from 16,000 in 2000 to less than 13,000 today. Approximately 15 percent of sexual harassment claims are filed by men. The Equal Employment Opportunity Commission attributes the improvement to better supervisor training and concerted management action to address harassment issues before they reach litigation.

Work Overload

A half century ago, social scientists predicted that technology would allow employees to enjoy a 15-hour workweek at full pay by 2030. So far, it hasn’t turned out that way. As the opening vignette to this section on workplace stress described, employees at Electronic Arts and many other companies in the video game industry are experiencing stress due to work overload—working more hours, and more intensely during those hours, than they can reasonably manage. Surveys by the Families and Work Institute report that 44 percent of Americans say they are overworked, up from 28 percent who felt this way three years earlier. Almost 25 percent of Canadian employees work more than 50 hours per week, compared with only 10 percent a decade ago. Work overload is an important predictor of job burnout. It is also a major cause of work–family conflicts, because overworked employees have insufficient time to satisfy their nonwork roles of being a parent, a spouse, and so forth.

Why do employees work such long hours? One explanation is the combined effect of technology and globalization. “Everyone in this industry is working harder now because of e-mail, wireless access, and globalization,” says Christopher Lochhead, chief
marketing officer of Mercury Interactive, a California-based consulting firm. “You can’t even get a rest on the weekend.” A second cause, according to a recent study, is that many people are caught up in consumerism; they want to buy more goods and services, and doing so requires more income through longer work hours. A third reason, called the “ideal worker norm,” is that professionals expect themselves and others to work longer work hours. For many, toiling away far beyond the normal workweek is a badge of honor, a symbol of their superhuman capacity to perform above others.  

BlackBerry Addiction Nick Salaysay (shown in photo) admits that his work routinely gets mixed in with his personal time. “I have a BlackBerry, so I check my e-mail a lot when I’m supposed to be on vacation,” says the lawyer in Calgary, Canada. Salaysay also acknowledges that having work spill over into his time off “really annoys my girlfriend.” Amy Schulman is another dedicated BlackBerry user. The New York City lawyer recalls that “the BlackBerry was at first a significant intrusion on family life,” but she can’t resist how the device helps her to process several hundred e-mails each day. As a consolation, Schulman says she usually avoids looking at her e-mail while dining with her family, “and I try not to look at it in movie theaters.” Although Nick Salaysay and Amy Schulman are comfortable using their BlackBerries during family time, research indicates that the increased workload and work preoccupation caused by these devices can result in the additional stress of relationship and marital problems. One law report recently warned that employers who issue BlackBerries could also incur liability for stress-related illnesses as the devices keep employees on an “electronic leash.”

Low Task Control An increasingly popular model of job burnout suggests that emotional exhaustion depends on both job demands and job resources. Job demands are aspects of work that require sustained physical or psychological effort. High workload is one of the more significant job demands in the contemporary workplace. At the same time, the effect of job demands on burnout (or stress in general) depends on the individual’s job resources. Job resources represent aspects of the job that help employees to achieve work goals, reduce job demands, and/or stimulate personal growth and development.

An important job resource is autonomy or control over the pace of work. Low task control increases employee exposure to the risk of burnout because they face high workloads without the ability to adjust the pace of the load to their own energy, attention span, and other resources. Furthermore, the degree to which low task control is a stressor increases with the burden of responsibility the employee must carry. Assembly-line workers have low task control, but their stress can be fairly low if their level of responsibility is also low. In contrast, sports coaches are under immense pressure to win games (high responsibility), yet they have little control over what happens on the playing field (low task control).
Individual Differences in Stress

Because of unique personal characteristics, people have different stress experiences when exposed to the same stressor. One reason for this is that people have different threshold levels of resistance to the stressor. Those who exercise and have healthy lifestyles have a larger store of energy to cope with high stress levels. A second reason for different stress responses is that people use different coping strategies, some of which are more effective than others. Research suggests that employees who try to ignore or deny the existence of a stressor suffer more in the long run than those who try to find ways to weaken the stressor and seek social support.  

A third reason why some people experience less stress than others is that some have higher resilience. Resilience is the capability of individuals to cope successfully in the face of significant change, adversity, or risk. Those with high resilience are able to withstand adversity as well as recover more quickly from it. Resilient people possess personality traits (such as high extroversion and low neuroticism) that generate more optimism, confidence, and positive emotions. Resilience also involves specific competencies and behaviors for responding and adapting more effectively to stressors. Research indicates that resilient people have higher emotional intelligence and good problem-solving skills. They also apply productive coping strategies, such as analyzing the sources of stress and finding ways to neutralize these problems.

While resilience helps people to withstand stress, another personal characteristic—workaholism—attracts more stressors and weakens the capacity to cope with them. The classic workaholic (also called work addict) is highly involved in work, feels compelled or driven to work because of inner pressures, and has a low enjoyment of work. Workaholics are compulsive and preoccupied with work, often to the exclusion and detriment of personal health, intimate relationships, and family. Classic workaholics are more prone to job stress and have significantly higher scores on depression, anxiety, and anger.

Managing Work-Related Stress

A few years ago, Koh Ching Hong would dutifully arrive at work around 7:30 in the morning and stay until 10 at night. The managing director of Fuji Xerox in Singapore would continue working at home for a few more hours, sending off e-mail messages listing tasks to be completed by employees “first thing in the morning.” Eventually, Koh realized that the relentless pace was defeating a higher purpose. “It came to a point that the people whom I worked so hard to provide for, my family, weren’t getting to see me,” says the father of three children. Today, Koh is out of the office by 6:30 p.m. and shoos his staff out at the same time. Fuji Xerox also gives staff the opportunity to work from home as well as flexibility regarding when they want to begin and end their workday.

Koh Ching Hong was fortunate. He was able to change his work habits and improve conditions for his 500 employees before matters got worse. Unfortunately, many of us deny the existence of our stress until it is too late. This avoidance strategy creates a vicious cycle because the failure to cope with stress becomes another stressor on top of the one that created the stress in the first place. To prevent this vicious cycle, employers and employees need to apply one or more of the stress management strategies described below: remove the stressor, withdraw from the stressor, change stress perceptions, control stress consequences, and receive social support.

Remove the Stressor Removing the stressor usually begins by identifying areas of high stress and determining the main causes of the stress. By identifying the specific stressors that adversely affect specific areas of the organization, such “stress audits”
recognize that a one-size-fits-all approach to stress management is ineffective. Ericsson conducts this diagnosis in its North American operations through an annual survey that includes a stress index. Executives at the telecommunications company use the index to identify departments where stress problems may be developing. “We look at those scores and if there appears to be a problem in a particular group, we put in action plans to try and remedy and improve the work situation that may be causing the stress,” explains an Ericsson executive.98

There are many ways to remove the stressor, but some of the more common actions involve assigning employees to jobs that match their skills and preferences, reducing excessive workplace noise, having a complaint system and taking corrective action against harassment, and giving employees more control over the work process. Another important way that companies can remove stressors is by facilitating better work–life balance. Work–life balance initiatives minimize conflict between the employee’s work and nonwork demands. Five of the most common work–life balance initiatives are flexible and limited work time, job sharing, telecommuting, personal leave, and child care support.99

- **Flexible and limited work time.** An important way to improve work–life balance is limiting the number of hours that employees are expected to work and giving them flexibility in scheduling those hours. Propaganda Games, which was described earlier in this chapter, stands out in an overworked industry because it keeps work hours within reasonable limits. Best Buy has become a role model in work–life balance by giving employees very flexible work hours.

- **Job sharing.** Job sharing splits a career position between two people so that they experience less time-based stress between work and family. They typically work different parts of the week, with some overlapping work time in the weekly schedule to coordinate activities. This strategy gives employees the ability to work part-time in jobs that are naturally designed for full-time responsibilities.

- **Telecommuting.** Telecommuting, which was described in Chapter 1, reduces the time and stress of commuting to work and makes it easier to fulfill family obligations, such as temporarily leaving the home office to pick the kids up from school. Research suggests that telecommuters tend to experience better work–life balance.100 However, telecommuting may increase stress for those who crave social interaction and who lack the space and privacy necessary to work at home.

- **Personal leave.** Employers with strong work–life values offer extended maternity, paternity, and personal leave for employees to care for a new family or take advantage of a personal experience. The U.S. Family and Medical Leave Act gives expecting mothers and anyone considered to have an illness 12 weeks of unpaid, job-protected leave. However, most countries provide 12 to 16 weeks of paid leave, with some offering one year or more of fully or partially paid maternity leave.101

- **Child care support.** According to one estimate, almost one-quarter of large American companies provide on-site or subsidized child care facilities. Child care support reduces stress because employees are less rushed to drop off children and less worried during the day about how well their children are doing.102

**Withdraw from the Stressor** Removing the stressor may be the ideal solution, but it is often not feasible. An alternative strategy is to permanently or temporarily remove employees from the stressor. Permanent withdrawal occurs when employees are transferred to jobs that better fit their competencies and values. Temporarily
withdrawing from stressors is the most frequent way that employees manage stress. Vacations and holidays are important opportunities for employees to recover from stress and reenergize for future challenges. Approximately 5 percent of U.S. companies offer paid sabbaticals to some of their employees. McDonald's Corp. has had paid sabbaticals for the past 40 years, offering employees eight weeks of paid time off after every 10 years of service. 

Some companies have innovative ways to help employees withdraw from stressful work throughout the day. SAS Institute employees in Cary, North Carolina, enjoy live piano recitals at lunch. Consulting firms Segal Co. in New York and Vielife in London have nap rooms where staff can recover with a few winks of sleep. The opening vignette to this chapter mentioned that Dixon Schwabl, the Rochester-based marketing and public
relations firm, has a scream room where employees can verbalize their daily frustrations. Liggett-Stashower, Inc., the Cleveland-based creative agency, has three theme rooms, including a karaoke room where employees can sing away their stress. “The higher the stress level, the more singing there is going on,” says the company’s art director.  

**Change Stress Perceptions** Earlier, we learned that employees experience different stress levels because they have different levels of resilience, including self-confidence and optimism. Consequently, another way to manage stress is to help employees improve their self-concept so that job challenges are not perceived as threatening. One study reported that personal goal setting and self-reinforcement can also reduce the stress that people experience when they enter new work settings. Other research suggests that some (but not all) forms of humor can improve optimism and create positive emotions by taking some psychological weight off the situation.

**Control Stress Consequences** Coping with workplace stress also involves controlling its consequences. For this reason, many companies have fitness centers or subsidize the cost of membership at off-site centers. Research indicates that physical exercise reduces the physiological consequences of stress by helping employees moderate their breathing and heart rate, muscle tension, and stomach acidity. A few firms, such as AstraZeneca, encourage employees to practice relaxation and meditation techniques during the workday. Research has found that various forms of meditation reduce anxiety, reduce blood pressure and muscle tension, and moderate breathing and heart rate.

Along with fitness and relaxation/meditation, wellness programs can also help control the consequences of stress. In the United States, 81 percent of employers with at least 50 employees have wellness programs. Through education and support, these programs help employees to develop better nutrition and fitness, regular sleep, and other good health habits. For example, employees at Pitney Bowes receive up to $200 for completing online wellness surveys three times each year. More than 80 percent of the Minitab, Inc., employees in State College, Pennsylvania, participate in the software developer’s wellness program, which includes annual on-site checkups and meditation classes. Many large employers offer employee assistance programs (EAPs)—counseling services that help employees resolve marital, financial, or work-related troubles. EAPs also target specific stressors in the industry (e.g., bank robberies).

**Receive Social Support** Social support occurs when co-workers, supervisors, family members, friends, and others provide emotional and/or informational support to buffer an individual’s stress experience. It potentially improves the person’s resilience (particularly her or his optimism and self-confidence) because support makes people feel valued and worthy. Social support also provides information to help the person interpret, comprehend, and possibly remove the stressor. For instance, to reduce a new employee’s stress, co-workers could describe ways to handle difficult customers. Seeking social support is called a “tend and befriend” response to stress, and research suggests that women often follow this route rather than the “fight-or-flight” response mentioned earlier.

Employee emotions, attitudes, and stress influence employee behavior mainly through motivation. Recall, for instance, that behavioral intentions are judgments or expectations about the motivation to engage in a particular behavior. The next chapter introduces the prominent theories of employee motivation.
Chapter Summary

Emotions are physiological, behavioral, and psychological episodes experienced toward an object, person, or event that create a state of readiness. Emotions differ from attitudes, which represent a cluster of beliefs, feelings, and behavioral intentions toward a person, object, or event. Beliefs are a person’s established perceptions about the attitude object. Feelings are positive or negative evaluations of the attitude object. Behavioral intentions represent a motivation to engage in a particular behavior with respect to the target.

Attitudes have traditionally been described as a purely rational process in which beliefs predict feelings, which predict behavioral intentions, which predict behavior. We now know that emotions have an influence on behavior that is equal to or greater than that of cognitions. This dual process is apparent when we internally experience a conflict between what logically seems good or bad and what we emotionally feel is good or bad in a situation. Emotions also affect behavior directly. Behavior sometimes influences our subsequent attitudes through cognitive dissonance.

Emotional labor consists of the effort, planning, and control needed to express organizationally desired emotions during interpersonal transactions. It is more common in jobs requiring a variety of emotions and more intense emotions, as well as in jobs where interaction with clients is frequent and has a long duration. Cultures also differ on the norms of displaying or concealing a person’s true emotions. Emotional dissonance occurs when required and true emotions are incompatible with each other. Deep acting can minimize this dissonance, as can the practice of hiring people with a natural tendency to display desired emotions.

Emotional intelligence is the ability to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others. This concept includes four components arranged in a hierarchy: self-awareness, self-management, social awareness, and relationship management. Emotional intelligence can be learned to some extent, particularly through personal coaching.

Job satisfaction represents a person’s evaluation of his or her job and work context. The exit-voice-loyalty-neglect model outlines four possible consequences of job dissatisfaction. Job satisfaction has a moderate relationship with job performance and with customer satisfaction. Affective organizational commitment (loyalty) is the employee’s emotional attachment to, identification with, and involvement in a particular organization. This contrasts with continuance commitment, which is a calculative bond with the organization. Companies build loyalty through justice and support, shared values, trust, organizational comprehension, and employee involvement.

Stress is an adaptive response to a situation that is perceived as challenging or threatening to a person’s well-being. The stress experience, called the general adaptation syndrome, involves moving through three stages: alarm, resistance, and exhaustion. Stressors are the causes of stress and include any environmental conditions that place a physical or emotional demand on a person. Three stressors that have received considerable attention are harassment and incivility, work overload, and low task control.

Two people exposed to the same stressor may experience different stress levels. Many interventions are available to manage work-related stress, including removing the stressor, withdrawing from the stressor, changing stress perceptions, controlling stress consequences, and receiving social support.

Key Terms

attitudes, p. 100
emotional dissonance, p. 102
continuance commitment, p. 112
emotional dissonance, p. 105
emotional intelligence (EI), p. 105
emotional labor, p. 103
emotions, p. 98
exit-voice-loyalty-neglect (EVLN) model, p. 109
general adaptation syndrome, p. 114
job burnout, p. 115
job satisfaction, p. 108
organizational (affective) commitment, p. 112
psychological harassment, p. 116
resilience, p. 118
sexual harassment, p. 116
stress, p. 114
stressors, p. 116
trust, p. 113
workaholic, p. 118
Critical Thinking Questions

1. A recent study reported that instructors at colleges and universities are frequently required to engage in emotional labor. Identify the situations in which emotional labor is required for this job. In your opinion, is emotional labor more troublesome for college instructors or for telephone operators working at an emergency service?

2. “Emotional intelligence is more important than cognitive intelligence in influencing an individual’s success.” Do you agree or disagree with this statement? Support your perspective.

3. Describe a time when you effectively managed someone’s emotions. What happened? What was the result?

4. “Happy employees create happy customers.” Explain why this statement might be true, and identify conditions in which it might not be true.

5. What factors influence an employee’s organizational loyalty?

6. Is being a full-time college or university student a stressful role? Why or why not? Contrast your response with other students’ perspectives.

7. Two recent college graduates join the same major newspaper as journalists. Both work long hours and have tight deadlines for completing their stories. They are under constant pressure to scout out new leads and be the first to report new controversies. One journalist is increasingly fatigued and despondent and has taken several days of sick leave. The other is getting the work done and seems to enjoy the challenges. Use your knowledge of stress to explain why these two journalists are reacting differently to their jobs.

8. A senior official of a labor union stated: “All stress management does is help people cope with poor management. [Employers] should really be into stress reduction.” Discuss the accuracy of this statement.

Case Study 4.1 RIDING THE EMOTIONAL ROLLER COASTER

Louise Damiani’s work is an emotional roller coaster most days. The oncology nurse at CentraState Healthcare System in Freehold Township, New Jersey, soars with joy as patients beat their cancer into remission. Then there are the low points when one of her patients is given grim news about his or her cancer. She also battles with the frustration of office politics.

But even after a long shift, Damiani doesn’t let her negative emotions surface until she gets into her car and heads home. “You have to learn how to pick and choose and not bring that emotion up,” Damiani advises. “You say, ‘OK, I can deal with this. I can focus on the priority, and the priority is the patient.’”

As well as managing her own emotions, Damiani has mastered the skill of creating positive emotions in others. She recently received an award in recognition of her extraordinary sensitivity toward patients’ needs and concerns. For example, one of Damiani’s patients wanted to return to her native Mexico but, with an advanced stage of cancer, such a journey wasn’t possible. Instead, Damiani brought “Mexico” to the hospital by transforming a visitors’ lounge into a fiesta-type setting and inviting the patient’s family, friends, and hospital staff to attend the special event.

Lisa Salvatore, a charge nurse at the recently built Leon S. Peters Burn Center in Fresno, California, also recognizes that her job involves supporting patients’ emotional needs, not just their physical problems. “With burns, you don’t just treat something on the outside,” she says. “You treat something on the inside that you can’t see.” Salvatore also experiences the full range of emotions, including the urgency of getting burn patients out of emergency within an hour to improve their prospects of recovery. “I like high stress. I like trauma,” she says. Still, she acknowledges the emotional challenges of treating children with burns. “I deal with it and then I cry all the way home. I just sob on my way driving home.”

Anil Shandil, a medic from the 328th Combat Support Hospital in Fort Douglas, Utah, has witnessed
more severe burns and injuries than most medical professionals. For two years at the Landstuhl Army Regional Medical Center in Germany, he aided soldiers who had been wounded in Iraq or Afghanistan. The tour of duty was extremely emotionally taxing. “You get a lot of severed limbs, a lot of traumatic brain injuries, a lot of death and dying,” says Shandil. “So the compassion fatigue is rather high.” People who work closely with victims of trauma often suffer compassion fatigue, also known as secondary traumatic stress disorder. The main symptom is a decreasing ability to feel compassion for others.

In spite of the risk of compassion fatigue, Shandil has volunteered for an even more challenging assignment. He and 85 other soldiers in the 328th are now in Iraq providing medical care for Iraqi detainees being held there by the U.S. military. So, along with managing emotions from constant exposure to trauma cases, these medics must also show respectful compassion to those who fought against American comrades. Shandil knows it will be hard. “Yes, these are people who were not kind to us. But as a medic, it’s our job to care for them, no matter if that is your friend or your enemy.”

Discussion Questions

1. To what extent do the three people featured in this case study manage their own emotions on the job? How do they accomplish this? To what extent do you think they effectively manage emotions under these circumstances?

2. This case study states that nurses and other medical staff need to manage the emotions of their patients. Why is emotions management important in this job? In what ways do medical staff alter the emotions of their patients?

3. Stress is mentioned throughout this case study. How does this stress occur? What stress outcomes occur for people in these types of jobs? How can these people try to minimize high levels of stress?

Sources:

Case Study 4.2 DISPATCHES FROM THE WAR ON STRESS

Mark Ostermann had been working in the Chicago office of Boston Consulting Group for less than a year when he attracted the attention of the Red Zone police. Ostermann’s infraction: working too hard. He had been putting in 60-plus-hour weeks for a month and a half straight, and his colleagues were worried he was burning out. Now his bosses were stepping in to get Ostermann the help he needed.

This BusinessWeek case study discusses the ongoing battle against workplace stress, including some of its causes and consequences, as well as corporate strategies to minimize it. Read the full text of this BusinessWeek article at www.mhhe.com/mcshe5e, and prepare for the discussion questions below.

Discussion Questions

1. This case study describes various ways that companies try to manage workplace stress. In terms of the types of stress management strategies described in this chapter, which approaches are applied most and least often?

2. What stress outcomes are mentioned in this case study? What stressors are noted in association with these stress outcomes?

3. Some of the stress problems described in this chapter relate to winning or losing in performance management. Why would the risk of failing to achieve performance goals result in such serious stress outcomes?

Class Exercise 4.3  STRENGTH-BASED COACHING

PURPOSE  To help students practice a form of interpersonal development built on the dynamics of positive emotions.

MATERIALS  None.

BACKGROUND  Several chapters in this book introduce and apply the emerging philosophy of positive organizational behavior, which suggests that focusing on the positive rather than negative aspects of life will improve organizational success and individual well-being. An application of positive OB is strength-based or appreciative coaching, in which the coach focuses on the person’s strengths rather than weaknesses and helps to realize the person’s potential. As part of any coaching process, the coach listens to the employee’s story and uses questions and suggestions to help that person redefine her or his self-concept and perceptions of the environment. Two important skills in effective coaching are active listening and probing for information (rather than telling the person a solution or direction). The instructions below identify specific information and issues that the coach and coachee will discuss.

INSTRUCTIONS (SMALL CLASS)
1. Form teams of four people. One team can have six people if the class does not have multiples of four. For odd-numbered class sizes, one person may be an observer. Divide into pairs in which one person is coach and the other coachee. Ideally for this exercise, the coach and coachee should have little knowledge of each other.
2. Coachees will describe something about themselves in which they excel and for which they like to be recognized. This competency might be work-related, but not necessarily. It would be a personal achievement or ability that is close to their self-concept (how they define themselves). The coach mostly listens, but also prompts more details from the coachee using “probe” questions (“Tell me more about that.” “What did you do next?” “Could you explain that further, please?” “What else can you remember about that event?”). As the coachee’s story develops, the coach will guide the coachee to identify ways to leverage this strength. For example, the pair would explore situational barriers to practicing the coachee’s strength as well as aspects of this strength that require further development. The strength may also be discussed as a foundation for the coachee to develop strengths in other, related ways. The session should end with some discussion of the coachee’s goals and action plans. The first coaching session can be any length of time specified by the instructor, but 15 to 25 minutes is typical for each coaching session.
3. After completing the first coaching session, regroup so that each pair consists of different partners than those in the first pair (i.e., if pairs were A-B and C-D in session 1, pairs are A-C and B-D in session 2). The coaches become coachees to their new partners in session 2.
4. The class will debrief regarding the emotional experience of discussing personal strengths, the role of self-concept in emotions and attitudes, the role of managers and co-workers in building positive emotions in people, and the value and limitations of strength-based coaching.

Team Exercise 4.4  RANKING JOBS ON THEIR EMOTIONAL LABOR

PURPOSE  This exercise is designed to help you understand the jobs in which people tend to experience higher or lower degrees of emotional labor.

INSTRUCTIONS
1. Individually rank-order the extent to which the jobs listed below require emotional labor. In other words, assign a “1” to the job you believe requires the most effort, planning, and control to express organizationally desired emotions during interpersonal transactions. Assign a “10” to the job you believe requires the least amount of emotional labor. Mark your rankings in column 1.

2. The instructor will form teams of four or five members, and each team will rank-order the items on the basis of consensus [not simply averaging the individual rankings]. These results are placed in column 2.

3. The instructor will provide expert ranking information. This information should be written in column 3. Then students calculate the differences in columns 4 and 5.

4. The class will compare the results and discuss the features of jobs with high emotional labor.

Occupational Emotional Labor Scoring Sheet

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Individual ranking</th>
<th>Team ranking</th>
<th>Expert ranking</th>
<th>(4) Absolute difference of 1 and 3</th>
<th>(5) Absolute difference of 2 and 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bartender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cashier</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dental hygienist</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance adjuster</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lawyer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Librarian</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Postal clerk</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered nurse</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social worker</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Television announcer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Total)

Your score

Team score

(The lower the score, the better.)

Team Exercise 4.5  STAGE FRIGHT!

PURPOSE  This exercise is designed to help you diagnose a common stressful situation and determine how stress management practices apply to this situation.

BACKGROUND  Stage fright—including the fear of public speaking—is one of the most stressful experiences many people have in everyday life. According to some estimates, nearly three-quarters of us frequently
get stage fright, even when speaking or acting in front of a small audience. Stage fright is an excellent topic for this team activity on stress management because the psychological and physiological symptoms of stage fright are really symptoms of stress. In other words, stage fright is the stress experience in a specific context involving a public audience. On the basis of the personal experiences of team members, your team will be asked to identify the symptoms of stage fright and to determine specific stress management activities that effectively combat stage fright.

INSTRUCTIONS
1. Students are organized into teams, typically four to six students per team. Ideally, each team should have one or more people who acknowledge that they have experienced stage fright.
2. Each team’s first task is to identify the symptoms of stage fright. The best way to organize these symptoms is to look at the three categories of stress outcomes described in this chapter: physiological, psychological, and behavioral. The specific stage fright symptoms may be different from the stress outcomes described in the chapter, but the three broad categories are relevant. Teams should be prepared to identify several symptoms and to present one or two specific examples of stage fright symptoms based on personal experiences of team members. (Please remember that individual students are not required to describe their experiences to the entire class.)
3. Each team’s second task is to identify specific strategies people could or have applied to minimize stage fright. The five categories of stress management presented in the chapter will likely provide a useful template for organizing the specific stage fright management activities. Each team should document several strategies for minimizing stage fright and be able to present one or two specific examples to illustrate some of these strategies.
4. The class will congregate to hear each team’s analysis of symptoms of and solutions to stage fright. This information will then be compared to the stress experience and stress management practices, respectively.

Self-Assessment 4.6
SCHOOL COMMITMENT SCALE

PURPOSE This self-assessment is designed to help you understand the concept of organizational commitment and to assess your commitment to the college or university you are currently attending.

OVERVIEW The concept of commitment is as relevant to students enrolled in college or university courses as it is to employees working in various organizations. This self-assessment adapts a popular organizational commitment instrument so that it refers to your commitment as a student to the school you are attending.

INSTRUCTIONS Read each of the statements below and circle the response that best fits your personal belief. Then use the scoring key in Appendix B at the end of this book to calculate your results. This self-assessment should be completed alone so that you can rate yourself honestly without concerns of social comparison. However, class discussion will focus on the meaning of the different types of organizational commitment and how well this scale applies to the commitment of students toward the college or university they are attending.
## School Commitment Scale

To what extent do you agree or disagree with each of these statements?

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Moderately agree</th>
<th>Slightly agree</th>
<th>Neutral</th>
<th>Slightly disagree</th>
<th>Moderately disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I would be very happy to complete the rest of my education at this school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. One of the difficulties of leaving this school is that there are few alternatives.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I really feel as if this school's problems are my own.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Right now, staying enrolled at this school is a matter of necessity as much as desire.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I do not feel a strong sense of belonging to this school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. It would be very hard for me to leave this school right now even if I wanted to.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I do not feel emotionally attached to this school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Too much of my life would be disrupted if I decided to move to a different school now.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I do not feel like part of the “family” at this school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I feel that I have too few options to consider leaving this school.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. This school has a great deal of personal meaning for me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. If I had not already put so much of myself into this school, I might consider completing my education elsewhere.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Self-Assessment 4.7

DISPOSITIONAL MOOD SCALE

This self-assessment is designed to help you understand mood states or personality traits of emotions and to assess your own mood or emotional personality. This self-assessment consists of several words representing various emotions that you might have experienced. For each word presented, indicate the extent to which you have felt this way generally across all situations over the past six months. You need to be honest with yourself to receive a reasonable estimate of your mood state or personality trait on these scales. The results provide an estimate of your level on two emotional personality scales. This instrument is widely used in research, but it is only an estimate. You should not assume that the results are accurate without a more complete assessment by a trained professional.

Self-Assessment 4.8

WORK ADDICTION RISK TEST

This self-assessment is designed to help you identify the extent to which you are a workaholic. This instrument presents several statements and asks you to indicate the extent to which each statement is true of your work habits. You need to be honest with yourself for a reasonable estimate of your level of workaholism.

Self-Assessment 4.9

PERCEIVED STRESS SCALE

This self-assessment is designed to help you estimate your perceived general level of stress. The items in this scale ask you about your feelings and thoughts during the last month. In each case, please indicate how often you felt or thought a certain way. You need to be honest with yourself for a reasonable estimate of your general level of stress.

Self-Assessment 4.10

STRESS COPING PREFERENCE SCALE

This self-assessment is designed to help you identify the type of coping strategy you prefer to use in stressful situations. This scale lists a variety of things you might do when faced with a stressful situation. You are asked how often you tend to react in these ways. You need to be honest with yourself for a reasonable estimate of your preferred coping strategy.

After reading this chapter, if you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
Founded only a decade ago in San Antonio, Texas, Rackspace Hosting, Inc., already employs more than 2,000 employees and has become one of the best-known brands in enterprise-level Web hosting and the information technology services industry. This success demands highly motivated employees who will deliver fast, reliable service. “To enable us to meet our high service levels, we have to have a very high level of employee engagement, so our staff are extremely important to us,” says Fabio Torlini, Rackspace’s marketing director in the United Kingdom. Rackspace scores in the top 14 percent on employee engagement among 100,000 workplaces worldwide.

Rackspace generates this high level of engagement through rewards and fulfillment of personal needs. Rackspace employees—called “Rackers”—receive quarterly bonuses based on meeting companywide goals. Those who receive great customer feedback or perform beyond the call of duty are awarded free restaurant dinners for the entire family, a weekend vacation in the river residence guest house of cofounder Graham Weston, or the key for a week to one of Weston’s BMWs (called the “Rackmobile”). “If you gave somebody a $200 bonus, it wouldn’t mean very much,” observes Weston. “When someone gets to drive my car for a week, they never forget it.” The top-performing Rackers each month receive special treatment; they are tied up in a straitjacket and have a photograph of them in the outfit hung on the Wall of Fanatics.

To fulfill their social needs and minimize dysfunctional internal competition, Rackspace organizes employees into teams and has a healthy social budget that funds monthly outings such as dinners, theatrical events, boating trips, and scavenger hunts. In addition, due to plentiful training and career development opportunities, 85 percent of Rackers say that work fulfills their need for personal growth.

Rackspace also motivates staff through the power of strength-based coaching. In some offices, every employee’s photograph is posted on a board with a list of his or her five key strengths. “Each Racker is an individual and has unique strengths,” the company’s three founders and CEO recently wrote in an annual letter to investors. “We help them develop their strengths rather than ask them to change who they are. We encourage Rackers to talk about their strengths and to find positions in the company that leverage their inherent talents. This approach creates happier, more engaged Rackers who look forward to coming to work.”

Rackspace Hosting motivates its employees through recognition and appreciation of what it takes to make employee engagement central to business operations.
Foundations of Employee Motivation

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Diagram and discuss the relationship between human drives, needs, and behavior.
2. Summarize Maslow’s needs hierarchy and discuss Maslow’s contribution to the field of motivation.
3. Summarize McClelland’s learned needs theory, including the three needs he studied.
4. Describe four-drive theory and discuss its implications for motivating employees.
5. Diagram the expectancy theory model and discuss its practical implications for motivating employees.
6. Describe the characteristics of effective goal setting and feedback.
7. Summarize equity theory and describe how to improve procedural justice.
8. Identify the factors that influence procedural justice, as well as the consequences of procedural justice.
Rewards, social events, strength-based feedback, and various celebrations for good performance are designed to maintain and improve employee motivation at Rackspace Hosting. This motivation has catapulted the company’s performance in a highly competitive market. Rackspace is also recognized as one of the best places to work. Recall from Chapter 2 that motivation refers to the forces within a person that affect the direction, intensity, and persistence of voluntary behavior. Motivated employees are willing to exert a particular level of effort (intensity), for a certain amount of time (persistence), toward a particular goal (direction). Motivation is one of the four essential drivers of individual behavior and performance.

This chapter introduces the core theories of employee motivation. We begin by introducing employee engagement, an increasingly popular concept associated with motivation. Next, we distinguish between drives and needs and explain how needs are shaped through the individual’s self-concept and other personal factors. Three theories that focus on drives and needs—Maslow’s needs hierarchy, McClelland’s learned needs theory, and four-drive theory—are introduced and evaluated. Next, we turn our attention to the popular rational decision model of employee motivation: expectancy theory. This is followed by a discussion of the key elements of goal setting and feedback. In the final section, we look at organizational justice, including the dimensions and dynamics of equity theory and procedural justice.

**Employee Engagement**

When Rackspace Hosting executives discuss employee motivation, they are just as likely to use the phrase employee engagement. This concept, which is closely connected to employee motivation, has become so popular in everyday language that we introduce it here. Employee engagement’s popularity far exceeds its conceptual development; its definition varies across studies, and its distinction from job satisfaction, organizational commitment, and other variables is unclear. Even so, there are enough threads of similarity that we can cautiously define employee engagement as the employee’s emotional and cognitive motivation, self-efficacy to perform the job, perceived clarity of the organization’s vision and his or her specific role in that vision, and belief that he or she has the resources to get the job done. This definition relates to the four cornerstones of individual behavior and performance identified in the MARS model (see Chapter 2): motivation, ability, role perceptions, and situational factors. Employee engagement encompasses the employee’s beliefs about and emotional responses to these conditions. Additionally, some writers suggest that employee engagement includes a high level of absorption in the work—the experience of “getting carried away” while working.

Employee engagement is a hot topic among executives and consultants. One report estimates that one in every four large organizations has a formal employee engagement program, and three out of five intend to develop plans to improve employee engagement. Some companies even have employee engagement departments or managers. The popularity of employee engagement is partly due to preliminary evidence that it improves organizational effectiveness. Royal Bank of Scotland calculated that when its employee engagement scores increase, productivity rises and staff turnover falls. British retailer Marks & Spencer claims that a 1 percent improvement in the engagement levels of its workforce produces a 2.9 percent increase in sales per square foot. JCPenney has calculated that stores with higher employee engagement produce higher sales. Other research indicates that employee engagement is associated with higher organizational citizenship and lower turnover intentions.
Chapter 5  Foundations of Employee Motivation  133

The challenge facing organizational leaders is that most employees aren’t very engaged. Several consulting reports estimate that only about one-quarter of American employees are highly engaged, which is slightly above the global average. Less than 60 per cent are somewhat engaged, and approximately one-fifth have low engagement or are actively disengaged. Actively disengaged employees tend to be disruptive at work, not just disconnected from work. Globally, employees in Mexico and Brazil seem to have the highest levels of engagement, whereas several Asian countries (notably Japan, China, and South Korea) and a few European countries (notably Italy, Netherlands, and France) have the lowest levels. Some writers suggest that globalization, information technology, corporate restructuring, and other changes have potentially undermined the levels of trust and commitment necessary to motivate employees beyond minimum standards. Others point out that companies have not adjusted to the changing needs and expectations of new workforce entrants. Overall, these reports of low employee engagement imply that many employees are not very motivated to perform their jobs. To create a more motivated workforce, we first need to understand employee drives and needs and how these concepts relate to individual goals and behavior.

Learning Objectives

After reading this section, you should be able to:

1. Diagram and discuss the relationship between human drives, needs, and behavior.
2. Summarize Maslow’s needs hierarchy and discuss Maslow’s contribution to the field of motivation.
3. Summarize McClelland’s learned needs theory, including the three needs he studied.
4. Describe four-drive theory and discuss its implications for motivating employees.
Employee Drives and Needs

To figure out how to create a more engaged and motivated workforce, we first need to understand the motivational “forces” within people. Unfortunately, many writers conveniently avoid this topic, and the result is a stream of confusing phrases such as innate drives, learned needs, motivations, instincts, secondary drives, and primary needs.  

We define drives (also called primary needs or innate motives) as hardwired characteristics of the brain that correct deficiencies or maintain an internal equilibrium by producing emotions to energize individuals. Drives are the “prime movers” of behavior because they generate emotions, which put people in a state of readiness to act on their environment (see Chapter 4). Although typically overlooked in organizational behavior, emotions play a central role in motivation.  

In fact, both words (emotion and motivation) are derivations of the same Latin word, movere, which means “to move.” Although there is no clear list of human drives, several are consistently identified in research, such as the drives for social interaction, understanding of the environment, competence or status, and defense of oneself against physiological and psychological harm.

We define needs as goal-directed forces that people experience. Needs are the motivational forces of emotions channeled toward particular goals to correct deficiencies or imbalances. So drives produce emotions, and needs are essentially the emotional experience channeled toward goals believed to address the source of emotion. Consider the following example: Everyone has a drive to bond—an inherent need to be associated with other people to some degree. The drive to bond generates negative emotions when we are rejected by others or lack social interaction over time. These negative emotions are experienced as unfulfilled needs; they motivate us to do something that will increase our connectedness to and acceptance by other people.

Individual Differences in Needs

Even though all people have the same drives, they don’t have the same emotional responses (such as loneliness, curiosity, or anger) or needs in the same situation. Exhibit 5.1 explains why this difference occurs. The left side of the model shows that the individual’s self-concept (including personality and values), social norms, and past experience amplify or suppress drive-based emotions, thereby resulting in stronger or weaker needs. People who define themselves as very sociable typically experience a strong need for social interaction if alone for a while, whereas people who view themselves as less sociable would experience a less intense need to socialize over that time. These individual differences also explain, as you shall discover later in this chapter, why needs can be “learned” to some extent. Socialization and reinforcement may cause people to alter their self-concept somewhat, resulting in a stronger or weaker need for social interaction, achievement, and so on.

Self-concept, social norms, and past experience do more than adjust the emotions generated by our built-in drives. The right side of Exhibit 5.1 shows that these individual
Chapter 5  Foundations of Employee Motivation

characteristics also regulate a person’s motivated goals and behavior. Even if you have a strong desire for social interaction, you probably wouldn’t walk up to strangers and start talking to them; this action is contrary to social norms of behavior in most (but not all) cultures. Similarly, suppose that you dislike your boss’s decision to assign you to a particular project. Openly confronting the boss about this assignment is common in some companies and cultures and much less common in other contexts. People regulate their goals and behavior on the basis of these social and cultural norms, as well as their self-concept and reinforcement (or observation of others) in previous situations. Employees are more likely to direct their emotional energy toward speaking up if they view themselves as being forthright, live in a low power distance culture, and work in a company that encourages constructive debate.

We have presented this detail about needs and drives for a few reasons. First, as mentioned, motivation theories use the terms needs, drives, and motivations so loosely that they make it difficult to compare theories, so it is important to settle this confusion at the outset. Second, the field of organizational behavior has been woefully slow to acknowledge the central role of emotions in employee motivation, as will be apparent when we review most motivation theories in this chapter. Third, Exhibit 5.1 provides a useful template for understanding various motivation theories. In fact, you will see pieces of this theory when we discuss four-drive theory, expectancy theory, goal setting, and other concepts in this chapter. The remainder of this section describes theories that try to explain the dynamics of drives and needs. Later theories in this chapter explain how experiences—such as expectancies, feedback, and work experiences—influence the motivation process.

Maslow’s Needs Hierarchy Theory

By far, the most widely known theory of human motivation is Maslow’s needs hierarchy theory (see Exhibit 5.2). Developed by psychologist Abraham Maslow...
in the 1940s, the model condenses and integrates the long list of needs that had been studied previously into a hierarchy of five basic categories (from lowest to highest):  

*Physiological.* The need for food, air, water, shelter, and the like.

*Safety.* The need for a secure and stable environment and the absence of pain, threat, or illness.

*Belongingness/love.* The need for love, affection, and interaction with other people.

*Esteem.* The need for self-esteem through personal achievement as well as social esteem through recognition and respect from others.

*Self-actualization.* The need for self-fulfillment, realization of one’s potential.

Along with developing these five categories, Maslow identified the desire to know and the desire for aesthetic beauty as two innate drives that do not fit within the hierarchy.

Maslow’s list represents drives (primary needs) because they are described as innate and universal. According to Maslow, we are motivated simultaneously by several needs but the strongest source is the lowest unsatisfied need at the time. As the person satisfies a lower-level need, the next higher need in the hierarchy becomes the primary motivator and remains so even if never satisfied. Physiological needs are initially the most important, and people are motivated to satisfy them first. As they become gratified, the desire for safety emerges as the strongest motivator. As safety needs are satisfied, belongingness needs become most important, and so forth. The exception to this need fulfillment process is self-actualization; as people experience self-actualization, they desire more rather than less of this need. Thus, while the bottom four groups are *deficiency needs* because they become activated when unfulfilled, self-actualization is known as a *growth need* because it continues to develop even when fulfilled.

**Limitations and Contributions of Maslow’s Work**

In spite of its popularity, Maslow’s needs hierarchy theory has been dismissed by most motivation experts. Maslow developed the theory from only his professional observations, and he was later surprised that it was so widely accepted before anyone tested it. Empirical studies have concluded that people do not progress through the hierarchy as the theory predicts. For example, some people strive more for self-esteem before their belongingness needs have been satisfied. The theory also assumes that needs priorities shift over a long time, whereas in reality needs priorities rise and fall far more frequently with the situation. A person’s needs for status, food, social interaction, and so forth, change daily or weekly, not every few years. As Global Connections 5.1 describes, companies around the world routinely motivate all staff through recognition. These examples illustrate that people regularly need—and are motivated to receive—respect and belongingness in the workplace.

Although needs hierarchy theory has failed the reality test, Maslow deserves credit for bringing a more holistic, humanistic, and positive approach to the study of human motivation. First, Maslow brought a more holistic perspective by explaining that needs and drives should be studied together because human behavior is typically initiated by more than one of them at the same time. Previously, motivation experts had splintered needs or drives into dozens of categories, each studied in isolation.
Shining the Spotlight on Employee Recognition

David Gachuru lives by a motto that motivates employees with much more than money: “If an employee’s work calls for a thumbs-up, I will appreciate him or her as many times as possible.” Translating this advice into practice is a daily event for the general manager of Sarova Panafric Hotel in Nairobi, Kenya. In addition to thanking staff personally and through e-mails, Gachuru holds bimonthly meetings at which top-performing employees are congratulated and receive paid holidays with their family. Employee achievements are also celebrated in the hotel’s newsletter, which is distributed to guests as well as to employees.

Sarova Panafric Hotel and other firms are returning to good old-fashioned praise and recognition to regularly motivate staff. Good thing, because recent surveys in several countries identify lack of praise, recognition, or appreciation as a major reason why employees are demotivated and disengaged and decide to find work elsewhere. For instance, on the basis of 1,000 exit interviews, Ireland’s Small Firms Association (SMA) recently reported that lack of recognition was a top reason why employees in that country quit their jobs. “Increasingly people need to feel that their contribution is valued,” suggests SMA director Patricia Callan. “If people do not feel important, they are not motivated to stay.”

The challenge of recognition is to “catch” employees doing extraordinary work or showing organizational citizenship. Peer recognition, in which co-workers identify exemplary performers, is an increasingly popular way for companies to identify employees deserving special recognition and reward. At the Ritz-Carlton Hotel in Kuala Lumpur, Malaysia, co-workers write words of appreciation to each other using First Class Cards. “This serves as a motivational aspect of the work environment,” says an executive at Ritz-Carlton Kuala Lumpur, which is rated as one of the best places to work in Asia.

Amgen, the California-based biotechnology company, recently introduced globally a more intricate peer recognition program called Bravo! Tier I recognition is an e-mail–based thank-you sent by co-workers through a special Bravo Web site. Tier II peer recognitions are accompanied by an electronic gift certificate. At Tier III, employees nominate individuals or teams, and an “award wizard” determines the amount of the reward (ranging from $100 to $500). A Tier IV recognition is accompanied by a larger financial reward for those who significantly improved the company’s operations. The Tier V award, which is reviewed by the executive team, is received by employees who have made the highest material impact on company performance.21
Second, Maslow brought a more humanistic perspective to the study of motivation. In particular, he suggested that higher-order needs are influenced by personal and social influences, not just instincts. In other words, he was among the first to recognize that human thoughts (including self-concept, social norms, and past experience) play a role in motivation. Previous motivation experts had focused almost entirely on human instincts without considering that motivation could be shaped by human thought.

Third, Maslow brought a more positive perspective of employee motivation by focusing on need gratification rather than only on need deprivation. In particular, he popularized the previously developed concept of self-actualization, suggesting that people are naturally motivated to reach their potential and that organizations and societies need to be structured to help people continue and develop this motivation. Due to his writing on self-actualization and the power of need gratification, Maslow is a pioneer in positive organizational behavior. Recall from Chapter 3 that positive OB says that focusing on the positive rather than negative aspects of life will improve organizational success and individual well-being. In other words, this approach advocates building positive qualities and traits within individuals or institutions as opposed to focusing on trying to fix what might be wrong with them.

What’s Wrong with Needs Hierarchy Models?

Maslow’s theory is not the only attempt to map employee needs onto a single hierarchy. Another hierarchy model, called ERG theory, reorganizes Maslow’s five groups into three—existence, relatedness, and growth. Unlike Maslow’s theory, which only explained how people progress up the hierarchy, ERG theory also describes how people regress down the hierarchy when they fail to fulfill higher needs. ERG theory seems to explain human motivation somewhat better than Maslow’s needs hierarchy, but that’s mainly because it is easier to cluster human needs around ERG’s three categories than Maslow’s five categories. Otherwise, research studies have found that ERG theory only marginally improves our understanding of human needs.

Why have Maslow’s needs hierarchy theory, ERG theory, and other needs hierarchies largely failed to explain the dynamics of employee needs? The most glaring explanation is that people don’t fit into a single needs hierarchy. Some people place social status at the top of their personal hierarchy; others consider personal development and growth an ongoing priority over social relations or status. There is increasing evidence that needs hierarchies are unique to each person, not universal, because needs are strongly influenced by each individual’s self-concept, including personal values and social identity. If your most important values lean toward stimulation and self-direction, you probably pay more attention to self-actualization needs. If power and achievement are at the top of your value system, status needs will likely be at the top of your needs hierarchy. This connection between values and needs suggests that a needs hierarchy is unique to each person and can possibly change over time, just as values change over a lifetime.

Learned Needs Theory

Earlier in this chapter we said that drives (primary needs) are innate whereas needs are shaped, amplified, or suppressed through self-concept, social norms, and past
experience. Maslow noted that individual characteristics influence the strength of higher-order needs, such as the need to belong. Psychologist David McClelland further investigated the idea that need strength can be altered through social influences. In particular, he recognized that a person’s needs can be strengthened through reinforcement, learning, and social conditions. McClelland examined three “learned” needs: achievement, power, and affiliation.  

**Need for Achievement** People with a strong need for achievement (nAch) want to accomplish reasonably challenging goals through their own effort. They prefer working alone rather than in teams, and they choose tasks with a moderate degree of risk (i.e., neither too easy nor impossible to complete). High-nAch people also desire unambiguous feedback and recognition for their success. Money is a weak motivator, except when it provides feedback and recognition. In contrast, employees with a low nAch perform their work better when money is used as an incentive. Successful entrepreneurs tend to have a high nAch, possibly because they establish challenging goals for themselves and thrive on competition.

**Need for Affiliation** Need for affiliation (nAff) refers to a desire to seek approval from others, conform to their wishes and expectations, and avoid conflict and confrontation. People with a strong nAff try to project a favorable image of themselves. They tend to actively support others and try to smooth out workplace conflicts. High-nAff employees generally work well in coordinating roles to mediate conflicts and in sales positions where the main task is cultivating long-term relations. However, they tend to be less effective at allocating scarce resources and making other decisions that potentially generate conflict. People in decision-making positions must have a relatively low need for affiliation so that their choices and actions are not biased by a personal need for approval.

**Need for Power** People with a high need for power (nPow) want to exercise control over others and are concerned about maintaining their leadership position. They frequently rely on persuasive communication, make more suggestions in meetings, and publicly evaluate situations more often. McClelland pointed out that there are two types of nPow. Individuals who enjoy their power for its own sake, use it to advance personal interests, and wear their power as a status symbol have personalized power. Others mainly have a high need for socialized power because they desire power as a means to help others. McClelland argues that effective leaders should have a high need for socialized rather than personalized power. They must have a high degree of altruism and social responsibility and be concerned about the consequences of their own actions on others.

**Learning Needs** McClelland’s research supported his theory that needs can be learned (more accurately, strengthened or weakened), so he developed training programs for this purpose. In his achievement motivation program, trainees write achievement-oriented stories and practice achievement-oriented behaviors in business games. They also complete a detailed achievement plan for the next two years and form a reference group with other trainees to maintain their newfound achievement motivation style. These programs seem to work. Participants attending a need-for-achievement course in India subsequently started more new businesses, had greater community involvement, invested more in expanding their businesses, and
employed twice as many people as nonparticipants did. Research on similar achievement motivation courses for American small-business owners reported dramatic increases in the profitability of the participants’ businesses. In essence, these programs attempt to alter the individual’s self-concept or experiences such that they amplify or suppress related drive-generated emotions.

Four-Drive Theory

One of the central messages of this chapter is that emotions play a significant role in employee motivation. This view is supported by a groundswell of research in neuroscience, but it is almost completely absent from contemporary motivation theories in organizational behavior. Also, social scientists in several fields (psychology, anthropology, etc.) increasingly agree that human beings have several hardwired drives, including social interaction, learning, and dominance. One of the few theories to apply this emerging knowledge is four-drive theory. Developed by Harvard Business School professors Paul Lawrence and Nitin Nohria, four-drive theory states that everyone has the drive to acquire, bond, learn, and defend:

- **Drive to acquire.** This is the drive to seek, take, control, and retain objects and personal experiences. The drive to acquire extends beyond basic food and water; it includes enhancing one’s self-concept through relative status and recognition in society. Thus, it is the foundation of competition and the basis of our need for esteem. Four-drive theory states that the drive to acquire is insatiable because the purpose of human motivation is to achieve a higher position than others, not just to fulfill one’s physiological needs.

- **Drive to bond.** This is the drive to form social relationships and develop mutual caring commitments with others. It explains why people form social identities by aligning their self-concept with various social groups (see Chapter 2). It may also explain why people who lack social contact are more prone to serious health problems. The drive to bond motivates people to cooperate and, consequently, is a fundamental ingredient in the success of organizations and the development of societies.

- **Drive to learn.** This is the drive to satisfy our curiosity, to know and understand ourselves and the environment around us. When observing something that is inconsistent with or beyond our current knowledge, we experience a tension that motivates us to close that information gap. In fact, studies have revealed that people who are removed from any novel information will crave even boring information; the drive to learn generated such strong emotions that the study participants eventually craved month-old stock reports! The drive to learn is related to the higher-order needs of growth and self-actualization described earlier.

- **Drive to defend.** This is the drive to protect ourselves physically and socially. Probably the first drive to develop, it creates a “fight-or-flight” response in the face of personal danger. The drive to defend goes beyond protecting our physical self. It includes defending our relationships, our acquisitions, and our belief systems.

These four drives are innate and universal, meaning that they are hardwired in our brains and are found in all human beings. They are also independent of each other.
There is no hierarchy of drives, so one drive is neither dependent on nor inherently inferior or superior to another drive. Four-drive theory also states that these four drives are a complete set—there are no fundamental drives excluded from the model. Another key feature is that three of the four drives are proactive—we regularly try to fulfill them. Only the drive to defend is reactive—it is triggered by threat. Thus, any notion of fulfilling drives is temporary, at best.

**How Drives Influence Employee Motivation**

Four-drive theory draws from current neuroscience knowledge to explain how drives translate into goal-directed effort. To begin with, recall from previous chapters that the information we receive is quickly and nonconsciously tagged with emotional markers that subsequently shape our logical analysis of a situation. According to four-drive theory, the four drives determine which emotions are tagged to incoming stimuli. If you arrive at work one day to see a stranger sitting in your office chair, you might quickly experience worry, curiosity, or both. These emotions are automatically created by one or more of the four drives. In this example, the emotions produced are likely strong enough to demand your attention and motivate you to act on this observation.

Most of the time, we aren’t aware of our emotional experiences because they are subtle and fleeting. However, emotions do become conscious experiences when they are sufficiently strong or when we experience conflicting emotions. Under these circumstances, our mental skill set relies on social norms, past experience, and personal values to direct the motivational force of our emotions to useful and acceptable goals that address the source of those emotions (see Exhibit 5.3). In other words, the emotions generated by the four drives motivate us to act, and our mental skill set chooses courses of action that are acceptable to society and our own moral compass. This is the process described at the beginning of this chapter, namely, that drives produce emotions; our self-concept, social norms, and past experience translate these emotions into goal-directed needs, and these individual characteristics also translate needs into decisions and behavior.

**Exhibit 5.3 Four-Drive Theory of Motivation**

![Diagram showing the four drives and their influence on goal-directed choice and effort](source: Based on information in P. R. Lawrence and N. Nohria, Driven: How Human Nature Shapes Our Choices (San Francisco: Jossey-Bass, 2002).)
Evaluating Four-Drive Theory  Although four-drive theory was introduced very recently, it is based on a deep foundation of research that dates back more than three decades. The drives have been identified from psychological and anthropological studies. The translation of drives into goal-directed behavior originates from considerable research on emotions and neural processes. The theory avoids the assumption that everyone has the same needs hierarchy, and it explains why needs vary from one person to the next. Notice, too, that four-drive theory is both holistic (it relates to all drives, not just one or two) and humanistic (it acknowledges the role of human thought and social influences, not just instinct). Maslow had identified these two principles as important features of an effective motivation theory. Four-drive theory also provides a much clearer understanding of the role of emotional intelligence in employee motivation and behavior. Employees with high emotional intelligence are more sensitive to competing demands from the four drives, are better able to avoid impulsive behavior from those drives, and can judge the best way to act to fulfill those drive demands in a social context.

Even with its well-researched foundations, four-drive theory is far from complete. First, most experts would argue that one or two other drives exist that should be included. Second, social norms, personal values, and past experience probably don’t represent the full set of individual characteristics that translate emotions into goal-directed effort. For example, other elements of self-concept beyond personal values, such as personality and social identity, likely play a significant role in translating drives into needs and needs into decisions and behavior.

Practical Implications of Four-Drive Theory  The main recommendation from four-drive theory is to ensure that individual jobs and workplaces provide a balanced opportunity to fulfill the drives to acquire, bond, learn, and defend. There are really two recommendations here. The first is that the best workplaces for employee motivation and well-being offer conditions that help employees fulfill all four drives. Employees continually seek fulfillment of their innate drives, so successful companies provide sufficient rewards, learning opportunities, social interaction, and so forth, for all employees.

The second recommendation is that fulfillment of the four drives must be kept in balance; that is, organizations should avoid too much or too little opportunity to fulfill each drive. The reason for this advice is that the four drives counterbalance each other. The drive to bond counterbalances the drive to acquire; the drive to defend counterbalances the drive to learn. An organization that energizes the drive to acquire without the drive to bond may eventually suffer from organizational politics and dysfunctional conflict. Change and novelty in the workplace will aid the drive to learn, but too much of it will trigger the drive to defend to such an extent that employees become territorial and resistant to change. Thus, the workplace should offer enough opportunity to keep all four drives in balance.

These recommendations help explain why Rackspace Hosting, described at the beginning of this chapter, has a motivated workforce and is rated as one of the best places to work in America and the United Kingdom. Rackspace has internal competitions that fulfill the drive to acquire, yet it balances the competitive conditions with generously funded social events where employees maintain a supportive social environment. The opening vignette also noted that the Web hosting and IT services company encourages staff to learn through training and career-enhancing assignments. At the same time, these are balanced by a nurturing environment that emphasizes employee strengths rather than faults. The company likely also minimizes the drive to defend because it is in a growth phase with little probability of layoffs or other risks to personal well-being.
Learning Objectives

After reading the next three sections, you should be able to:
5. Diagram the expectancy theory model and discuss its practical implications for motivating employees.
6. Describe the characteristics of effective goal setting and feedback.
7. Summarize equity theory and describe how to improve procedural justice.
8. Identify the factors that influence procedural justice, as well as the consequences of procedural justice.

Expectancy Theory of Motivation

The theories described so far mainly explain the internal origins of employee motivation. But how do these drives and needs translate into specific effort and behavior? Four-drive theory recognizes that social norms, personal values, and past experience direct our effort, but it doesn’t offer any more detail. Expectancy theory, on the other hand, offers an elegant model based on rational logic to predict the chosen direction, level, and persistence of motivation. Essentially, the theory states that work effort is directed toward behaviors that people believe will lead to desired outcomes. In other words, we are motivated to achieve the goals with the highest expected payoff.  

As illustrated in Exhibit 5.4, an individual’s effort level depends on three factors: effort-to-performance (E-to-P) expectancy, performance-to-outcome (P-to-O) expectancy, and outcome valences. Employee motivation is influenced by all three components of the expectancy theory model. If any component weakens, motivation weakens.

- **E-to-P expectancy.** This is the individual’s perception that his or her effort will result in a particular level of performance. In some situations, employees may believe that they can unquestionably accomplish the task (a probability of 1.0). In other situations, they expect that even their highest level of effort will not result in the desired performance level (a probability of 0.0). In most cases, the E-to-P expectancy falls somewhere between these two extremes.
P-to-O expectancy. This is the perceived probability that a specific behavior or performance level will lead to a particular outcome. In extreme cases, employees may believe that accomplishing a particular task (performance) will definitely result in a particular outcome (a probability of 1.0), or they may believe that successful performance will have no effect on this outcome (a probability of 0.0). More often, the P-to-O expectancy falls somewhere between these two extremes.

Outcome valences. A valence is the anticipated satisfaction or dissatisfaction that an individual feels toward an outcome. It ranges from negative to positive. (The actual range doesn’t matter; it may be from −1 to +1 or from −100 to +100.) An outcome valence represents a person’s anticipated satisfaction with the outcome. Outcomes have a positive valence when they are consistent with our values and satisfy our needs; they have a negative valence when they oppose our values and inhibit need fulfillment.

Expectancy Theory in Practice

One of the appealing characteristics of expectancy theory is that it provides clear guidelines for increasing employee motivation. Several practical applications of expectancy theory are listed in Exhibit 5.5 and described below.

<table>
<thead>
<tr>
<th>Expectancy theory component</th>
<th>Objective</th>
<th>Applications</th>
</tr>
</thead>
</table>
| E→P expectancies           | To increase the belief that employees are capable of performing the job successfully. | • Select people with the required skills and knowledge.  
• Provide required training and clarify job requirements.  
• Provide sufficient time and resources.  
• Assign simpler or fewer tasks until employees can master them.  
• Provide examples of similar employees who have successfully performed the task.  
• Provide coaching to employees who lack self-confidence. |
| P→O expectancies           | To increase the belief that good performance will result in certain (valued) outcomes. | • Measure job performance accurately.  
• Clearly explain the outcomes that will result from successful performance.  
• Describe how the employee’s rewards were based on past performance.  
• Provide examples of other employees whose good performance has resulted in higher rewards. |
| Outcome valences           | To increase the expected value of outcomes resulting from desired performance. | • Distribute rewards that employees value.  
• Individualize rewards.  
• Minimize the presence of countervalent outcomes. |
Increasing E-to-P Expectancies  E-to-P expectancies are influenced by the individual’s belief that he or she can successfully complete the task. Some companies increase this can-do attitude by assuring employees that they have the necessary competencies, clear role perceptions, and necessary resources to reach the desired levels of performance. Matching employees to jobs on the basis of their abilities and clearly communicating the tasks required for the job are important parts of this process. Similarly, E-to-P expectancies are learned, so behavioral modeling and supportive feedback (positive reinforcement) typically strengthen the individual’s belief that he or she is able to perform the task.

Increasing P-to-O Expectancies  The most obvious ways to improve P-to-O expectancies are to measure employee performance accurately and distribute more valued rewards to those with higher job performance. P-to-O expectancies are perceptions, so employees need to know that higher performance will result in higher rewards, and they need to know how that connection occurs. Companies meet these needs by explaining how specific rewards are connected to specific past performance and by using examples, anecdotes, and public ceremonies to illustrate when behavior has been rewarded.

Many companies claim they provide higher rewards to people with higher performance, yet surveys repeatedly find that the performance-to-outcome linkage is foggy to most staff. Less than half of the 6,000 American employees surveyed in one study said they know how to increase their base pay or cash bonuses. Another poll reported that only 32 percent of employees believe that people at their company are paid more for doing a better job. Less than half of employees in a large-scale Malaysian survey said they believe their company rewards high performance or deals appropriately with poor performers. Only one-quarter of 10,000 Canadian employees recently surveyed said they regularly receive rewards for a job well done. This is consistent with another survey which reported that only 27 percent of Canadian employees say there is a clear link between their job performance and pay.

Increasing Outcome Valences  Everyone has unique values and experiences, which translate into different needs at different times. Consequently, individualizing rather than standardizing rewards and other performance outcomes is an important ingredient in employee motivation. At the same time, leaders need to watch for countervalent outcomes—consequences with negative valences that reduce rather than enhance employee motivation. For example, peer pressure may cause some employees to perform their jobs at the minimum standard even though formal rewards and the job itself would otherwise motivate them to perform at higher levels.

Overall, expectancy theory is a useful model that explains how people rationally figure out the best direction, intensity, and persistence of effort. It has been tested in a variety of situations and predicts employee motivation in different cultures. However, critics have a number of concerns with how the theory has been tested. Another concern is that expectancy theory ignores the central role of emotion in employee effort and behavior. The valence element of expectancy theory captures some of this emotional process, but only peripherally.

Goal Setting and Feedback

Walk into almost any customer contact center (i.e., call center)—whether it's Sitel’s offices in Albuquerque, New Mexico, or Dell’s contact center in Quezon City in the Philippines—and you will notice that work activities are dominated by goal
Contact-center performance is judged on several key performance indicators (KPIs), such as average time to answer the call, length of time per call, and abandon rates (customers who hang up before the call is handled by a customer service representative). Some contact centers have large electronic boards showing how many customers are waiting, the average time they have been waiting, and the average time before someone talks to them. A few even have “emotion detection” software, which translates words and voice intonation into a measure of the customer’s level of happiness or anger during the telephone conversation.

Goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. It potentially improves employee performance in two ways: (1) by amplifying the intensity and persistence of effort and (2) by giving employees clearer role perceptions so that their effort is channeled toward behaviors that will improve work performance. Goal setting is more complex than simply telling someone to “do your best.” It requires several specific characteristics. Some consultants refer to these as “SMART goals,” but the acronym doesn’t quite capture all of the key ingredients identified by goal-setting research. The six key characteristics are specific goals, relevant goals, challenging goals, goal commitment, participation in goal formation (sometimes), and goal feedback.

- **Specific goals.** Employees put more effort into a task when they work toward specific goals rather than “do your best” targets. Specific goals have measurable levels of change over a specific and relatively short time frame. For example, New York City mayor Michael Bloomberg has set the goal of replacing 300 gas-guzzling yellow cabs with fuel-efficient models every month. Specific goals communicate more precise performance expectations, so employees can direct their effort more efficiently and reliably.

- **Relevant goals.** Goals must also be relevant to the individual’s job and be within his or her control. For example, a goal to reduce waste materials would have...
little value if employees don’t have much control over waste in the production process.

- **Challenging goals.** Challenging goals (rather than easy ones) cause people to raise the intensity and persistence of their work effort and to think through information more actively. They also fulfill a person’s achievement or growth needs when the goal is achieved. General Electric, Goldman Sachs, and many other organizations emphasize *stretch goals.* These goals don’t just stretch a person’s abilities and motivation; they are goals that people don’t even know how to reach, so they need to be creative to achieve them.

- **Goal commitment.** Ideally, goals should be challenging without being so difficult that employees lose their motivation to achieve them. 51 This is the same as the E-to-P expectancy that you learned about in the section on expectancy theory. The lower the E-to-P expectancy that the goal can been accomplished, the less committed (motivated) the employee is to the goal.

- **Goal participation** (sometimes). Goal setting is usually (but not always) more effective when employees participate in setting the goals. 52 Participation potentially creates a higher level of goal commitment than is found when goals are set alone by the supervisor. Participation may also improve goal quality, because employees have valuable information and knowledge that may not be known to those who initially formed the goal.

- **Goal feedback.** Feedback is another necessary condition for effective goal setting. 53 Feedback is any information that lets us know whether we have achieved the goal or are properly directing our effort toward it. Feedback redirects our effort, but it potentially also fulfills our growth needs.

### Balanced Scorecard

A popular form of organizational-level goal setting is the **balanced scorecard (BSC)**. The balanced scorecard translates the organization’s vision and mission into specific, measurable performance goals related to financial, customer, internal, and learning/growth (i.e., human capital) processes. The objective of BSC is to ensure that the full range of organizational performance is captured in the goal-setting process. Each dimension includes several goals related to specific operations within the organization, thereby connecting each work unit to the overall corporate objectives. For example, an airline might include on-time performance as one of its customer process goals and number of hours of safety training per employee as a learning and growth process goal. These specific goals are often weighted and scored to create a composite measure of achievement across the organization each year.

The Richmond, Virginia, school board implemented a BSC to help it achieve six goals, including improving student achievement, promoting a safe and nurturing environment, and providing strong leadership for effective and efficient operations. Each goal has several outcome measures. For instance, the goal of improving student achievement includes a dozen measures, such as percentage of students who meet a state-sanctioned completion rate, percentage of special education students moving to a higher reading level, and percentage of students enrolling in specific math and science courses. “Our BSC lays out a challenging set of process measures and targets for us, and it holds us accountable for reaching our goals,” explains Yvonne Brandon, superintendent of Richmond Public Schools. 54
Characteristics of Effective Feedback

Whirlpool Corp. employees complained that they weren’t getting enough feedback from their bosses, so the appliance manufacturer asked managers to meet with their immediate subordinates quarterly rather than the previous schedule’s every six months. Jeffrey Davidoff, head of marketing for Whirlpool’s North American consumer brands, has taken the feedback frequency even further; he meets with his eight direct reports for up to 45 minutes every two weeks. “I’m noticing much better results,” Mr. Davidoff says.55

Whirlpool managers are discovering that feedback is an important practice in employee motivation and performance. Along with clarifying role perceptions and improving employee skills and knowledge, feedback motivates when it is constructive and when employees have strong self-efficacy.56 As with goal setting, feedback should be specific and relevant. In other words, the feedback should refer to specific metrics (e.g., sales increased by 5 percent last month) and to the individual’s behavior or outcomes within his or her control. Feedback should also be timely; the information should be available soon after the behavior or results occur so that employees see a clear association between their actions and the consequences.

Effective feedback is also sufficiently frequent. How frequent is “sufficiently”? The answer depends on at least two things. One consideration is the employee’s knowledge and experience with the task. Feedback is a form of reinforcement, so employees working on new tasks should receive more frequent corrective feedback because they require more behavior guidance and reinforcement (see Chapter 3). Employees who perform repetitive or familiar tasks can receive less frequent feedback. The second factor is how long it takes to complete the task. Feedback is necessarily less frequent in jobs with a long cycle time (e.g., executives and scientists) than in jobs with a short cycle time (e.g., grocery store cashiers). The final characteristic of effective feedback is that it should be credible. Employees are more likely to accept feedback (particularly corrective feedback) from trustworthy and credible sources.

Feedback through Strength-Based Coaching

Forty years ago, Peter Drucker recognized that leaders are more effective when they focus on strengths rather than weaknesses. “The effective executive builds on strengths—their own strengths, the strengths of superiors, colleagues, subordinates; and on the strength of the situation,” wrote the late management guru.57 Rackspace Hosting, Inc., which was described at the beginning of this chapter, has adopted this positive OB approach. It gives employees opportunities to develop their strengths rather than requiring them to focus on areas where they have limited interest or talent. This is the essence of strength-based coaching (also known as appreciative coaching) — maximizing the person’s potential by focusing on her or his strengths rather than weaknesses.58 In strength-based coaching, the employee describes areas of work where he or she excels. The coach guides this discussion by asking exploratory questions and by helping the employee to discover ways of leveraging his or her strength. For example, the pair would explore situational barriers to practicing the coachee’s strength as well as aspects of this strength that require further development.

Strength-based coaching is logical because people inherently seek feedback about their strengths, not their flaws. Recall from Chapter 2 that people engage in self-enhancement, at least for those domains of self which are most important. Strength-based coaching also makes sense because personality becomes quite stable before a person reaches midcareer, and this stability limits the flexibility of the person’s interests,
preferences, and competencies. In spite of these research observations, most companies focus goal setting and feedback on tasks that employees are performing poorly. After the initial polite compliments, many coaching or performance feedback sessions analyze the employee’s weaknesses, including determining what went wrong and what the employee needs to do to improve. These inquisitions sometimes produce so much negative feedback that employees become defensive; they can also undermine self-efficacy, thereby making the employee’s performance worse rather than better. By focusing on weaknesses, companies fail to realize the full potential of the employee’s strengths. One survey reports that only 20 percent of employees in large organizations say that they have an opportunity to perform tasks that they do best.

Sources of Feedback

Feedback can originate from nonsocial or social sources. Nonsocial sources provide feedback without someone communicating that information. Employees at contact centers view electronic displays showing how many callers are waiting and the

Sony Europe Builds on Strengths  When competition from Korea and China threatened Sony Europe’s market position, the electronics and music company decided that its competitive advantage would be to leverage the power of strengths rather than battle against weaknesses. Employees were asked to identify activities in which they excel, enjoy the work, and feel at ease. On the basis of this information, Sony Europe designed jobs around these strengths, instead of molding people to fit into existing, rigid job structures. For example, the performance of a Sony Europe employee dropped after he moved to another sales position. Rather than pushing the employee to deliver higher performance in the new job, Sony compared the individual’s strengths against the job requirements. The company learned that the employee’s strength was in face-to-face communication, whereas his new job required very little social interaction. Sony created a new role for the employee that leveraged his strengths. Within a year, the employee’s team had delivered record sales and increased profits at a lower cost. Strength-based coaching “ensures that everybody in Sony is focusing on what they do best,” says Ray White, Sony Europe’s vice president of human resources. “They’re aligning their ‘A’ talents to make their best contribution to the business and their best contributions are outstanding.”
average time they have been waiting. Nova Chemicals operators receive feedback from a computer screen that monitors in real time the plant’s operational capacity, depicted as a gently flowing green line, and actual production output, shown as a red squiggly line. Soon after Nova installed the feedback system, employees engaged in friendly bouts of rivalry to determine who could keep the actual production output as close as possible to the plant’s maximum capacity.62

Corporate intranets allow many executives to receive feedback instantaneously on their computer, usually in the form of graphic output on an executive dashboard. Almost half of Microsoft’s employees use a dashboard to monitor project deadlines, sales, and other metrics. Microsoft CEO Steve Ballmer regularly reviews dashboard results in one-on-one meetings with his division leaders. “Every time I go to see Ballmer, it’s an expectation that I bring my dashboard with me,” says the head of the Microsoft Office division.63

Multisource (360-Degree) Feedback  Erik Djukastein knew that he needed feedback on his leadership skills, but asking his boss for performance feedback wasn’t possible because Djukastein owns the company, Contech Electronics. Instead, he asked all 20 employees and managers at the company to anonymously complete a written report about his strengths and weaknesses. “It was illuminating and scary looking at the results—when your staff say you don’t follow through on your commitments, that hurts,” Djukastein admits. “But the good news is that it enabled me to open my eyes to things that were instrumental in changing my mental attitude.”64

Erik Djukastein relied on multisource (360-degree) feedback to provide him with meaningful feedback. As the name implies, multisource feedback is information about an employee’s performance collected from a full circle of people, including subordinates, peers, supervisors, and customers. Almost all the Fortune 500 companies use multisource feedback, typically for managers rather than nonmanagement employees.65 Multisource feedback tends to provide more complete and accurate information than feedback from a supervisor alone. It is particularly useful when the supervisor is unable to observe the employee’s behavior or performance throughout the year. Lower-level employees also feel a greater sense of fairness and open communication when they are able to provide upward feedback about their boss’s performance.66

However, multisource feedback also creates challenges. Having several people review so many other people can be expensive and time-consuming. With multiple opinions, the 360-degree process can also produce ambiguous and conflicting feedback, so employees may require guidance to interpret the results. A third concern is that peers may provide inflated rather than accurate feedback to avoid conflicts during the forthcoming year. A final concern is that employees experience a stronger emotional reaction when they receive critical feedback from many people rather than from just one person (such as the boss). “Initially you do take it personally,” admits a manager at software maker Autodesk. “[360-degree feedback] is meant to be constructive, but you have to internally battle that.”67

Choosing Feedback Sources  With so many sources of feedback—multisource feedback, executive dashboards, customer surveys, equipment gauges, nonverbal communication from your boss—which one works best under which conditions? The preferred feedback source depends on the purpose of the information. To learn about their progress toward goal accomplishment, employees usually prefer nonsocial
feedback sources, such as computer printouts or feedback directly from the job. This is because information from nonsocial sources is considered more accurate than information from social sources. Corrective feedback from nonsocial sources is also less damaging to self-esteem. In contrast, social sources tend to delay negative information, leave some of it out, and distort the bad news in a positive way. When employees want to improve their self-image, they seek out positive feedback from social sources. It feels better to have co-workers say that you are performing the job well than to discover this from a computer screen.

Evaluating Goal Setting and Feedback
Goal setting represents one of the “tried-and-true” theories in organizational behavior, so much so that scholars consider it to be one of the top OB theories in terms of validity and usefulness. In partnership with goal setting, feedback also has an excellent reputation for improving employee motivation and performance. At the same time, putting goal setting into practice can create problems. One concern is that goal setting tends to focus employees on a narrow subset of measurable performance indicators while ignoring aspects of job performance that are difficult to measure. The saying, “What gets measured, gets done” applies here. A second problem is that when goal achievement is tied to financial rewards, many employees are motivated to set easy goals (while making the boss think they are difficult) so that they have a higher probability of the bonus or pay increase. As a former CEO at Ford Motor Company once quipped: “At Ford, we hire very smart people. They quickly learn how to make relatively easy goals look difficult!” A third problem is that setting performance goals is effective in established jobs but seems to interfere with the learning process in new, complex jobs. Thus, we need to be careful not to apply goal setting where an intense learning process is occurring.

Organizational Justice
The government of Tasmania, Australia’s island state, recently bought the unfinished Bell Bay power station when the original owners experienced financial problems. United Group, the construction company hired to finish building the electricity generation station, brought in crews from other states to work alongside the Tasmanian workers at the site. It wasn’t long before the Tassie workers discovered a huge gap in pay rates. The new interstate workers were being paid $31.50 per hour, whereas the Tasmanian workers were paid $22 for doing the same job at the same work site. “The situation is basically unfair and the Tasmanian workers are very angry,” says the local labor union leader.

Most organizational leaders know that treating employees fairly is both morally correct and good for employee motivation, loyalty, and well-being. Yet the feelings of injustice that the Tasmanian workers at the Bell Bay power station site recently experienced are regular occurrences in the workplace. To minimize these incidents, we need to first understand that there are two forms of organizational justice: distributive justice and procedural justice. Distributive justice refers to perceived fairness in the outcomes we receive compared to our contributions and the outcomes and contributions of others. Procedural justice, on the other hand, refers to fairness of the procedures used to decide the distribution of resources. The Tasmanian workers experienced distributive injustice because co-workers from other parts of Australia earned much bigger paychecks for doing the same
work. Depending on how this pay gap was determined and how the employer, United Group, addresses these grievances, the workers might also experience procedural injustice.

**Equity Theory**

The first thing we usually think about and experience in situations of injustice is distributive injustice—the belief (and its emotional response) that the pay and other outcomes we receive in the exchange relationship are unfair. What is considered “fair” varies with each person and situation. We apply an *equality principle* when we believe that everyone in the group should receive the same outcomes (such as when everyone at Rackspace gets free dinners with teammates). The *need principle* is applied when we believe that those with the greatest need should receive more outcomes than others with less need. The *equity principle* infers that people should be paid in proportion to their contribution. The equity principle is the most common distributive justice rule in organizational settings, so let’s look at it in more detail.

To explain how the equity principle operates, OB scholars developed **equity theory**, which says that employees determine feelings of equity by comparing their own outcome/input ratio to the outcome/input ratio of some other person. The *outcome/input ratio* is the value of the outcomes you receive divided by the value of the inputs you provide in the exchange relationship. Inputs include such things as skill, effort, reputation, performance, experience, and hours worked. Outcomes are what employees receive from the organization in exchange for the inputs, such as pay, promotions, recognition, preferential treatment, or preferred jobs in the future. In our example, the Tasmanian workers likely believed that collectively they and the interstate workers provided the same skills, effort, and hours of work, but the interstate workers received much more favorable outcomes—bigger paychecks.

Equity theory states that we compare our outcome/input ratio with that of a comparison other. In our example, the Tasmanian workers compared themselves to other employees in the same job, namely, the interstate workers at the same work site. In other situations, the comparison other might be another person or group of people in other jobs (e.g., comparing your pay against how much the CEO is paid) or another organization. Some research suggests that employees frequently collect information on several referents to form a “generalized” comparison other. For the most part, however, the comparison other varies from one person to the next and is not easily identifiable.

People develop feelings of equity or inequity by comparing their own outcome/input ratio with the comparison other’s ratio. Exhibit 5.6 diagrams the three equity evaluations. In the underreward inequity situation—which the Tasmanian workers experienced—people believe their outcome/input ratio is lower than the comparison other’s ratio. In the equity condition, people believe that their outcome/input ratio is similar to the ratio of the comparison other. In the overreward inequity condition, people believe their ratio of outcomes/inputs is higher than the comparison other’s ratio. However, overreward inequity isn’t as common as underreward inequity because people often change their perceptions to justify the favorable outcomes.

**Inequity and Employee Motivation**

How does the equity evaluation relate to employee motivation? The answer is that feelings of inequity generate negative emotions,
and as we have pointed out throughout this chapter, emotions are the engines of motivation. In the case of inequity, people are motivated to reduce the emotional tension. Consider the plight of the underpaid Tasmanian workers at the Bell Bay power station construction site. These individuals experienced anger and frustration when they discovered how much less they earned than co-workers who came in from other places in Australia. These emotions motivated the workers to contact their labor union to correct the problem. There are many other ways that people respond to feelings of underreward inequity. The most common responses (some of which are unethical) include:

- **Reduce our inputs.** Perform the work more slowly, give fewer helpful suggestions, engage in less organizational citizenship behavior.
- **Increase our outcomes.** Ask for a pay increase directly or through a labor union, make unauthorized use of company resources.
- **Increase the comparison other’s inputs.** Subtly ask the better-off co-worker to do a larger share of the work to justify his or her higher pay or other outcomes.
- **Reduce the comparison other’s outcomes.** Ask the company to reduce the co-worker’s pay.
- **Change our perceptions.** Believe that the co-worker really is doing more (e.g., working longer hours) or that the higher outcomes (e.g., better office) he or she receives really aren’t so much better than what you get.
- **Change the comparison other.** Compare yourself to someone else closer to your situation (job duties, pay scale).
- **Leave the field.** Avoid thinking about the inequity by keeping away from the work site where the overpaid co-worker is located, take more sick leave, move to another department, or quit your job.

Although the seven responses to inequity remain the same, people who feel overreward inequity would, of course, act differently. Some overrewarded employees reduce their feelings of inequity by working harder. “What helps motivate me is that I look around the office and I see people who are working as hard or harder than I am. You feel guilty if you’re not pulling your weight,” says a New Jersey accountant. However, many overrewarded employees don’t work harder. Some might encourage the underrewarded co-worker to work at a more leisurely pace. A
common reaction, however, is that the overrewarded employee changes his or her perceptions to justify the more favorable outcomes. As author Pierre Berton once said: “I was underpaid for the first half of my life. I don’t mind being overpaid for the second half.”

Individual Differences: Equity Sensitivity

Thus far, we have described equity theory as though everyone has the same feelings of inequity in a particular situation. The reality, however, is that people vary in their equity sensitivity, that is, their outcome/input preferences and reaction to various outcome/input ratios. At one end of the equity sensitivity continuum are the “benevolents”—people who are tolerant of situations where they are underrewarded. They might still prefer equal outcome/input ratios, but they don’t mind if others receive more than they do for the same inputs. In the middle are people who fit the standard equity theory model. These “equity sensitives” want their outcome/input ratio to be equal to the outcome/input ratio of the comparison other. Equity sensitives feel increasing inequity as the ratios become different. At the other end are the “entitleds.” These people feel more comfortable in situations where they receive proportionately more than others. They might accept having the same outcome/input ratio as others, but they would prefer receiving more than others performing the same work.

Evaluating Equity Theory

Equity theory is widely studied and quite successful at predicting various situations involving feelings of workplace injustice. However, equity theory isn’t so easy to put into practice because it doesn’t identify the comparison other and doesn’t indicate which inputs or outcomes are most valuable to each employee. The best solution here is for leaders to know their employees well enough to minimize the risk of inequity feelings. Open communication is also a key, enabling employees to let decision makers know when they feel decisions are unfair. A second problem is that equity theory accounts for only some of our feelings of
fairness or justice in the workplace. Experts now say that procedural justice is at least as important as distributive justice.

**Procedural Justice**

Recall that *procedural justice* refers to fairness of the procedures used to decide the distribution of resources. How do companies improve procedural justice? A good way to start is by giving employees “voice” in the process; encourage them to present their facts and perspectives on the issue. Voice also provides a “value-expressive” function; employees tend to feel better after having an opportunity to speak their mind. Procedural justice is also higher when the decision maker is perceived as unbiased, relies on complete and accurate information, applies existing policies consistently, and has listened to all sides of the dispute. If employees still feel unfairness in the allocation of resources, their feelings tend to weaken if the company allows the employee to appeal the decision to a higher authority.

Finally, people usually feel less inequity when they are given a full explanation of the decision and their concerns are treated with respect. If employees believe a decision is unfair, refusing to explain how the decision was made could fuel their feelings of inequity. For instance, one study found that nonwhite nurses who experienced racism tended to file grievances only after experiencing disrespectful treatment in their attempt to resolve the racist situation. Another study reported that employees with repetitive strain injuries were more likely to file workers’ compensation claims after experiencing disrespectful behavior from management. A third recent study noted that employees have stronger feelings of injustice when the manager has a reputation of treating people unfairly most of the time.
Consequences of Procedural Injustice  Procedural justice has a strong influence on a person’s emotions and motivation. Employees tend to experience anger toward the source of the injustice, which generates various response behaviors that scholars categorize as either withdrawal or aggression. Notice how these response behaviors are similar to the fight-or-flight responses described earlier in the chapter regarding situations that activate our drive to defend. Research suggests that being treated unfairly threatens our self-concept and social status, particularly when others see that we have been unjustly treated. Employees retaliate to restore their self-concept and reinstate their status and power in the relationship with the perpetrator of the injustice. Employees also engage in these counterproductive behaviors to educate the decision maker, thereby trying to minimize the likelihood of future injustices.

Chapter Summary

Motivation consists of the forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior in the workplace. Drives (also called primary needs) are neural states that energize individuals to correct deficiencies or maintain an internal equilibrium. They are the “prime movers” of behavior, activating emotions that put us in a state of readiness to act. Needs—goal-directed forces that people experience—are shaped by the individual’s self-concept (including personality and values), social norms, and past experience.

Maslow’s needs hierarchy groups needs into a hierarchy of five levels and states that the lowest needs are initially most important but higher needs become more important as the lower ones are satisfied. Although very popular, the theory lacks research support, as does ERG theory, which attempted to overcome some of the limitations in Maslow’s needs hierarchy. Both models assume that everyone has the same hierarchy, whereas the emerging evidence suggests that needs hierarchies vary from one person to the next according to their personal values.

McClelland’s learned needs theory argues that needs can be strengthened through learning. The three needs studied in this respect have been need for achievement, need for power, and need for affiliation. Four-drive theory states that everyone has four innate drives—the drives to acquire, bond, learn, and defend. These drives activate emotions that we regulate through a skill set that considers social norms, past experience, and personal values.

The main recommendation from four-drive theory is to ensure that individual jobs and workplaces provide a balanced opportunity to fulfill the four drives.

Expectancy theory states that work effort is determined by the perception that effort will result in a particular level of performance (E-to-P expectancy), the perception that a specific behavior or performance level will lead to specific outcomes (P-to-O expectancy), and the valences that the person feels for those outcomes. The E-to-P expectancy increases by improving the employee’s ability and confidence to perform the job. The P-to-O expectancy increases by measuring performance accurately, distributing higher rewards to better performers, and showing employees that rewards are performance-based. Outcome valences increase by finding out what employees want and using these resources as rewards.

Goal setting is the process of motivating employees and clarifying their role perceptions by establishing performance objectives. Goals are more effective when they are specific, relevant, and challenging; have employee commitment; and are accompanied by meaningful feedback. Participative goal setting is important in some situations. Effective feedback is specific, relevant, timely, credible, and sufficiently frequent.

Organizational justice consists of distributive justice (perceived fairness in the outcomes we receive relative to our contributions and the outcomes and contributions of others) and procedural justice (fairness of the procedures used to decide the distribution of resources). Equity theory has four elements: outcome/input ratio, comparison other, equity evaluation, and consequences of inequity. The theory also explains what people are motivated to do when they feel inequitably treated. Companies need to consider not only equity of the distribution of resources but also fairness in the process of making resource allocation decisions.
Critical Thinking Questions

1. Four-drive theory is conceptually different from Maslow’s needs hierarchy (as well as ERG theory) in several ways. Describe these differences. At the same time, needs are based on drives, so the four drives should parallel the seven needs that Maslow identified (five in the hierarchy and two additional needs). Map Maslow’s needs onto the four drives in four-drive theory.

2. Learned needs theory states that needs can be strengthened or weakened. How might a company strengthen the achievement needs of its management team?

3. Exhibit 5.1 illustrates how a person’s drives and needs result in decisions and behavior. Explain where the expectancy theory of motivation fits into this model.

4. Use all three components of expectancy theory to explain why some employees are motivated to show up for work during a severe storm whereas others make no effort to leave their home.

5. Two friends who have just completed an organizational behavior course at another college inform you that employees must fulfill their need for self-esteem and social esteem before they can reach their full potential through self-actualization. What theory are these friends referring to? How does their statement differ from what you learned about that theory in this chapter?

6. Using your knowledge of the characteristics of effective goals, establish two meaningful goals related to your performance in this class.

7. Several service representatives are upset that the newly hired representative with no previous experience will be paid $3,000 a year above the usual starting salary in the pay range. The department manager explained that the new hire would not accept the entry-level rate, so the company raised the offer by $3,000. All five reps currently earn salaries near the top of the scale ($15,000 higher than the new recruit), although they all started at the minimum starting salary a few years earlier. Use equity theory to explain why the five service representatives feel inequity in this situation.

8. Organizational injustice can occur in the classroom as well as in the workplace. Identify classroom situations in which you experienced feelings of injustice. What can instructors do to maintain an environment that fosters both distributive and procedural justice?
Vêtements Ltée is a chain of men’s retail clothing stores located throughout the province of Quebec, Canada. Two years ago, the company introduced new incentive systems for both store managers and sales employees. Store managers in each store receive a salary with annual merit increases based on sales above targeted goals, store appearance, store inventory management, customer complaints, and several other performance measures. Some of this information (e.g., store appearance) is gathered during visits by senior management, while other information is based on company records (e.g., sales volume).

Sales employees are paid a fixed salary plus a commission based on the percentage of sales credited to that employee over the pay period. The commission represents about 30 percent of a typical paycheck and is intended to encourage employees to actively serve customers and to increase sales volume. Because returned merchandise is discounted from commissions, sales employees are discouraged from selling products that customers do not really want.

Soon after the new incentive systems were introduced, senior management began to receive complaints from store managers regarding the performance of their sales staff. They observed that sales employees tended to stand near the store entrance waiting to “tag” customers as their own. Occasionally, sales staff would argue over “ownership” of the customer. Managers were concerned that this aggressive behavior intimidated some customers. It also tended to leave some parts of the store unattended by staff.

Many managers were also concerned about inventory duties. Previously, sales staff would share responsibility for restocking inventory and completing inventory reorder forms. Under the new compensation system, however, few employees were willing to do these essential tasks. On several occasions, stores have faced stock shortages because merchandise was not stocked or reorder forms were not completed in a timely manner. Potential sales have suffered from empty shelves when plenty of merchandise was available in the back storeroom or at the warehouse. The company’s new automatic inventory system could reduce some of these problems, but employees must still stock shelves and assist in other aspects of inventory management.

Store managers have tried to correct the inventory problem by assigning employees to inventory duty, but this has created resentment among the employees selected. Other managers have threatened sales staff with dismissal if they do not do their share of inventory management. This strategy has been somewhat effective when the manager is in the store, but staff members sneak back onto the floor when the manager is away. It has also hurt staff morale, particularly relations with the store manager.

To reduce the tendency of sales staff to hoard customers at the store entrance, some managers have assigned employees to specific areas of the store. This has also created some resentment among employees stationed in areas with less traffic or lower-priced merchandise. Some staff have openly complained of lower paychecks because they have been placed in a slow area of the store or have been given more than their share of inventory duties.

Discussion Questions

1. What symptom(s) in this case suggest that something has gone wrong?
2. What are the main causes of these symptoms?
3. What actions should Vêtements executives take to correct these problems?
Case Study 5.2  MOTIVATING STAFF WHEN THE MONEY IS TIGHT

College grads aren’t exactly beating a path to the hotel industry to get rich quick. New staff would be lucky to earn $40,000 in their first year. Yet when Marriott International visited the University of Delaware, it was able to attract recruits with something else that motivates—the chance to help run a hotel. In industries where the money is tight, companies are using other incentives to motivate people to join and stay with them. Many offer the lure of interesting work; others point out the work–life balance or “cool” workplace perks. A growing number of employers are also trying the carrot-and-stick approach by restructuring their 401(k) matches and vesting schedules to entice new employees to stay until the richer benefits kick in.

This BusinessWeek case study describes how companies with limited payroll budgets try to win the war for talent. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. This case study describes several different strategies for attracting and retaining new employees. On the basis of the four drives described in four-drive theory and the needs listed in Maslow’s needs hierarchy, identify the drives and needs associated with each of these initiatives. Which needs or drives seem to dominate in this article?

2. If Claire Pignataro and some other recruits earn less pay than people in other industries, to what extent would the attraction and retention initiatives described in this case study reduce feelings of inequity?


Class Exercise 5.3  NEEDS PRIORITY EXERCISE

PURPOSE  This class exercise is designed to help you understand the characteristics and contingencies of employee needs in the workplace.

INSTRUCTIONS (LARGE CLASS)

1. The table on page 160 lists in alphabetical order 14 characteristics of the job or work environment. Working alone, use the far-left column to rank-order these characteristics in terms of how important they are to you personally. Write in “1” beside the most important characteristic, “2” for the second most important, and so on through to “14” for the least important characteristic on this list.

2. In the second column, rank-order these characteristics in the order that you think human resource managers believe they are important for their employees.

3. The instructor will ask students, by a show of hands (or use of classroom technology), to identify the top-ranked options.

4. The instructor will provide results of a recent large-scale survey of employees. When these results are presented, identify the reasons for any noticeable differences. Relate the differences to your understanding of the emerging view of employee needs and drives in work settings.
INSTRUCTIONS (SMALL CLASS)
Same as above for steps 1 to 4.
5. Students are assigned to teams, where they compare their rank-order results and explain their ranking. Rationales for different rankings should be noted and discussed with the entire class. Students should pay close attention to different needs, self-concepts, and various forms of diversity (culture, profession, age, etc.) to identify possible explanations for any variation of results across students.

<table>
<thead>
<tr>
<th>Importance to you</th>
<th>What HR managers believe are important to employees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Autonomy and independence</td>
</tr>
<tr>
<td></td>
<td>Benefits (health care, dental, etc.)</td>
</tr>
<tr>
<td></td>
<td>Career development opportunities</td>
</tr>
<tr>
<td></td>
<td>Communication between employees and senior management</td>
</tr>
<tr>
<td></td>
<td>Compensation/pay</td>
</tr>
<tr>
<td></td>
<td>Feeling safe in the work environment</td>
</tr>
<tr>
<td></td>
<td>Flexibility to balance work–life issues</td>
</tr>
<tr>
<td></td>
<td>Job security</td>
</tr>
<tr>
<td></td>
<td>Job-specific training</td>
</tr>
<tr>
<td></td>
<td>Management recognition of employee job performance</td>
</tr>
<tr>
<td></td>
<td>Opportunities to use skills and abilities</td>
</tr>
<tr>
<td></td>
<td>Organization’s commitment to professional development</td>
</tr>
<tr>
<td></td>
<td>Relationship with immediate supervisor</td>
</tr>
<tr>
<td></td>
<td>The work itself</td>
</tr>
</tbody>
</table>

Team Exercise 5.4  A QUESTION OF FEEDBACK
PURPOSE  This exercise is designed to help you understand the importance of feedback, including problems that occur with imperfect communication in the feedback process.
MATERIALS  The instructor will distribute a few pages of exhibits to one person on each team. The other students will require a pencil with eraser and blank paper. Movable chairs and tables in a large area are helpful.

INSTRUCTIONS (SMALL CLASS)
1. The class is divided into pairs of students. Each pair is ideally located in a private area, where they are away from other students and one person can write. One student is given the pages of exhibits from the instructor. The other student in each pair is not allowed to see these exhibits.
2. The student holding the materials will describe each of the exhibits and the other student’s task is to accurately replicate each exhibit. The pair of
students can compare the replication with the original at the end of each drawing. They may also switch roles for each exhibit, if they wish. If roles are switched, the instructor must distribute exhibits separately to each student so that they are not seen by the other person. Each exhibit has a different set of limitations, as described below:

- **Exhibit 1.** The student describing the exhibit cannot look at the other student or his or her diagram. The student drawing the exhibit cannot speak or otherwise communicate with the person describing the exhibit.

- **Exhibit 2.** The student describing the exhibit may look at the other student’s diagram. However, he or she may say only “yes” or “no,” when the student drawing the diagram asks a specific question. In other words, the person presenting the information can use only these words for feedback and can use them only when asked a question by the student doing the drawing.

- **Exhibit 3:** (optional, if time permits). The student describing the exhibit may look at the other student’s diagram and may provide any feedback at any time to the person replicating the exhibit.

3. The class will gather to analyze this exercise. This may include discussion on the importance of feedback and the characteristics of effective feedback for individual motivation and learning.

**INSTRUCTIONS (LARGE CLASS)**

Some parts of this exercise are possible in large classes. Here is one variation:

1. Students are asked to prepare for the exercise by having a pencil and paper ready.
2. One student volunteers to provide instructions from the front of the class regarding Exhibit 1. The volunteer receives the first exhibit and describes it to the class, while other students try to replicate the exhibit. When finished, the exhibit is shown to the class on a transparency or computer projection.
3. For Exhibit 2, one student volunteers to provide instructions and a few other students serve as feedback helpers. The helpers have a copy of Exhibit 2, which they may view, but it cannot be shown to students doing the drawing. The helpers are dispersed to various parts of the room to provide feedback to a group of students under their care (if the class has 100 students, the exercise might have 5 helpers, each responsible for feedback to 20 students). Helpers can say only “yes” or “no,” but they may point to specific locations of the student’s drawing when uttering these words (because these helpers provide feedback to many students). Throughout this activity, the student describing the exhibit must not stop his or her description. After the speaker has finished and the drawings are completed, the helpers might be asked to select the most accurate drawing among those within their domain. The students who drew the accurate depictions might be asked to discuss their experience with feedback.

© 2008 Steven L. McShane.

**Self-Assessment 5.5**

**NEED-STRENGTH QUESTIONNAIRE**

Although everyone has the same innate drives, our secondary or learned needs vary on the basis of our self-concept. This self-assessment provides an estimate of your need strength on selected secondary needs. Read each of the statements below and check the response that you believe best reflects your position regarding each statement. Then use the scoring key in Appendix B at the end of the book to calculate your results. To receive a meaningful estimate of your need strength, you need to answer each item honestly and with reflection on your personal experiences. Class discussion will focus on the meaning of the needs measured in this self-assessment as well as their relevance in the workplace.
### Personal Needs Questionnaire

<table>
<thead>
<tr>
<th>Statement</th>
<th>Very accurate description of me</th>
<th>Moderately accurate</th>
<th>Neither accurate nor inaccurate</th>
<th>Moderately inaccurate</th>
<th>Very inaccurate description of me</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I would rather be myself than be well thought of.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. I’m the type of person who never give up.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. When the opportunity occurs, I want to be in charge.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. I try not to say things that others don’t like to hear.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I find it difficult to talk about my ideas if they are contrary to group opinion.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. I tend to take control of things.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I am not highly motivated to succeed.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I usually disagree with others only if I know my friends will back me up.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I try to be the very best at what I do.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. I seldom make excuses or apologize for my behavior.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. If anyone criticizes me, I can take it.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. I try to outdo others.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. I seldom change my opinion when people disagree with me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. I try to achieve more than what others have accomplished.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. To get along and be liked, I tend to be what people expect me to be.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Self-Assessment 5.6

MEASURING YOUR GROWTH-NEED STRENGTH

Abraham Maslow’s need hierarchy theory distinguished between deficiency needs and growth needs. Deficiency needs become activated when unfulfilled, such as the need for food or belongingness. Growth needs, on the other hand, continue to develop even when temporarily fulfilled. Maslow identified self-actualization as the only category of growth needs. Research has found that Maslow’s needs hierarchy overall doesn’t fit reality but that specific elements, such as the concept of growth needs, remain valid concepts. This self-assessment is designed to estimate your level of growth-need strength. This instrument asks you to consider what it is about a job that is most important to you. Please indicate which of the two jobs you personally would prefer if you had to make a choice between them. In answering each question, assume that everything else about the jobs is the same. Pay attention only to the characteristics actually listed.

Self-Assessment 5.7

YOUR EQUITY SENSITIVITY

Some people experience stronger or weaker feelings of unfairness in specific situations. This self-assessment estimates your level of equity sensitivity. Read each of the statements in this questionnaire, and indicate the response that you believe best reflects your position regarding each statement. This exercise should be completed alone so that you assess yourself honestly, without concerns of social comparison. Class discussion will focus on equity theory and the effect of equity sensitivity on perceptions of fairness in the workplace.

After reading this chapter, if you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
Strange as this may seem, one of Europe’s most successful banks doesn’t believe in budgets or centralized financial targets. Executives at Svenska Handelsbanken AB learned decades ago that these costly controls from the head office motivate dysfunctional behavior rather than customer-focused performance. Therefore, the Swedish bank gives local managers and their staff autonomy to run their local branches as their own. “Nobody knows the local market or the customers better than our branch managers and their staff,” explains Handelsbanken CEO Pär Boman.

Even with 10,000 employees across more than 450 branches in 21 countries (mostly Nordic countries and the United Kingdom), Handelsbanken leaves most decisions to branch managers and staff. “We decide which of the bank’s products to offer and at what price,” says a Handelsbanken branch manager. “My staff are fully involved in the preparation of the work program (the branch’s action plan).” Branch managers also decide how to advertise products, how many people to employ and at what salary, and how much to pay for property leases. Only mutual fund management, high-level risk decisions, office equipment, and the bank’s computer systems are centralized.

Handelsbanken further motivates staff by distributing a monthly report card on each branch’s cost-to-income ratio, profit per employee, and total profit. Branch performance is also compared to that of competing banks in the area. “[We] find that our people are driven by their urge to show a better result than their competitors—to be above average,” says Jan Wallander, the former Handelsbanken CEO who transformed the 140-year-old bank in the 1970s.

This competitive culture apparently does not undermine cooperation because employees are rewarded through a unique form of profit sharing and employee stock ownership, not individual or branch performance. In years when Handelsbanken is more profitable than the average of competing banks, it transfers one-third of the excess profits to an employee fund (called the Octogonen Foundation). Everyone receives the same number of shares in the fund for each year of service, which can be cashed out at 60 years of age. About 75 percent of the fund is invested in Handelsbanken. It currently holds 10 percent of the bank’s stock, making employees the bank’s largest shareholder.¹
Applied Performance Practices

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Discuss the advantages and disadvantages of the four reward objectives.
2. Identify several team- and organizational-level performance-based rewards.
3. Describe five ways to improve reward effectiveness.
4. Discuss the advantages and disadvantages of job specialization.
5. Diagram the job characteristics model of job design.
6. Identify three strategies for improving employee motivation through job design.
7. Define empowerment and identify strategies that support empowerment.
8. Describe the five elements of self-leadership.
9. Identify specific personal and work environment influences on self-leadership.
Handelsbanken’s success is a testament to the organizational behavior benefits of rewards, job design, empowerment, and self-leadership. The company relies on prudent reward systems, offers jobs with high motivating potential, expects staff members to manage themselves, and delegates power to branches, resulting in high levels of employee empowerment. This chapter looks at each of these applied performance practices. The chapter begins by examining the meaning of money. This is followed by an overview of financial reward practices, including the different types of rewards and how to implement rewards effectively. Next, we look at the dynamics of job design, including specific job design strategies for motivating employees. We then consider the elements of empowerment, as well as conditions that support empowerment. The final part of the chapter explains how employees manage their own performance through self-leadership.

**Learning Objectives**

After reading this section, you should be able to:

1. Discuss the advantages and disadvantages of the four reward objectives.
2. Identify several team- and organizational-level performance-based rewards.
3. Describe five ways to improve reward effectiveness.

**The Meaning of Money in the Workplace**

Rewarding people with money is one of the oldest and certainly the most widespread applied performance practices. At the most basic level, money and other financial rewards represent a form of exchange; employees provide their labor, skill, and knowledge in return for money and benefits from the organization. From this perspective, money and related rewards align employee goals with organizational goals. This concept of economic exchange can be found across cultures. The word for *pay* in Malaysian and Slovak means “to replace a loss”; in Hebrew and Swedish it means “making equal.”

However, money is much more than an object of compensation for an employee’s contribution to organizational objectives. Money relates to our needs, our emotions, and our self-concept. It is a symbol of achievement and status, a reinforcer and motivator, and a source of enhanced or reduced anxiety. According to one source, “Money is probably the most emotionally meaningful object in contemporary life: only food and sex are its close competitors as common carriers of such strong and diverse feelings, significance, and strivings.”

The meaning of money varies considerably from one person to the next. Studies report that money may be viewed as a symbol of status and prestige, as a source of security, as a source of evil, or as a source of anxiety or feelings of inadequacy. It is considered a “taboo” topic in many social settings. It has been described both as a “tool” (i.e., money is valued because it is an instrument for acquiring other things of value) and as a “drug” (i.e., money is an object of addictive value in itself). One large-scale study revealed that money generates a variety of emotions, most of which are negative, such as anxiety, depression, anger, and helplessness. A widely studied model of money attitudes suggests that people have a strong “money ethic” when they believe that money is not evil; that it is a symbol of achievement, respect, and power; and that it should be budgeted carefully. These attitudes toward money influence an individual’s ethical conduct, organizational citizenship, and many other behaviors and attitudes.
The meaning of money seems to differ between men and women. One large-scale survey revealed that in almost all 43 countries studied men attach more importance or value to money than do women. Men particularly tend to view money as a symbol of power and status. Personal and cultural values influence the meaning of money. People in countries with high power distance (such as China and Japan) tend to have a high respect and priority for money, whereas people in countries with a strong egalitarian culture (such as Denmark, Austria, and Israel) are discouraged from openly talking about money or displaying their personal wealth. One study suggests that Swiss culture values saving money whereas Italian culture places more value on spending it.

Many experts now believe that money is a much more important motivator than was previously believed, more because of its inherent or symbolic value than because of what it can buy. Philosopher John Stuart Mill made this observation 150 years ago when he wrote: “The love of money is not only one of the strongest moving forces of human life, but money is, in many cases, desired in and for itself.” One recent study found that people who are more highly paid have higher job performance because the higher paycheck makes them feel more valued in the organization (i.e., they have a more positive self-concept). Others have pointed out that the symbolic value of money and other rewards is particularly motivational when a few people receive more than others. This is because the higher reward gives beneficiaries a degree of social distinction, which is consistent with the drive to acquire, introduced in Chapter 5.

Overall, current organizational behavior knowledge indicates that money is much more than a means of exchange between employer and employee. It fulfills a variety of needs, influences emotions, and shapes or represents a person’s self-concept. This is important to remember when the employer is distributing financial rewards in the workplace. Over the next few pages, we look at various reward practices and how to improve the implementation of performance-based rewards.

Financial Reward Practices

Financial rewards come in many forms, which can be organized into the four specific objectives identified in Exhibit 6.1: membership and seniority, job status, competencies, and performance.

Membership- and Seniority-Based Rewards

Membership-based and seniority-based rewards (sometimes called “pay for pulse”) represent the largest part of most paychecks. Some employee benefits, such as free or discounted meals in the company cafeteria, remain the same for everyone, whereas others increase with seniority. For example, legislative staff in Nevada with eight years or more service receive an additional $150 annually. This jumps to $2,350 for those with 30 years or more service. Many Asian companies distribute a “13th month” bonus, which every employee expects to receive each year no matter how well the company performed over the previous year. Although many Japanese firms have shifted to performance-based pay, others have retained or returned to wage scales based on the employee’s age. “Even during that period [when the employee’s performance is below expectations], we raise salaries according to their age,” says the president of Tokai Rubber Industries Ltd., which returned to age-based salaries after discarding a short-lived performance-based pay plan.

These membership- and seniority-based rewards potentially attract job applicants (particularly those who desire predictable income) and reduce turnover. However, they
do not directly motivate job performance; on the contrary, they discourage poor performers from seeking work better suited to their abilities. Instead, the good performers are lured to better-paying jobs. Some of these rewards are also “golden handcuffs”—they discourage employees from quitting because of deferred bonuses or generous benefits that are not available elsewhere. However golden handcuffs potentially weaken job performance because they generate continuance rather than affective commitment (see Chapter 4).

Job Status–Based Rewards

Almost every organization rewards employees to some extent on the basis of the status or worth of the jobs they occupy. **Job evaluation** is widely used to assess the
worth or status of each job. Most job evaluation methods give higher value to jobs that require more skill and effort, have more responsibility, and have more difficult working conditions. Aside from receiving higher pay, employees with more valued jobs sometimes receive larger offices, company-paid vehicles, and other perks.

Job status–based rewards try to improve feelings of fairness by assigning higher pay to people working in jobs with higher value to the organization. These rewards also motivate employees to compete for promotions. However, at a time when companies are trying to be more cost-efficient and responsive to the external environment, job status–based rewards potentially do the opposite by encouraging a bureaucratic hierarchy. These rewards also reinforce a status mentality, whereas Generation-X and Generation-Y employees expect a more egalitarian workplace. Furthermore, status-based pay potentially motivates employees to compete with each other for higher-status jobs and to raise the value of their own jobs by exaggerating job duties and hoarding resources.

## Competency-Based Rewards

Over the past two decades, many companies have shifted reward priorities from job status to skills, knowledge, and other competencies that lead to superior performance. The most common competency-based reward practices identify a set of competencies (adaptability, team orientation, technical expertise, leadership, etc.) relevant to all jobs within a broad pay group and give employees within each group higher pay rates as they improve those competencies. In other words, rather than paying people for the specific job that they perform, competency-based plans pay people on the basis of their assessed skills and knowledge, whether or not they actually use those competencies in their current job duties. Job status–based pay has not been completely abandoned, because the broad pay groups reflect job status (e.g., the technical staff pay range is lower than the senior executive pay range). Within those pay groups, however, employees are rewarded for skills, knowledge, and other competencies. This reward system is sometimes known as broadbanding because several jobs with narrow pay ranges are grouped together into a much broader pay range.

Skill-based pay plans are a more specific variation of competency-based rewards in which people receive higher pay based on their mastery of measurable skills. For example, technicians at the City of Flagstaff, Arizona, are paid for the number of skill blocks they have mastered. New hires must complete the first skill block during probation, and they can eventually progress through the five other skill blocks to earn almost twice the base (single skill block) salary. Technicians demonstrate proficiency in a skill block through in-house or formal certification assessments.

Competency-based rewards motivate employees to learn new skills. This tends to improve organizational effectiveness by creating a more flexible workforce; more employees are multiskilled for performing a variety of jobs, and they are more adaptive to embracing new practices in a dynamic environment. Product or service quality also tends to improve because employees with multiple skills are more likely to understand the work process and know how to improve it. However, competency-based pay plans have not always worked out as well as promised by their advocates. They are often overdesigned, making it difficult to communicate these plans to employees. Competency definitions are often vague, which raises questions about fairness when employers are relying on these definitions to award pay increases. Skill-based pay systems measure specific skills, so they are usually more objective. However, they are expensive because employees spend more time learning new tasks.
Performance-Based Rewards

Performance-based rewards have existed since Babylonian days 4,000 years ago, but their popularity has increased dramatically over the past couple of decades. Here is an overview of some of the most popular individual, team, and organizational performance-based rewards.

Individual Rewards

Many employees receive individual bonuses or awards for accomplishing a specific task or exceeding annual performance goals. Real estate agents and other salespeople typically earn commissions, in which their pay increases with sales volume. Piece-rate systems reward employees according to the number of units produced. For example, lawn care staff at The Lawn Mowgul in Dallas, Texas, earn a form of piece rate (called “piecemeal”) that is based on the number of yards cut; housekeeping staff in some British hotels earn a piece rate for each room they clean (about $3 per room). Hong Kong communications company PCCW rewards employees with up to one month’s pay if they exceed their performance goals.

Team Rewards

Over the past two decades, many organizations have shifted their focus from individuals to teams. Consequently, employees in these companies are finding that a larger part of their total paycheck is determined by team performance. At Forrest General Hospital in Hattiesburg, Mississippi, for example, all employees in patient accounts and registration receive a bonus if the team meets its time-of-service and self-pay collections targets. “[The team incentive] is set up so that either everyone gets the incentive, or no one gets it,” explains Forrest General Hospital’s director of revenue cycle. One of the most successful companies to apply team (as well as organizational) rewards is Nucor, Inc. As Connections 6.1 describes, America’s largest steelmaker rewards teams for higher output and applies financial penalties if their output falls below satisfactory quality.

Gainsharing plans are a form of team-based compensation that calculates bonuses from the work unit’s cost savings and productivity improvement. Whole Foods Market uses this form of team incentive. Each department within a store is run by a team with a monthly payroll budget. If payroll money is unspent at the end of the month, the surplus is divided among members of that Whole Foods Market team. American hospitals have cautiously introduced a form of gainsharing whereby physicians and medical staff in a medical unit (cardiology, orthopedics, etc.) are collectively rewarded for cost reductions in surgery and patient care. The cost reductions occur in two ways: (1) by standardizing purchasing decisions so that hospitals can negotiate larger supplier discounts on devices and medicines and (2) by reducing discretionary use of products. One recent study found that introduction of gainsharing in six hospital cardiology units reduced costs per patient by more than 7 percent. Almost all of this cost reduction occurred through lower prices (likely due to standardized purchasing) rather than reduced use of supplies. More generally, gainsharing plans tend to improve team dynamics, knowledge sharing, and pay satisfaction. They also create a reasonably strong link between effort and performance because much of the cost reduction and labor efficiency is within the team’s control.

Organizational Rewards

Along with using individual and team-based rewards, many firms rely on organizational-level rewards to motivate employees. Some firms reward all staff members for achieving challenging sales goals or other indicators of organizational performance. These rewards are usually financial bonuses, but a few firms reward employees with travel. At Staffing Alternatives, all 25 employees and their
Two decades ago, Nucor was an upstart in an industry dominated by Bethlehem Steel, National Steel, and other mega-firms. Today, battered by global competition, two-thirds of American steel companies have disappeared or are under bankruptcy protection. Nucor, on the other hand, has become the largest steel company in America and the tenth largest in the world. Although it now employs more than 12,000 people (most in the United States), Nucor remains nimble, highly competitive, and profitable.

What’s Nucor’s secret to success? One of the most important factors is its performance-based reward system. In recent years, the average Nucor steelworker has annually earned more than $80,000, but most of that pay is variable—it depends on team and organization performance. “We pay a real low base wage, but high bonuses on a weekly basis,” explains a Nucor executive. “The bonuses are based on the quality and tons produced and shipped through a team. The average base pay is about $9 to $10 an hour, but they could get an additional $15 to $20 an hour for bonuses.” These bonuses are paid to everyone on the team, which ranges from 12 to 20 people. Nucor does not limit the amount of bonus a team can receive, but it is usually equal or double the base pay.

Nucor’s team bonus system relies on quality of output, not just quantity. If employees catch a bad batch of steel before it leaves their work area, that tonnage of product is subtracted from the team’s weekly bonus calculation. If the bad batch makes its way to the next internal customer or shipping department within the minimill, two times the tonnage of bad product is subtracted from the team’s bonus. And if the bad product makes its way to the customer, the team loses a bonus amount equal to three times that amount of product.

Production employees have the highest variable pay, but Nucor’s professional and administrative employees also earn bonuses representing about one-third of their salary that are based on their division’s performance. In addition to these team and division rewards, Nucor employees receive an annual profit-sharing bonus representing 10 percent of the company’s operating profit. This has been as much as $18,000 per employee in some recent years.25

Employee stock ownership plans (ESOPs) encourage employees to buy company stock, usually at a discounted price or through a no-interest loan. The financial incentive occurs as dividends and market appreciation of the stock. Due to tax concessions in the United States and a few other countries, most ESOPs are designed as retirement plans. Sears Roebuck and UPS were two of the earliest companies to introduce ESOPs. Today, more than 20 percent of Americans working in the private sector hold stock in their companies.27 Handelsbanken, the Swedish bank described at the beginning of this chapter, has a unique ESOP in which employees own company stock through an independent retirement fund. Phelps County Bank in Rolla, Missouri, operates another form of ESOP. Each year, the employee-owned bank contributes stock equal to 15 percent of
each employee’s salary into her or his ESOP account. The stock is vested (legally trans-
ferred) to the employee after seven years of service. “Stock ownership was the vehicle
that really made us focus on what it meant to be an owner,” says Phelps County Bank
CEO Bill Marshall.28

While ESOPs involve purchasing company shares, stock options give employees
the right to purchase shares from the company at a future date at a predetermined price
up to a fixed expiration date. For example, an employer might offer employees the
right to purchase 100 shares at $50 at any time between two and six years from now. If
the stock price is, say, $60 two years later, employees could earn $10 per share from
these options, or they could wait up to six years for the stock price to rise further. If the
stock never rises above $50 during that time, they are “out of the money” and employ-
ees would just let the options expire. The intention of stock options is to motivate em-
ployees to make the company more profitable, thereby raising the company’s stock
price and enabling them to reap the value above the exercise price of the stock options.

Profit-sharing plans, a fourth organizational-level reward, calculate bonuses from
the previous year’s level of corporate profits. As mentioned in Connections 6.1, Nucor
employees earn a profit-sharing bonus on top of their fixed pay and team bonuses.
Each year, the steelmaker distributes 10 percent of its earnings before taxes to employ-
ees, a percentage that recently amounted to more than $18,000 per employee.
Handelsbanken also has a profit-sharing plan, in which a share of profits above the
average profitability of other banks is deposited into the employees’ retirement plan.

Evaluating Organizational-Level Rewards How effective are organizational-
level rewards? Research indicates that ESOPs and stock options tend to create an
“ownership culture” in which employees feel aligned with the organization’s success.29
Profit sharing tends to create less ownership culture, but it has the advantage of auto-
matically adjusting employee compensation with the firm’s prosperity, thereby
reducing the need for layoffs or negotiated pay reductions during recessions.

The main problem with ESOPs, stock options, and profit sharing is that employees
often perceive a weak connection between individual effort and corporate profits or
the value of company shares. Even in small firms, the company’s stock price or profit-
ability is influenced by economic conditions, competition, and other factors beyond
the employee’s immediate control. This low individual performance-to-outcome
expectancy weakens employee motivation. Another concern is that some companies
use ESOPs as a replacement for employee pension plans. This is a risky strategy
because the pension funds lack diversification. If the company goes bankrupt, employ-
ees lose both their jobs and a large portion of their retirement nest egg.30

Improving Reward Effectiveness

Performance-based rewards have come under attack over the years for discouraging
creativity, distancing management from employees, distracting employees from the
meaningfulness of the work itself, and being quick fixes that ignore the true causes of
poor performance. While these issues have kernels of truth under specific circum-
stances, they do not necessarily mean that we should abandon performance-based
pay. On the contrary, as the high-performance work practices perspective of organi-
zational effectiveness advises (see Chapter 1), top-performing companies are more
likely to have performance-based rewards.31 Reward systems do motivate most
employees, but only under the right conditions. Here are some of the more important
strategies for improving reward effectiveness.

---

**stock option**
A reward system that gives employees the right to purchase company stock at a future date at a predetermined price.

**profit-sharing plan**
A reward system that pays bonuses to employees on the basis of the previous year’s level of corporate profits.
Link Rewards to Performance  Behavior modification theory (Chapter 3) and expectancy theory (Chapter 5) both recommend that employees with better performance should be rewarded more than those with poorer performance. Unfortunately, as was noted in Chapter 5, this simple principle seems to be unusually difficult to apply. Few employees see a relationship between job performance and the amount of pay they and co-workers receive. A Gallup survey at an American telecommunications company revealed an equally devastating observation: Management’s evaluation of 5,000 customer service employees was uncorrelated with the performance ratings that customers gave those employees. “Whatever behaviors the managers were evaluating were irrelevant to the customers,” concluded Gallup executives. “The managers might as well have been rating the employees’ shoe sizes, for all the customers cared.”

How can companies improve the pay—performance linkage? Inconsistencies and bias can be minimized by introducing gainsharing, ESOPs, and other plans that use objective performance measures. Where subjective measures of performance are necessary, companies should rely on multiple sources of information. Companies also need to apply rewards soon after the performance occurs, and in a large-enough dose (such as a bonus rather than a pay increase), so that employees experience positive emotions when they receive the reward.

Ensure That Rewards Are Relevant  Companies need to align rewards with performance within the employee’s control. The more employees see a “line of sight” between their daily actions and the reward, the more they are motivated to improve performance. Wal-Mart applies this principle by awarding bonuses to top executives on the basis of the company’s overall performance, whereas frontline employees earn bonuses based on the sales volume of the store where they work. Reward systems also need to correct for situational factors. Salespeople in one region may have higher sales because the economy is stronger there than elsewhere, so sales bonuses need to be adjusted for such economic factors.

Use Team Rewards for Interdependent Jobs  Team rewards should be used rather than individual rewards when employees work in highly interdependent jobs because it is difficult to measure individual performance in these situations. Nucor relies on team-based bonuses for this reason; steelmaking is a team effort, so employees earn bonuses based on team performance. Team rewards also encourage cooperation, which is more important when work is highly interdependent. A third benefit of team rewards is that they tend to support employee preferences for team-based work. One concern, however, is that employees (particularly the most productive employees) in the United States and many other low-collectivism cultures prefer rewards based on their individual performance rather than team performance.

Ensure That Rewards Are Valued  It seems obvious that rewards work best when they are valued. Yet companies sometimes make false assumptions about what employees want, with unfortunate consequences. The solution, of course, is to ask employees what they value. Campbell Soup did this a few years ago at its distribution centers in Canada. Executives thought the employees would ask for more money in a special team reward program. Instead, distribution staff said the most valued reward was a leather jacket with the Campbell Soup logo on the back. The leather jackets cost much less yet were worth much more than the financial bonus the company had intended to distribute.
When Rewards Go Wrong

There is an old saying that “what gets rewarded gets done.” But what companies reward isn’t always what they had intended their employees to do. Here are a few dramatic examples of how performance-based rewards produce unintended consequences:

• UBS AG recently lost more than $37 billion (yes, billion) in one year because of its exposure to high-risk mortgage securities. The massive loss forced Switzerland’s largest bank to lay off staff, close down a hedge fund business, borrow from foreign governments, and suffer an exodus of clients. Many financial institutions suffered horrendous losses (and a few went bankrupt) during this subprime mortgage crisis, but UBS openly acknowledged that a faulty reward system was partly responsible. Specifically, its bonus plan motivated its traders to generate short-term revenue without penalizing them for exposing the bank to high-risk investments. “Essentially, bonuses were measured against gross revenue with no formal account taken of the quality or sustainability of those earnings,” says a UBS report submitted to the Swiss banking regulator.36

• Stock options are supposed to motivate executives to improve corporate performance. Instead, they seem to motivate some leaders to use dodgy accounting practices to distort or misrepresent the company’s performance. One recent study found that financial misrepresentation was associated with executive stock options but not with bonuses or other forms of executive compensation. Another report estimated that for every 25 percent increase in stock options awarded to executives, the risk of fraud rises by 68 percent. Companies with the largest corporate frauds in recent years have, on average, eight times as many options as similar companies that did not experience regulator.37

• Donnelly Mirrors (now part of Magna International) introduced a gainsharing plan that motivated employees to reduce labor but not material costs. Employees at the automobile parts manufacturer knew they worked faster with sharp grinding wheels, so they replaced the expensive diamond wheels more often. This action reduced labor costs, thereby giving employees the gainsharing bonus. However, the labor savings were more than offset by much higher costs for diamond grinding wheels.38

• Integrated steel companies often rewarded managers for increased labor efficiency. The lower the labor-hours required to produce a ton of steel, the larger the manager’s bonus. Unfortunately, steel firms usually didn’t count the work of outside contractors in the formula, so the reward system motivated managers to hire expensive contractors in the production process. By employing more contractors, the true cost of production increased, not decreased.39

• Toyota rewards its dealerships on the basis of customer satisfaction surveys, not just car sales. What Toyota discovered, however, is that this motivates dealers to increase satisfaction scores, not customer satisfaction. One Toyota dealership received high ratings because it offered free detailing to every customer who returned a “Very Satisfied” survey. The dealership even had a special copy of the survey showing clients which boxes to check off. This increased customer ratings, but not customer satisfaction.40
Chapter 6  Applied Performance Practices

the consequences of rewards and, where possible, test incentives in a pilot project before applying them across the organization.

Financial rewards come in many forms and, as mentioned at the outset of this section, influence employees in complex ways. But money isn’t the only thing that motivates people to join an organization and perform effectively. “High performers don’t go for the money,” warns an executive at Imation Corp. “Good people want to be in challenging jobs and see a future where they can get even more responsibilities and challenges.” The director of Xerox’s research center agrees with this assessment. “Our top stars say they want to make an impact—that’s the most important thing,” he says. “Feeling they are contributing and making a difference is highly motivational for them.”42 In other words, companies motivate employees mainly by designing interesting and challenging jobs, the topic we discuss next.

After reading this section, you should be able to:

4. Discuss the advantages and disadvantages of job specialization.
5. Diagram the job characteristics model of job design.
6. Identify three strategies for improving employee motivation through job design.

Job Design Practices

How do you build a better job? That question has challenged organizational behavior experts as well as psychologists, engineers, and economists for a few centuries. Some jobs have very few tasks and usually require very little skill. Other jobs are immensely complex and require years of experience and learning to master them. From one extreme to the other, jobs have different effects on work efficiency and employee motivation. The challenge, at least from the organization’s perspective, is to find the right combination so that work is performed efficiently but employees are motivated and engaged.43 This challenge requires careful job design—the process of assigning tasks to a job, including the interdependency of those tasks with other jobs. A job is a set of tasks performed by one person. To understand this issue more fully, let’s begin by describing early job design efforts aimed at increasing work efficiency through job specialization.

Job Design and Work Efficiency

Chrysler Corp. outsources European manufacturing of its minivan to Magna Steyr, a subsidiary of Magna International. On average, employees assigned to Magna Steyr’s Chrysler minivan assembly line in Graz, Austria, take three minutes to attach their assigned pieces to the chassis before repeating their work on the next vehicle. Meanwhile, employees assembling the same vehicle at Chrysler’s own assembly plants in North America have an average job cycle time of 64.5 seconds.44 The difference isn’t that Austrian employees are slower. Rather, Chrysler’s North American employees are assigned fewer tasks. They have a higher degree of job specialization.

Job specialization occurs when the work required to build an automobile—or any other product or service—is subdivided into separate jobs assigned to different people. Each resulting job includes a narrow subset of tasks, usually completed in a short cycle time. Cycle time is the time required to complete the task before starting over
with a new work unit. Employees at Chrysler’s minivan assembly operations in North America have an average cycle time of 64.5 seconds, which means they repeat the same set of tasks about 58 times each hour and probably about 230 times before they take a meal break.

Why would companies divide work into such tiny bits? The simple answer is that job specialization improves work efficiency. Efficiency is higher because employees have fewer tasks to juggle and therefore spend less time changing activities. They also require fewer physical and mental skills to accomplish the assigned work, so less time and fewer resources are needed for training. A third reason is that employees practice their tasks more frequently with shorter work cycles, so jobs are mastered quickly. A fourth reason why work efficiency increases is that employees with specific aptitudes or skills can be matched more precisely to the jobs for which they are best suited. 45

The efficiency of job specialization was noted more than 2,300 years ago by the Chinese philosopher Mencius and Greek philosopher Plato. In the 1400s and 1500s, the Arsenal of Venice employed up to 4,000 people in specialized jobs (caulkers, paymasters, division managers, carpenters, iron workers, warehouse supervisors, etc.) to build ships and many accessories such as cannons, ropes, oars, and armor. The state-owned organization became so efficient that in 1570 it built 100 ships in two months. After construction, the galleons traveled along a waterway where workers apportioned food, ammunition, cordage, and other supplies from specially designed warehouses. This assembly line could outfit 10 galleons in just six hours. 46 The benefits of job specialization were also recorded by Adam Smith 250 years ago. The Scottish economist described a small factory where 10 pin makers collectively produced as many as 48,000 pins per day because they performed specialized tasks, such as straightening, cutting, sharpening, grinding, and whitening the pins. In contrast, Smith explained that if these 10 people worked alone producing complete pins, they would collectively manufacture no more than 200 pins per day. 47

Scientific Management

One of the strongest advocates of job specialization was Frederick Winslow Taylor, an American industrial engineer who introduced the principles of scientific management in the early 1900s. 48 Scientific management consists of a toolkit of activities. Some of these interventions—training, goal setting, and work incentives—are common today but were rare until Taylor popularized them. However, scientific management is mainly associated with high levels of job specialization and standardization of tasks to achieve maximum efficiency.

According to Taylor, the most effective companies have detailed procedures and work practices developed by engineers, enforced by supervisors, and executed by employees. Even the supervisor’s tasks should be divided: One person manages operational efficiency, another manages inspection, and another is the disciplinarian. Taylor and other industrial engineers demonstrated that scientific management significantly improves work efficiency. No doubt, some of the increased productivity can be credited to the training, goal setting, and work incentives, but job specialization quickly became popular in its own right.

Problems with Job Specialization

Frederick Taylor and his contemporaries focused on how job specialization reduces labor “waste” by improving the mechanical efficiency of work (i.e., matching skills, faster learning, less switchover time). Yet they didn’t seem to notice how this extreme job specialization adversely affects employee attitudes and motivation. Some jobs—such as assembling Chrysler minivans—are so specialized that they may soon become tedious, trivial, and socially isolating.

---

scientific management

The practice of systematically partitioning work into its smallest elements and standardizing tasks to achieve maximum efficiency.
Employee turnover and absenteeism tend to be higher in specialized jobs with very short cycle times. Companies sometimes have to pay higher wages to attract job applicants to this dissatisfying, narrowly defined work.  

Job specialization often reduces work quality because employees see only a small part of the process. As one observer of an automobile assembly line reports: “Often [employees] did not know how their jobs related to the total picture. Not knowing, there was no incentive to strive for quality—what did quality even mean as it related to a bracket whose function you did not understand?”

Equally important, job specialization can undermine the motivational potential of jobs. As work becomes specialized, it tends to become easier to perform but less interesting. As jobs become more complex, work motivation increases but the ability to master the job decreases. Maximum job performance occurs somewhere between these two extremes, where most people can eventually perform the job tasks efficiently yet the work is interesting.

**Job Design and Work Motivation**

Industrial engineers may have overlooked the motivational effect of job characteristics, but it is now the central focus of many job design changes. Organizational behavior scholar Frederick Herzberg is credited with shifting the spotlight when he introduced **motivator-hygiene theory** in the 1950s. Motivator-hygiene theory proposes that employees experience job satisfaction when they fulfill growth and esteem needs (called *motivators*) and they experience dissatisfaction when they have poor working conditions, job security, and other factors categorized as lower-order needs (called *hygienes*). Herzberg argued that only characteristics of the job itself motivate employees, whereas the hygiene factors merely prevent dissatisfaction. It might seem obvious to us today that the job itself is a source of motivation, but the concept was radical when Herzberg proposed the idea.

Motivator-hygiene theory has been soundly rejected due to lack of research support, but Herzberg’s ideas generated new thinking about the motivational potential of the job itself. Out of subsequent research emerged the **job characteristics model**, shown in Exhibit 6.2. The job characteristics model identifies five core job dimensions that produce three psychological states. Employees who experience these psychological states tend to have higher levels of internal work motivation (motivation from the work itself), job satisfaction (particularly satisfaction with the work itself), and work effectiveness.

**Core Job Characteristics**

The job characteristics model identifies five core job characteristics. Under the right conditions, employees are more motivated and satisfied when jobs have higher levels of these characteristics:

- **Skill variety.** Skill variety refers to the use of different skills and talents to complete a variety of work activities. For example, sales clerks who normally only serve customers might be assigned the additional duties of stocking inventory and changing storefront displays.

- **Task identity.** Task identity is the degree to which a job requires completion of a whole or identifiable piece of work, such as assembling an entire broadband modem rather than just soldering in the circuitry.

- **Task significance.** Task significance is the degree to which the job affects the organization and/or larger society. For instance, many employees at Medtronic, the Minneapolis-based maker of pacemakers and other medical equipment,
have high job specialization, yet 86 percent say their work has special meaning and 94 percent feel pride in what they accomplish. The reason for their high task significance is that they attend seminars that show how the products they manufacture save lives. “We have patients who come in who would be dead if it wasn’t for us,” says a Medtronic production supervisor.  

- **Autonomy.** Jobs with high levels of autonomy provide freedom, independence, and discretion in scheduling the work and determining the procedures to be used to complete the work. In autonomous jobs, employees make their own decisions rather than relying on detailed instructions from supervisors or procedure manuals.
- **Job feedback.** Job feedback is the degree to which employees can tell how well they are doing on the basis of direct sensory information from the job itself. Airline pilots can tell how well they land their aircraft, and road crews can see how well they have prepared the roadbed and laid the asphalt.

**Critical Psychological States** The five core job characteristics affect employee motivation and satisfaction through three critical psychological states, shown in Exhibit 6.2. One of these psychological states is experienced meaningfulness—the belief...
that one’s work is worthwhile or important. Skill variety, task identity, and task significance directly contribute to the job’s meaningfulness. If the job has high levels of all three characteristics, employees are likely to feel that their jobs are highly meaningful. The meaningfulness of a job drops as one or more of these characteristics declines.

Work motivation and performance increase when employees feel personally accountable for the outcomes of their efforts. Autonomy directly contributes to this feeling of experienced responsibility. Employees must be assigned control of their work environment to feel responsible for their successes and failures. The third critical psychological state is knowledge of results. Employees want information about the consequences of their work effort. Knowledge of results can originate from co-workers, supervisors, or clients. However, job design focuses on knowledge of results from the work itself.

**Individual Differences**  Job design doesn’t increase work motivation for everyone in every situation. Employees must have the required skills and knowledge to master the more challenging work. Otherwise, job design tends to increase stress and reduce
job performance. The original model also suggests that increasing the motivational potential of jobs will not motivate employees who are dissatisfied with their work context (e.g., working conditions, job security) or who have a low growth-need strength. However, research findings have been mixed, suggesting that employees might be motivated by job design no matter how they feel about their job context or how high or low they score on growth needs.  

Job Design Practices That Motivate

Three main strategies can increase the motivational potential of jobs: job rotation, job enlargement, and job enrichment. This section also identifies several ways to implement job enrichment.

Job Rotation  At the beginning of this section on job design, we mentioned that assembly-line employees at Chrysler have a high degree of specialization. Chrysler executives are aware of the motivational and physiological problems that this repetitive work can create, so they have introduced a policy whereby employees work in teams and rotate to a different workstation within that team every few hours. Job rotation is the practice of moving employees from one job to another. “The whole idea of job rotation makes a big difference,” says Chrysler’s vice president of manufacturing. “The job naturally gets better, quality improves, throughput improves.” Chrysler reported significant improvements in productivity and morale within the first year of its job rotation program. Job rotation offers “important ergonomic benefits to workers, improvements in product quality, and higher employee satisfaction,” says a senior manager at Chrysler’s plant in Toledo, Ohio.  

From the experience at Chrysler and many other companies, we can identify three potential benefits of job rotation. First, it minimizes health risks from repetitive strain and heavy lifting because employees use different muscles and physical positions in the various jobs. Second, it supports multiskilling (employees learn several jobs), which increases workforce flexibility in staffing the production process and in finding replacements for employees on vacation. A third benefit of job rotation is that it potentially reduces the boredom of highly repetitive jobs. However, organizational behavior experts continue to debate whether job rotation really is a form of job redesign because the jobs remain the same; they are still highly specialized. Critics argue that job redesign requires changes within the job, such as job enlargement.

Job Enlargement  Job enlargement adds tasks to an existing job. This might involve combining two or more complete jobs into one or just adding one or two more tasks to an existing job. Either way, skill variety increases because there are more tasks to perform. Video journalists represent a clear example of an enlarged job. As Exhibit 6.3 illustrates, a traditional news team consists of a camera operator, a sound and lighting specialist, and the journalist who writes and presents or narrates the story. One video journalist performs all of these tasks.

Job enlargement significantly improves work efficiency and flexibility. However, research suggests that simply giving employees more tasks won’t affect motivation, performance, or job satisfaction. These benefits result only when skill variety is combined with more autonomy and job knowledge. In other words, employees are motivated when they perform a variety of tasks and have the freedom and knowledge to structure their work to achieve the highest satisfaction and performance. These job characteristics are at the heart of job enrichment.
Job Enrichment

Job enrichment occurs when employees are given more responsibility for scheduling, coordinating, and planning their own work. Generally, people in enriched jobs experience higher job satisfaction and work motivation, along with lower absenteeism and turnover. Productivity is also higher when task identity and job feedback are improved. Product and service quality tend to improve because job enrichment increases the jobholder’s felt responsibility and sense of ownership over the product or service.

One way to increase job enrichment is by combining highly interdependent tasks into one job. This natural grouping approach is reflected in the video journalist job. Video journalist was earlier described as an enlarged job, but it is also an example of job enrichment because it naturally groups tasks together to complete an entire product (i.e., a news clip). By forming natural work units, jobholders have stronger feelings of responsibility for an identifiable body of work. They feel a sense of ownership and, therefore, tend to increase job quality. Forming natural work units increases task identity and task significance because employees perform a complete product or service and can more readily see how their work affects others.

A second job enrichment strategy, called establishing client relationships, involves putting employees in direct contact with their clients rather than using the supervisor as a go-between. By being directly responsible for specific clients, employees have more information and can make decisions affecting those clients. Establishing client relationships also increases task significance because employees see a line-of-sight connection between their work and consequences for customers. This was apparent among medical secretaries at a large regional hospital in Sweden after the hospital reduced its workforce by 10 percent and gave the secretaries expanded job duties. Although these employees experienced more stress from the higher workloads, some of them also felt more motivated and satisfied because they now had direct interaction with patients. “Before, I never saw a patient; now they have a face,” says one medical secretary. “I feel satisfied and pleased with myself; you feel someone needs you.”

Forming natural task groups and establishing client relationships are common ways to enrich jobs, but the heart of the job enrichment philosophy is to give employees more autonomy over their work. This basic idea is at the core of one of the most widely mentioned—and often misunderstood—practices, known as empowerment.
Empowerment Practices

The opening vignette to this chapter described Svenska Handelsbanken’s highly decentralized organizational structure, in which branch managers decide which products to offer, what price to charge, how to market products, and so on. Employees are actively involved with the branch manager in these decisions. “The culture of our company is based on entrusting employees and allowing those who are closest to the customer and who know the customer best to take decisions,” says Anders Bouvin, head of Handelsbanken’s business in Northern Britain. “Being empowered and having this trust leads to better decisions and higher satisfaction.” Jonathan Watson, Handelsbanken’s branch manager in Maidstone, United Kingdom, adds: “One problem we don’t have is motivating our staff. Thanks to the decentralized way Handelsbanken operates and empowers staff with the responsibility to do their jobs to the best of their ability, motivation is easy and morale remains high.”

The word empowerment is often mentioned in writing and conversations about Handelsbanken because, unlike too many financial institutions, the Swedish bank’s employees really do experience the feeling of empowerment. Empowerment is a psychological concept represented by four dimensions: self-determination, meaning, competence, and impact of the individual’s role in the organization. If any dimension weakens, the employee’s sense of empowerment will weaken.

- **Self-determination.** Empowered employees feel that they have freedom, independence, and discretion over their work activities.
- **Meaning.** Employees who feel empowered care about their work and believe that what they do is important.
- **Competence.** Empowered people are confident about their ability to perform the work well and have a capacity to grow with new challenges.
- **Impact.** Empowered employees view themselves as active participants in the organization; that is, their decisions and actions have an influence on the company’s success.

Supporting Empowerment

Chances are that you have heard leaders say they are “empowering” the workforce. Yet empowerment is a state of mind, so what these executives really mean is that they are changing the work environment to support the feeling of empowerment. Numerous individual, job design, and organizational or work-context factors support empowerment. At the individual level, employees must possess the necessary competencies to be able to perform the work as well as handle the additional decision-making requirements. Job characteristics clearly influence the degree to which people feel empowered. Employees are much more likely to experience self-determination when working
in jobs with a high degree of autonomy and minimal bureaucratic control. They experience more meaningfulness when working in jobs with high levels of task identity and task significance. They experience more self-confidence when working in jobs that allow them to receive feedback about their performance and accomplishments.

Several organizational and work-context factors also influence empowerment. Employees experience more empowerment in organizations where information and other resources are easily accessible. Empowerment also requires a learning orientation culture. In other words, empowerment flourishes in organizations that appreciate the value of employee learning and that accept reasonable mistakes as a natural part of the learning process. Furthermore, as mentioned above in describing Handelsbanken, empowerment requires corporate leaders who trust employees and are willing to take the risks that empowerment creates.69

With the right individuals, job characteristics, and organizational environment, empowerment can substantially improve motivation and performance. For instance, a study of bank employees concluded that empowerment improved customer service and tended to reduce conflict between employees and their supervisors. A study of nurses reported that empowerment is associated with higher trust in management, which ultimately influences job satisfaction, belief and acceptance of organizational goals and values, and effective organizational commitment. Empowerment also tends to increase personal initiative because employees identify with and assume more psychological ownership of their work.70

Self-Leadership Practices

What is the most important characteristic that companies look for in their employees? Leadership potential, ability to work in a team, and good communication skills are important, but a survey of 800 British employers concludes that they don’t top the list. Instead, the most important employee characteristic is self-motivation. Jack
Harding can identify with these survey results. The founder of eSilicon Corp., which designs and manufactures custom chips for electronics companies, believes that the best-performing businesses prosper when employees manage their own motivation and performance. “You look for character and experience” when hiring new employees, Harding suggests. “They need to be smart, team players, and self-motivated—and you can’t instill that.”

Most of the concepts introduced in this chapter and in Chapter 5 have assumed that leaders do things to motivate employees. Certainly, these theories and practices are valuable, but they overlook the fact that the most successful employees ultimately motivate and manage themselves. In other words, they engage in self-leadership.

**Self-leadership** refers to the process of influencing oneself to establish the self-direction and self-motivation needed to perform a task. This concept includes a toolkit of behavioral activities borrowed from social learning theory and goal setting. It also includes constructive thought processes that have been extensively studied in sports psychology. Overall, self-leadership takes the view that individuals mostly regulate their own actions through these behavioral and cognitive (thought) activities.

### Self-Leadership Strategies

Although self-leadership consists of several processes, the five main activities are identified in Exhibit 6.4. These elements, which generally follow each other in a sequence, are personal goal setting, constructive thought patterns, designing natural rewards, self-monitoring, and self-reinforcement.

**Personal Goal Setting** The first step in self-leadership is to set goals for your own work effort. This applies the ideas learned in Chapter 5 on goal setting, such as identifying goals that are specific, relevant, and challenging. The main difference is that self-leadership involves setting goals alone, rather than having them assigned by or jointly decided with a supervisor. Research suggests that employees are more focused and perform better when they set their own goals, particularly in combination with other self-leadership practices. Personal goal setting also requires a high degree of self-awareness, because people need to understand their current behavior and performance before establishing meaningful goals for personal development.

---

**Bayer CropScience Searches for Self-Leaders** With production increasing at its facility in Research Triangle Park, North Carolina, Bayer CropScience wants to hire two dozen more chemical process operators. The task won’t be easy, though. Bayer CropScience, a division of Germany-based conglomerate Bayer AG, is looking for job applicants with special characteristics. “It’s difficult to fill [these jobs],” says site leader Nick Crosby. “We’re not in the game these days of just getting people who can read, write and shovel stuff around.” Instead, Bayer CropScience wants employees who practice self-leadership. “We need self-motivated people who work well with empowered teams—people who can think for themselves, do basic diagnosis, and keep the plants operating at an optimum,” he says.
Before beginning a task and while performing it, employees should engage in positive (constructive) thoughts about that work and its accomplishment. In particular, employees are more motivated and better prepared to accomplish a task after they have engaged in positive self-talk and mental imagery.

**Positive Self-Talk**  
Do you ever talk to yourself? Most of us do, according to a major study of university students. Self-talk refers to any situation in which we talk to ourselves about our own thoughts or actions. Some of this internal communication assists the decision-making process, such as weighing the advantages of a particular choice. Self-leadership is mostly interested in evaluative self-talk, in which you evaluate your capabilities and accomplishments.

The problem is that most evaluative self-talk is negative; we criticize much more than encourage or congratulate ourselves. Negative self-talk undermines our confidence and potential to perform a particular task. In contrast, positive self-talk creates a “can-do” belief and thereby increases motivation by raising our effort-to-performance expectancy. We often hear that professional athletes “psych” themselves up before an important event. They tell themselves that they can achieve their goal and that they have practiced enough to reach that goal. They are motivating themselves through positive self-talk.

**Mental Imagery**  
You’ve probably heard the phrase “I’ll cross that bridge when I come to it!” Self-leadership takes the opposite view. It suggests that we need to mentally practice a task and imagine successfully performing it beforehand. This process, known as mental imagery, has two parts. One part involves mentally practicing the task, anticipating obstacles to goal accomplishment, and working out solutions to those obstacles before they occur. By mentally walking through the activities required to accomplish the task, we begin to see problems that may occur. We can then imagine what responses would be best for each contingency.

While one part of mental imagery helps us to anticipate things that could go wrong, the other part involves visualizing successful completion of the task. You might imagine the experience of completing the task and the positive results that follow, such as being promoted, receiving a prestigious award, or taking time off work. This visualization increases goal commitment and motivates people to complete the task effectively. This is the strategy that Tony Wang applies to motivate himself. “Since I am in sales, I think about the reward I get for closing new business—the commission check—and the things it will allow me to do that I really enjoy,” explains Wang. “Or I think about the feeling I get when I am successful at something and how it makes me feel good, and use that to get me going.”

**Designing Natural Rewards**  
Self-leadership recognizes that employees actively craft their jobs. To varying degrees, they can alter tasks and work relationships to make the work more motivating. One way to build natural rewards into the job is to alter the way a task is accomplished. People often have enough discretion in their jobs to make slight changes to suit their needs and preferences. For instance, you might try

---

**Exhibit 6.4  Elements of Self-Leadership**

- **Personal goal setting**
- **Constructive thought patterns**
- **Designing natural rewards**
- **Self-monitoring**
- **Self-reinforcement**

---

**self-talk**  
The process of talking to ourselves about our own thoughts or actions.

**mental imagery**  
The process of mentally practicing a task and visualizing its successful completion.
out a new software program to design an idea, rather than sketch the image with a pencil. By using the new software, you are making more challenging and appealing a
task that may have otherwise been mundane.

Self-Monitoring  Self-monitoring is the process of keeping track at regular inter-
vals of one’s progress toward a goal by using naturally occurring feedback. Some
people can receive feedback from the job itself, such as members of a lawn mainte-
nance crew who can see how they are improving the appearance of their client’s
property. But many of us are unable to observe our work output so readily. Instead,
many people need to design feedback systems. Salespeople might arrange to receive
monthly reports on sales levels in their territory. Production staff might have gauges
or computer feedback systems installed so that they can see how many errors are
made on the production line. Research suggests that people who have control over
the timing of performance feedback perform their tasks better than do those with
feedback assigned by others.80

Self-Reinforcement  Self-leadership includes the social learning theory concept of
self-reinforcement (see Chapter 3). Self-reinforcement occurs whenever an employee
has control over a reinforcer but doesn’t “take” the reinforcer until completing a self-
set goal.81 A common example is taking a break after reaching a predetermined stage
of your work. The work break is a self-induced form of positive reinforcement. Self-
reinforcement also occurs when you decide to do a more enjoyable task after com-
pleting a task that you dislike. For example, after slogging through a difficult report,
you might decide to spend time doing a more pleasant task, such as catching up on
industry news by scanning Web sites.

Effectiveness of Self-Leadership  

Self-leadership is shaping up to be a valuable applied performance practice in or-
ganizational settings. A respectable body of research shows consistent support for
most elements of self-leadership. Self-set goals and self-monitoring increased the
frequency of wearing safety equipment among employees in a mining operation.
Airline employees who received constructive thought training experienced better
mental performance, enthusiasm, and job satisfaction than co-workers who did not
receive this training. Mental imagery helped supervisors and process engineers in
a pulp-and-paper mill to transfer what they learned in an interpersonal communi-
cation skills class back to the job.82 Studies also indicate that constructive thought
processes improve individual performance in cycling, hockey goaltending, ice
skating, soccer, and other sports. Indeed, studies show that almost all Olympic
athletes rely on mental rehearsal and positive self-talk to achieve their perfor-
mance goals.83

Self-Leadership Contingencies  

As with most other organizational behavior theories, self-leadership is more or less
likely to occur depending on the person and the situation. With respect to individual
differences, preliminary research suggests that self-leadership behaviors are more fre-
quently found in people with higher levels of conscientiousness and extroversion. Some
writers also suggest that people with a positive self-concept evaluation (i.e., self-esteem,
self-efficacy, and internal locus of control) are more likely to apply self-leadership
strategies.84
Although the research is still very sparse, the work environment also seems to influence the extent to which employees engage in self-leadership strategies. In particular, employees require sufficient autonomy to engage in some or most aspects of self-leadership. They probably also feel more confident with self-leadership when their boss is empowering rather than controlling and where there is a high degree of trust between them. Employees are also more likely to engage in self-monitoring in companies that emphasize continuous measurement of performance. Overall, self-leadership promises to be an important concept and practice for improving employee motivation and performance.

Chapter Summary

Money and other financial rewards are a fundamental part of the employment relationship, but their value and meaning vary from one person to the next. Organizations reward employees for their membership and seniority, job status, competencies, and performance. Membership-based rewards may attract job applicants, and seniority-based rewards reduce turnover, but these reward objectives tend to discourage turnover among those with the lowest performance. Rewards based on job status try to maintain internal equity and motivate employees to compete for promotions. However, they tend to encourage a bureaucratic hierarchy, support status differences, and motivate employees to compete and hoard resources. Competency-based rewards are becoming increasingly popular because they improve workforce flexibility and are consistent with the emerging idea of employability. However, they tend to be subjectively measured and can result in higher costs as employees spend more time learning new skills.

Awards and bonuses, commissions, and other individual performance-based rewards have existed for centuries and are widely used. Many companies are shifting to team-based rewards such as gainsharing plans and to organizational rewards such as employee stock ownership plans (ESOPs), stock options, and profit sharing. ESOPs and stock options create an ownership culture, but employees often perceive a weak connection between individual performance and the organizational reward.

Financial rewards have a number of limitations, but reward effectiveness can be improved in several ways. Organizational leaders should ensure that rewards are linked to work performance, rewards are aligned with performance within the employee’s control, team rewards are used where jobs are interdependent, rewards are valued by employees, and rewards have no unintended consequences.

Job design is the process of assigning tasks to a job, including the interdependency of those tasks with other jobs. Job specialization subdivides work into separate jobs for different people. This increases work efficiency because employees master the tasks quickly, spend less time changing tasks, require less training, and can be matched more closely with the jobs best suited to their skills. However, job specialization may reduce work motivation, create mental health problems, lower product or service quality, and increase costs through discontentment, absenteeism, and turnover.

Contemporary job design strategies reverse job specialization through job rotation, job enlargement, and job enrichment. The job characteristics model is a template for job redesign that specifies core job dimensions, psychological states, and individual differences. Organizations introduce job rotation to reduce job boredom, develop a more flexible workforce, and reduce the incidence of repetitive strain injuries. Two ways to enrich jobs are clustering tasks into natural groups and establishing client relationships.

Empowerment is a psychological concept represented by four dimensions: self-determination, meaning, competence, and impact regarding the individual’s role in the organization. Individual characteristics seem to have a minor influence on empowerment. Job design is a major influence, particularly autonomy, task identity, task significance, and job feedback. Empowerment is also supported at the organizational level through a learning orientation culture, sufficient information and resources, and corporate leaders who trust employees.

Self-leadership is the process of influencing oneself to establish the self-direction and self-motivation needed to perform a task. This includes personal goal setting, constructive thought patterns, designing natural rewards, self-monitoring, and self-reinforcement. Constructive thought patterns include self-talk and mental imagery. Self-talk occurs in any situation in which a person talks to himself or herself about his or her own thoughts or actions. Mental imagery involves mentally practicing a task and imagining successfully performing it beforehand.
**Key Terms**

autonomy, p. 178  
employee stock ownership plans (ESOPs), p. 171  
empowerment, p. 182  
gainsharing plans, p. 170  
job characteristics model, p. 177  
job design, p. 175  
job enlargement, p. 180  
job enrichment, p. 181  
job evaluation, p. 168  
job rotation, p. 180  
job specialization, p. 175  
mental imagery, p. 185  
motivator-hygiene theory, p. 177  
profit-sharing plans, p. 172  
self-leadership, p. 184  
self-talk, p. 185  
skill variety, p. 177  
stock options, p. 172  
task identity, p. 177  
task significance, p. 177

**Critical Thinking Questions**

1. As a consultant, you have been asked to recommend either a gainsharing plan or a profit-sharing plan for employees who work in the four regional distribution and warehousing facilities of a large retail organization. Which reward system would you recommend? Explain your answer.

2. You are a member of a team responsible for developing a reward system for your college or university faculty unit. Assume that the faculty is nonprofit, so profit sharing is not an option. What other team or organization-level rewards might work in this situation? Describe specific measures that could be used to calculate the amount of bonus.

3. Alaska Tire Corporation redesigned its production facilities around a team-based system. However, the company president believes that employees will not be motivated unless they receive incentives based on their individual performance. Give three explanations of why Alaska Tire should introduce team-based rather than individual rewards in this setting.

4. What can organizations do to increase the effectiveness of financial rewards?

5. Most of us have watched pizzas being made while waiting in a pizzeria. What level of job specialization do you usually notice in these operations? Why does this high or low level of specialization exist? If some pizzerias have different levels of specialization than others, identify the contingencies that might explain these differences.

6. Can a manager or supervisor “empower” an employee? Discuss fully.

7. Describe a time when you practiced self-leadership to successfully perform a task. With reference to each step in the self-leadership process, describe what you did to achieve this success.

8. Can self-leadership replace formal leadership in an organizational setting?

---

**Case Study 6.1  THE REGENCY GRAND HOTEL**

*Elizabeth Ho, Prada Singapore under the supervision of Steven L. McShane*

The Regency Grand Hotel is a five-star hotel in Bangkok, Thailand. The hotel was established 15 years ago by a local consortium of investors and has been operated by a Thai general manager throughout this time. The hotel is one of Bangkok’s most prestigious hotels, and its 700 employees enjoyed the prestige of being associated with the hotel. The hotel provided good welfare benefits, above-market-rate salary, and job security. In addition, a good year-end bonus amounting to four months’ salary was rewarded to employees regardless of the hotel’s overall performance during the year.
Recently, the Regency was sold to a large American hotel chain that was very keen to expand its operations into Thailand. When the acquisition was announced, the general manager decided to take early retirement when the hotel changed ownership. The American hotel chain kept all of the Regency employees, although a few were transferred to other positions. John Becker, an American with 10 years of management experience with the hotel chain, was appointed as the new general manager of the Regency Palace Hotel. Becker was selected as the new general manager because of his previous successes in integrating newly acquired hotels in the United States. In most of the previous acquisitions, Becker took over operations with poor profitability and low morale.

Becker is a strong believer in empowerment. He expects employees to go beyond guidelines and standards to consider guest needs on a case-by-case basis. That is, employees must be guest-oriented at all times to provide excellent customer service. From his U.S. experience, Becker has found that empowerment increases employee motivation, performance, and job satisfaction, all of which contribute to the hotel’s profitability and customer service ratings. Soon after becoming general manager of Regency Palace, Becker introduced the practice of empowerment to replicate the successes that he had achieved back home.

The Regency Grand Hotel has been very profitable since it opened 15 years ago. The employees have always worked according to management’s instructions. Their responsibility was to ensure that the instructions from their managers were carried out diligently and conscientiously. Innovation and creativity were discouraged under the previous management. Indeed, employees were punished for their mistakes and discouraged from trying out ideas that had not been approved by management. As a result, employees were afraid to be innovative and to take risks.

Becker met with Regency’s managers and department heads to explain that empowerment would be introduced in the hotel. He told them that employees must be empowered with decision-making authority so that they can use their initiative, creativity, and judgment to satisfy guest needs and handle problems effectively and efficiently. However, he stressed that the more complex issues and decisions were to be referred to superiors, who were to coach and assist rather than provide direct orders. Furthermore, Becker stressed that mistakes were allowed but that making the same mistakes more than twice would not be tolerated. He advised his managers and department heads not to discuss with him minor issues or problems and not to consult with him about minor decisions. Nevertheless, he told them that they were to discuss important, major issues and decisions with him. He concluded the meeting by asking for feedback. Several managers and department heads told him that they liked the idea and would support it, while others simply nodded their heads. Becker was pleased with the response and was eager to have his plan implemented.

In the past, the Regency had emphasized administrative control, resulting in many bureaucratic procedures throughout the organization. For example, the front-counter employees needed to seek approval from their manager before they could upgrade guests to another category of room. The front-counter manager would then have to write and submit a report to the general manager justifying the upgrade. Soon after his meeting with the managers, Becker reduced the number of bureaucratic rules at the Regency and allocated more decision-making authority to frontline employees. This action upset those who previously had decision-making power over these issues. As a result, several of these employees left the hotel.

Becker also began spending a large portion of his time observing and interacting with the employees at the front desk, lobby, restaurants, and various departments. This direct interaction with Becker helped many employees to understand what he wanted and expected of them. However, the employees had much difficulty trying to distinguish between a major and a minor issue or decision. More often than not, supervisors would reverse employee decisions by stating that they were major issues requiring management approval. Employees who displayed initiative and made good decisions in satisfying the needs of the guests rarely received any positive feedback from their supervisors. Eventually, most of these employees lost confidence in making decisions and reverted back to relying on their superiors for decision making.

Not long after the implementation of the practice of empowerment, Becker realized that his subordinates were consulting him more frequently than before.
Most of them came to him with minor issues and consulted with him about minor decisions. He had to spend most of his time attending to his subordinates. Soon he began to feel highly frustrated and exhausted, and very often he would tell his secretary that “unless the hotel is on fire, don’t let anyone disturb me.”

Becker thought that the practice of empowerment would benefit the overall performance of the hotel. However, contrary to his expectation, the business and overall performance of the hotel began to deteriorate. There was an increasing number of guest complaints. In the past, the hotel had minimal guest complaints. Now there was a significant number of formal written complaints every month. Many other guests voiced their dissatisfaction verbally to hotel employees. The number of mistakes made by employees was on the increase. Becker was very upset when he realized that two of the local newspapers and an overseas newspaper had published negative feedback on the hotel in terms of service standards. He was most distressed when an international travel magazine voted the hotel “one of Asia’s nightmare hotels.”

The stress levels of the employees were continuously mounting since the introduction of the practice of empowerment. Absenteeism due to illness was increasing at an alarming rate. In addition, the employee turnover rate reached an all-time high. The good working relationships that were established under the old management had been severely strained. The employees were no longer united and supportive of each other. They were quick to “point fingers” at or to “backstab” one another when mistakes were made and when problems occurred.

Discussion Questions
1. Identify the symptoms indicating that problems exist in this case.
2. Diagnose the problems in this case using organizational behavior concepts.
3. Recommend solutions that overcome or minimize the problems and symptoms in this case.

Note: This case is based on true events, but the industry and names have been changed. Reprinted with permission.

Case Study 6.2 HOW TO MAKE A MICROSERF SMILE

Microsoft CEO Steve Balmer had an epic morale problem; the company suffered from software delays, Google envy, and a stock price that had been drifting sideways for too long. To help the world’s largest software company out of this morass, Balmer asked veteran product manager Lisa Brummel to become the next human resources chief. Brummel couldn’t do much about the company’s stock price, but she did transform many of Microsoft’s performance and reward practices.

This BusinessWeek case study describes how Microsoft is revamping its reward practices and, indirectly, helping employees to feel more empowered. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions
1. What changes did Lisa Brummel make to Microsoft’s performance and reward practices? Why did Microsoft have these performance and reward practices in place?
2. In your opinion, are these performance and reward management changes beneficial, or will any of them cause long-term problems?
3. In your opinion, which actions, if any, introduced by Lisa Brummel have improved feelings of empowerment at Microsoft?

Team Exercise 6.3  IS STUDENT WORK ENRICHED?

PURPOSE  This exercise is designed to help you learn how to measure the motivational potential of jobs and evaluate the extent that jobs should be further enriched.

INSTRUCTIONS (SMALL CLASS)  Being a student is like a job in several ways. You have tasks to perform, and someone (such as your instructor) oversees your work. Although few people want to be students most of their lives (the pay rate is too low!), it may be interesting to determine how enriched your job is as a student.

1. Students are placed into teams (preferably four or five people).

2. Working alone, each student completes both sets of measures in this exercise. Then, using the guidelines on page 193, they individually calculate the score for the five core job characteristics as well as the overall motivating-potential score for the job.

3. Members of each team compare their individual results. The group should identify differences of opinion for each core job characteristic. They should also note which core job characteristics have the lowest scores and recommend how these scores could be increased.

4. The entire class will then meet to discuss the results of the exercise. The instructor may ask some teams to present their comparisons and recommendations for a particular core job characteristic.

INSTRUCTIONS (LARGE CLASS)

1. Working alone, each student completes both sets of measures in this exercise. Then, using the guidelines on page 193, each student individually calculates the score for the five core job characteristics as well as the overall motivating-potential score for the job.

2. Using a show of hands or classroom technology, students indicate their results for each core job characteristic. The instructor will ask for results for several bands across the range of the scales. Alternatively, students can complete this activity prior to class and submit their results through online classroom technology. Later, the instructor will provide feedback to the class showing the collective results (i.e., distribution of results across the range of scores).

3. Where possible, the instructor might ask students with very high or very low results to discuss their views with the class.
### Job Diagnostic Survey

**Circle the number on the right that best describes student work.**

<table>
<thead>
<tr>
<th>Task</th>
<th>Very little</th>
<th>Moderately</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To what extent does student work permit you to decide on your own how to go about doing the work?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. To what extent does student work involve doing a whole or identifiable piece of work, rather than a small portion of the overall work process?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>3. To what extent does student work require you to do many different things, using a variety of your skills and talents?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>4. To what extent are the results of your work as a student likely to significantly affect the lives and well-being of other people (e.g., within your school, your family, or society)?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5. To what extent does working on student activities provide information about your performance?</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

**Circle the number on the right that best describes student work.**

<table>
<thead>
<tr>
<th>Task</th>
<th>Very inaccurate</th>
<th>Uncertain</th>
<th>Very accurate</th>
</tr>
</thead>
<tbody>
<tr>
<td>6. Being a student requires me to use a number of complex and high-level skills.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>7. Student work is arranged so that I do not have the chance to do an entire piece of work from beginning to end.</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>8. Doing the work required of students provides many chances for me to figure out how well I am doing.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>9. The work students must do is quite simple and repetitive.</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>10. The work of a student is one where a lot of other people can be affected by how well the work gets done.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>11. Student work denies me any chance to use my personal initiative or judgment in carrying out the work.</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>12. Student work provides me the chance to completely finish the pieces of work I begin.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>13. Doing student work by itself provides few clues about whether I am performing well.</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
<tr>
<td>14. As a student, I have considerable opportunity for independence and freedom in how I do the work.</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>15. The work I perform as a student is not very significant or important in the broader scheme of things.</td>
<td>7</td>
<td>6</td>
<td>5</td>
</tr>
</tbody>
</table>

Source: Adapted from the Job Diagnostic Survey, developed by J. R. Hackman and G. R. Oldham. The authors have released any copyright ownership of this scale [see J. R. Hackman and G. Oldham, *Work Redesign* (Reading, MA: Addison-Wesley, 1980), p. 275].
CALCULATING THE MOTIVATING-POTENTIAL SCORE

Scoring Core Job Characteristics: Use the following set of calculations to estimate the motivating-potential score for the job of being a student. Use your answers from the Job Diagnostic Survey that you completed on page 192.

- **Skill variety (SV)**
  
  \[
  \frac{\text{Questions } 3 + 6 + 9}{3} = \quad \text{[Blank]}
  \]

- **Task identity (TI)**
  
  \[
  \frac{\text{Questions } 2 + 7 + 12}{3} = \quad \text{[Blank]}
  \]

- **Task significance (TS)**
  
  \[
  \frac{\text{Questions } 4 + 10 + 15}{3} = \quad \text{[Blank]}
  \]

- **Autonomy**
  
  \[
  \frac{\text{Questions } 1 + 11 + 14}{3} = \quad \text{[Blank]}
  \]

- **Job feedback**
  
  \[
  \frac{\text{Questions } 5 + 8 + 13}{3} = \quad \text{[Blank]}
  \]

Calculating Motivating-Potential Score (MPS):

Use the following formula and the results to the left to calculate the motivating-potential score. Notice that skill variety, task identity, and task significance are averaged before being multiplied by the score for autonomy and job feedback.

\[
\left( \frac{\text{SV} + \text{TI} + \text{TS}}{3} \right) \times \text{Autonomy} \times \text{Job feedback} + \quad + \quad = \quad \text{[Blank]}
\]

---

Self-Assessment 6.4

**WHAT IS YOUR ATTITUDE TOWARD MONEY?**

**PURPOSE**

This exercise is designed to help you understand the types of attitudes toward money and assess your attitude toward money.

**INSTRUCTIONS**

Read each of the statements on page 194 and circle the response that you believe best reflects your position regarding each statement. Then use the scoring key in Appendix B at the end of the book to calculate your results. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the meaning of money, including the dimensions measured here and other aspects of money that may have an influence on behavior in the workplace.
Money Attitude Scale

<table>
<thead>
<tr>
<th>To what extent do you agree or disagree that . . .</th>
<th>Strongly agree ▼</th>
<th>Agree ▼</th>
<th>Neutral ▼</th>
<th>Disagree ▼</th>
<th>Strongly disagree ▼</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I sometimes purchase things because I know they will impress other people.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>2. I regularly put money aside for the future.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>3. I tend to get worried about decisions involving money.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>4. I believe that financial wealth is one of the most important signs of a person’s success.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>5. I keep a close watch on how much money I have.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>6. I feel nervous when I don’t have enough money.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>7. I tend to show more respect to people who are wealthier than I am.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>8. I follow a careful financial budget.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>9. I worry about being financially secure.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>10. I sometimes boast about my financial wealth or how much money I make.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>11. I keep track of my investments and financial wealth.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>12. I usually say “I can’t afford it,” even when I can afford something.</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>


Self-Assessment 6.5

ASSESING YOUR SELF-LEADERSHIP

This exercise is designed to help you understand self-leadership concepts and assess your self-leadership tendencies. Self-leadership is the process of influencing oneself to establish the self-direction and self-motivation needed to perform a task. Please indicate the extent to which each statement in this instrument describes you very well or does not describe you at all. Complete each item honestly to get the best estimate of your score on each self-leadership dimension.
Empowerment is a concept that applies to people in a variety of situations. This instrument is specifically adapted to your position as a student at this college or university. Indicate the extent to which you agree or disagree with each statement in this instrument; then request the results, which provide an overall score as well as scores on each of the four dimensions of empowerment. Complete each item honestly to get the best estimate of your level of empowerment.
Google is a hotbed of creativity and innovation in an industry already famed for churning out new ideas. Among the many conditions that support Google’s creative culture is its policy of giving engineers 20 percent of their time to develop projects of their choosing. “Almost everything that is interesting which Google does started out as a 20 percent time idea,” says Google CEO Eric Schmidt. Google News and the photos linked to Google Maps were two projects developed from the 20 percent time rule. When an idea gets developed far enough, Google assigns more people to work on it.

Although Google employees are passionate about their creative projects, the company also relies on razor-sharp analytic decision making. “Employees know that decisions about the business are data-driven,” says Laszlo Bock, Google’s top human resource executive. Bock’s human resource team carefully analyzes two dozen performance variables of current staff to make better decisions about choosing job applicants. Google’s business product management team has experimented with the placement, color, and size of ads on Google results pages to decide which characteristics yield the most clicks and the best revenue.

When a problem or opportunity lacks information, Google tries to fill in some of the missing pieces through “prediction markets” in which employees use play money (called Goobles) to cast their bets on strategic and operational questions. Google has conducted hundreds of these markets on issues ranging from whether a particular project will be completed on time to how many people will use Gmail (Google’s e-mail system) by the end of the quarter. “Google uses these bets for its own planning. It helps them make decisions,” says an economist studying Google’s prediction markets.
LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Describe the six stages in the rational choice decision process.
2. Explain why people have difficulty identifying problems and opportunities.
3. Explain why people do not follow the rational choice model when evaluating alternative choices.
4. Describe three ways in which emotions influence the selection of alternatives.
5. Outline how intuition operates.
6. Describe four causes of escalation of commitment.
7. Describe four benefits of employee involvement in decision making.
8. Identify four contingencies that affect the optimal level of employee involvement.
9. Outline the four steps in the creative process.
10. Describe the characteristics of employees and the workplace that support creativity.
Many Google watchers claim that the company’s success is largely driven by its superb execution of decision making and creativity. One recent article even “reverse-engineered” Google’s innovation process as a guide for others to follow. At the same time, critics point to signs that Google’s rapid growth (it now employs almost 20,000 people) is creating a bureaucracy that undermines its creativity and that Google’s obsession with hiring elite engineers has constrained its diversity.  

**Learning Objectives**

After reading the next two sections, you should be able to:

1. Describe the six stages in the rational choice decision process.
2. Explain why people have difficulty identifying problems and opportunities.

**Rational Choice Paradigm of Decision Making**

How should people make decisions in organizations? Most business leaders would likely answer this question by saying that effective decision making involves identifying, selecting, and applying the best possible alternative. In other words, the best decisions use pure logic and all available information to choose the alternative with the highest value—such as highest expected profitability, customer satisfaction, employee well-being, or some combination of these outcomes. For example, Google relies on careful analysis to choose the best job applicants, the best way to present its advertisements on the Web page, the best companies to acquire, the best projects to fund, and so on. These decisions sometimes involve complex calculations of data to produce a formula that points to the best choice.

In its extreme form, this calculative view of decision making represents the **rational choice paradigm**, which has dominated the philosophy and scholarship of decision making in Western societies for most of written history. It was established 2,500 years ago when Plato and his contemporaries in ancient Greece raised logical debate and reasoning to a fine art. A few centuries later, Greek and Roman Stoics insisted that one should always “follow where reason leads” rather than fall victim to passion and emotions. About 400 years ago, Descartes and other European philosophers emphasized that the ability to make logical decisions is one of the most important accomplishments of human beings. In the 1700s, Scottish philosophers proposed that the best choice is the one that offers the “greatest good for the greatest number.” This eventually evolved into the ethical principle of utilitarianism (described in Chapter 2), as well as maximization, which is at the heart of contemporary economics. By the 1900s, social scientists and mathematicians had developed elegant rational
choice models and formulas that are now embedded in operations research, economics, and other decision sciences.\(^4\)

The ultimate principle of the rational choice paradigm is to choose the alternative with the highest **subjective expected utility.**\(^4\) Subjective expected utility is the probability (expectation) of satisfaction (utility) for each alternative. Rational choice assumes that decision makers should (and do) select the alternative that offers the greatest level of happiness (i.e., maximization), such as highest returns for stockholders and highest satisfaction for customers, employees, government, and other stakeholders. Subjective expected utility involves calculating (1) the probability that each alternative will cause any of the possible outcomes to occur and (2) the value (or happiness) of those possible outcomes. Consider Google’s hiring process, which involves screening several hundred thousand applications each year to select a few thousand of those applicants. The company wants to hire the best people—those who will provide the greatest value to Google. In other words, it wants to choose applicants with the highest subjective expected utility. Google estimates the potential of each applicant using a selection formula and selects those with the highest scores.

Along with its principle of making decisions around subjective expected utility, the rational choice paradigm assumes that decision makers follow the systematic process illustrated in Exhibit 7.1.\(^6\) The first step is to identify the problem or recognize an opportunity. A **problem** is a deviation between the current and the desired situation—the gap between “what is” and “what ought to be.” This deviation is a symptom of more fundamental root causes that need to be corrected.\(^7\) An **opportunity** is a deviation between current expectations and a potentially better situation that was not previously expected. In other words, decision makers realize that some decisions may produce results beyond current goals or expectations.

The second step involves deciding how to process the decision.\(^8\) One issue is whether the decision maker has enough information or needs to involve others in the process. Later in this chapter, we’ll examine the contingencies of employee involvement in the decision. Another issue is whether the decision is programmed or nonprogrammed. **Programmed decisions** follow standard operating procedures; they have been resolved in the past, so the optimal solution has already been identified and documented. In contrast, **nonprogrammed decisions** require all steps in the decision model.
because the problems are new, complex, or ill-defined. The third step is to identify and develop a list of possible solutions. This usually begins by searching for ready-made solutions, such as practices that have worked well on similar problems. If an acceptable solution cannot be found, then decision makers need to design a custom-made solution or modify an existing one.

The fourth step in the rational choice decision process is to choose the alternative with the highest subjective expected utility. This calls for all possible information about all possible alternatives and their outcomes, but the rational choice paradigm assumes this can be accomplished with ease. The fifth step in the rational choice decision process is to implement the selected alternative. Rational choice experts have little to say about this step because they assume implementation occurs without any problems. This is followed by the sixth step, evaluating whether the gap has narrowed between “what is” and “what ought to be.” Ideally, this information should come from systematic benchmarks so that relevant feedback is objective and easily observed.

Problems with the Rational Choice Paradigm

The rational choice paradigm seems so logical, yet it is impossible to apply in reality. One reason is that the model assumes people are efficient and logical information processing machines. But as we will discuss over the next few pages, people have difficulty recognizing problems; they cannot (or will not) simultaneously process the huge volume of information needed to identify the best solution; and they have difficulty recognizing when their choices have failed. The second reason why the rational model doesn’t fit reality is that it focuses on logical thinking and completely ignores the fact that emotions also influence—perhaps even dominate—the decision-making process. As we shall discover in this chapter, emotions both support and interfere with our quest to make better decisions. With these points in mind, let’s look again at each step in the rational choice decision-making process, but with more detail about what really happens.

Identifying Problems and Opportunities

When Albert Einstein was asked how he would save the world in one hour, he replied that the first 55 minutes should be spent defining the problem and the last 5 minutes solving it. Einstein’s point is that problem identification is not just the first step in decision making; it is arguably the most important step. But problems and opportunities do not appear on our desks as well-labeled objects. Instead, they are conclusions that we form from information that something is wrong or that a higher standard is possible. You might think that people recognize problems and opportunities on the basis of systematic analysis of the facts. In reality, this process begins much earlier and without conscious deliberation. Recall from earlier chapters (Chapters 3, 4, and 5) that preferences are formed as soon as we receive information, not after it has been carefully analyzed. Specifically, we evaluate information the moment we perceive it by attaching emotional markers (anger, caution, delight, etc.) to that information. These automatic emotional responses shape our perception that something is a problem or an opportunity or is irrelevant. For example, employees form an opinion of new co-workers as soon as they first meet them, and this initial impression influences how quickly new employees are viewed as successes (opportunities) or failures (problems). If the new employee is viewed negatively, any instances of failure are quickly labeled as problems. But if co-workers form a positive initial impression of a new employee, that newcomer’s failures are less likely to be viewed as problems—they are ignored or dismissed as temporary setbacks.
Problems with Problem Identification

The problem identification stage is, itself, filled with problems. Below are five of the most widely recognized concerns.\(^1\)

**Stakeholder Framing**  Employees, clients, and other stakeholders with vested interests try to “frame” the situation by persuading decision makers that the available information points to a problem or an opportunity or does not have any importance at all. This framing of facts tends to short-circuit the decision maker’s full assessment of the situation.

**Perceptual Defense**  People sometimes block out bad news as a coping mechanism. Their brain refuses to see information that threatens their self-concept. This phenomenon is not true for everyone. Some people inherently avoid negative information, whereas others are more sensitive to it. Recent studies also report that people are more likely to disregard danger signals when they have limited control over the situation.\(^1\) For example, an investigation of the space shuttle *Columbia* disaster revealed that NASA managers rejected suggestions and evidence that the shuttle and its seven crew members were in trouble (see photo below).

**Mental Models**  Mental models are visual or relational images in our mind of the external world (see Chapter 3); they fill in information that we don’t immediately see, which helps us understand and navigate in our surrounding environment. Many mental images are also prototypes—they represent models of how things should be. Unfortunately, these mental models also blind us from seeing unique problems or opportunities because they produce a negative evaluation of things that are dissimilar to the mental model. If an idea doesn’t fit the existing mental model of how things should work, the idea is dismissed as unworkable or undesirable. Restrictive mental models explain why many excellent products and creative ideas are initially rejected by industry veterans. For example, Apple, Inc.’s “1984” television

---

**No Problem, Houston?**  In February 2003, the NASA space shuttle *Columbia* disintegrated during reentry, killing all seven crew members. The disintegration was technically caused by a hole in the left wing, created when a large piece of foam debris struck the wing during liftoff. However, a special accident investigation board concluded that NASA’s middle management continually resisted attempts to recognize that the *Columbia* was in trouble and therefore made no attempt to prevent loss of life. For example, photos from military satellites would have determined whether the foam caused serious wing damage. But when a team of engineers requested these photos, NASA management shot back an e-mail just 26 minutes later rejecting the request without explanation. Managers also questioned tests suggesting that a chunk of foam debris could cause wing damage, yet they were quick to accept a faulty test showing that the foam could not damage the wing. In addition, the accident board reported that NASA managers criticized those who believed that a problem existed. One engineer was called “alarmist”; NASA’s lead flight director said that the “rationale was lousy” in a report submitted by an engineering team concerned about the wing damage. In one meeting, *Columbia*’s lead flight director candidly admitted: “I don’t think there is much we can do, so you know it’s not really a factor during the flight because there isn’t much we can do about it.”\(^1\)
commercial, which launched the Apple Macintosh during the 1984 Super Bowl, is considered the best television commercial in history (as rated by Advertising Age), yet it almost didn’t see the light of day. Unlike traditional commercials, which name the product throughout and illustrate its features, the 60-second “1984” ad shows a female athlete hurling a sledgehammer at a giant TV screen of an Orwellian Big Brother, liberating thousands of subjugated followers. The Macintosh computer isn’t shown at all, and its name is revealed only during the last eight seconds. Apple’s external board members loathed the ad because it was so contrary to their mental prototype of what a good ad should look like. Some claimed it was the worst commercial in history; others proposed firing Apple’s ad agency. On the basis of this reaction, Apple CEO John Sculley asked Jay Chiat (the head of Apple’s ad agency, Chiat-Day) to sell the company’s only two Super Bowl time slots. Instead, Chiat sold the short 30-second space but claimed that he could not find a buyer for the 60-second slot. The single 60-second ad shown during the Super Bowl had such a huge effect that it was featured on evening news broadcasts over the next several days. A month later, Apple’s board members applauded the Macintosh team for a successful launch and apologized for their misjudgment of the “1984” commercial.  

**Decisive Leadership**  Studies report that employees rate leaders as more effective when they are more decisive. Being decisive includes quickly forming an opinion of whether an event signals a problem or opportunity. Consequently, eager to look effective, many leaders quickly announce problems or opportunities before having a chance to logically assess the situation. The result, according to research, is more often a poorer decision than would result if more time had been devoted to identifying the problem and evaluating the alternatives.

**Solution-Focused Problems**  Decision makers have a tendency to define problems as veiled solutions. For instance, someone might say: “The problem is that we need more control over our suppliers.” This statement doesn’t describe the problem; it is really a slightly rephrased presentation of a solution to an ill-defined problem. Decision makers engage in solution-focused problem identification because it provides comforting closure to the otherwise ambiguous and uncertain nature of problems. People with a strong need for cognitive closure (those who feel uncomfortable with ambiguity) are particularly prone to solution-focused problems. Some decision makers take this solution focus a step further by seeing all problems as solutions that have worked well for them in the past, even though they were applied under different circumstances. Again, the familiarity of past solutions makes the current problem less ambiguous or uncertain.

**Identifying Problems and Opportunities More Effectively**  Recognizing problems and opportunities will always be a challenge, but one way to improve the process is by becoming aware of the five problem identification biases described above. For example, by recognizing that mental models restrict a person’s perspective of the world, decision makers are more motivated to consider other perspectives of reality. Along with increasing their awareness of problem
Chapter 7  Decision Making and Creativity

After reading the next two sections, you should be able to:

3. Explain why people do not follow the rational choice model when evaluating alternative choices.
4. Describe three ways in which emotions influence the selection of alternatives.
5. Outline how intuition operates.
6. Describe four causes of escalation of commitment.

Evaluating and Choosing Alternatives

According to the rational choice paradigm of decision making, people rely on logic to evaluate and choose alternatives. This paradigm assumes that decision makers have well-articulated and agreed-on organizational goals, that they efficiently and simultaneously process facts about all alternatives and the consequences of those alternatives, and that they choose the alternative with the highest payoff.

Nobel Prize–winning organizational scholar Herbert Simon questioned these assumptions a half century ago. He argued that people engage in bounded rationality because they process limited and imperfect information and rarely select the best choice. Simon and other OB experts report that the rational choice paradigm differs in several ways from how people actually evaluate and choose alternatives. These differences, as shown in Exhibit 7.2, are so significant that even economists have shifted from rational choice to bounded rationality assumptions in their theories. Let’s look at these differences in terms of goals, information processing, and maximization.

Problems with Goals

The rational choice paradigm assumes that organizational goals are clear and agreed-on. In fact, these conditions are necessary to identify “what ought to be” and, therefore, provide a standard against which each alternative is evaluated. Unfortunately, organizational goals are often ambiguous or in conflict with each other. One survey reported that 25 percent of managers and employees felt decisions are delayed because of difficulty agreeing on what they want the decision to achieve.
Problems with Information Processing

The rational choice paradigm also makes several assumptions about the human capacity to process information. It assumes that decision makers can process information about all alternatives and their consequences, whereas this is not possible in reality. Instead, people evaluate only a few alternatives and only some of the main outcomes of those alternatives. For example, there may be dozens of computer brands to choose from and dozens of features to consider, yet people typically evaluate only a few brands and a few features.

A related problem is that decision makers typically evaluate alternatives sequentially rather than all at the same time. As a new alternative comes along, it is immediately compared to an implicit favorite—an alternative that the decision maker prefers and that is used as a comparison with other choices. When choosing a new computer system, for example, people typically have an implicit favorite brand or model in their heads that they use to compare with the others. This sequential process of comparing alternatives with an implicit favorite occurs even when decision makers aren’t consciously aware that they are doing this.

Although the implicit-favorite comparison process seems to be hardwired in human decision making (i.e., we naturally compare things), it often undermines effective decision making because people distort information to favor their implicit favorite over the
alternative choices. They tend to ignore problems with the implicit favorite and advantages of the alternative. Decision makers also overweight factors on which the implicit favorite is better and underweight areas in which the alternative is superior.  

Biased Decision Heuristics  

According to the rational choice paradigm, the best choices have the highest subjective expected utility. However, psychologists Amos Tversky and Daniel Kahneman discovered that human beings have built-in decision heuristics—unstructured and often nonconscious modes of reasoning or rules of thumb—that bias an individual’s perceived probabilities that specific outcomes will occur. Probabilities represent the expectancies in rational choice thinking, so biased probabilities result in less rational decision making. Three of the most widely studied heuristic biases are the anchoring and adjustment heuristic, availability heuristic, and representativeness heuristic:

- **Anchoring and adjustment heuristic.** This heuristic states that we are influenced by an initial anchor point and do not sufficiently move away from that point as new information is provided. The result is that the initial anchor point biases our estimate above or below the true value of what we are trying to estimate. The anchoring and adjustment heuristic is useful when negotiators start with a high initial offer. The other party in the negotiation may initially experience sticker shock but eventually feels more comfortable accepting a high price than he or she would if the initial offer had been lower. Some experts suggest that the anchoring and adjustment heuristic also partially explains the primacy effect—people do not adjust their perceptions and attitudes toward someone after they have formed an initial impression of the person.

- **Availability heuristic.** Objects or events are assigned higher probabilities of occurring if they are easier to recall from memory. This makes sense to some extent, because we generally do have an easier time recalling frequent events. However, the ease of recalling something is also affected by other factors, which distort our probability estimates. One biasing influence is that recent events are easier to recall than are events further in the past. Our estimate of the percentage of executives who are greedy is higher soon after hearing news about high executive salaries than at a time when there is no recent news about executive salaries. This ease of recall increases our perception that executives are highly paid and greedy. Another influence on our recall is the emotional strength of the event. Shark attacks are an example. These attacks on human beings receive considerable media attention and generate gory images in our minds, so they are easy to recall. Because of this ease of recollection, we think the probability of being bitten by sharks is much higher than is true.

- **Representativeness heuristic.** People tend to evaluate probabilities of events or objects by the degree to which they resemble (are representative of) other events or objects rather than on objective probability information. Stereotyping is one form of this bias. Suppose you are asked to identify a student’s college major on the basis of only the person’s personality profile and the fact that the person is in a population of 25 engineers and 75 social science students. If the personality fits your stereotype of engineers, you would likely identify the student as an engineer even though he or she is three times as likely to be a social science major. Another form of the representativeness heuristic, known as the clustering illusion, is the tendency to see patterns on the basis of a small sample of events that, in fact, are random. For example, most players and coaches believe that players are more likely to have a successful shot on the net when
their previous two or three shots have been successful. The representativeness heuristic is at work here because players and coaches believe these sequences are causally connected (representative) when, in reality, they are random events.

Problems with Maximization
One of the main assumptions of the rational choice paradigm is that people want to (and are able to) choose the alternative with the highest payoff (i.e., the highest subjective expected utility). Yet rather than aiming for maximization, people engage in satisficing—they choose an alternative that is satisfactory or “good enough.” In effect, they evaluate alternatives sequentially and select the first one perceived to be above a standard of acceptance for their needs and preferences. One reason why satisficing occurs is that, as mentioned earlier, decision makers have a natural tendency to evaluate alternatives sequentially, not all at the same time. They evaluate each alternative against the implicit favorite and eventually select an option that scores above a subjective minimum point considered to be good enough.

The other reason why people engage in satisficing rather than maximization is that choosing the best alternative demands more information processing capacity than people possess or are willing to apply. Studies have found that people like to have choices, but when exposed to many alternatives, they become cognitive misers by engaging in less optimal decision making. Such decision-making efficiencies include discarding alternatives that fail a threshold level on one or two factors (such as color or size), comparing among only a few alternatives rather than all choices, and choosing the first alternative above a preset standard (i.e., satisficing). One study found that, compared to people given few alternatives, those given a large number of alternatives subsequently experienced less physical stamina, had more difficulty performing arithmetic calculations, were less resilient in the face of failure, and engaged in more procrastination. In other words, making the best choice among many alternatives can be cognitively and emotionally draining.

One other observation suggests that people lack information processing capacity to select the best alternative. Research has found that when people are given more alternatives, they are less likely to make any choice at all. This problem was highlighted in a study of consumer responses to two jam-tasting booths in a grocery store, one displaying 6 types of jam and the other displaying 24 flavors. Thirty percent of shoppers who stopped at the 6-jam display bought some jam; only 3 percent of shoppers who stopped by the 24-jam display bought jam. The larger number of choices discouraged customers from making any purchase decision. These results are similar to those in other studies where people made decisions about chocolates, term essays, and pension plan investment options. Four decades ago, futurist Alvin Toffler warned about the increasing risk of choice overload: “People of the future may suffer not from an absence of choice, but from a paralyzing surfeit of it. They may turn out to be victims of that peculiarly super-industrial dilemma: overchoice.”

Evaluating Opportunities
Opportunities are just as important as problems, but what happens when an opportunity is “discovered” is quite different from when a problem is discovered. According to a recent study of decision failures, decision makers do not evaluate several alternatives when they find an opportunity; after all, the opportunity is the solution, so why look for others! An opportunity is usually experienced as an exciting and rare revelation,
so decision makers tend to have an emotional attachment to the opportunity. Unfortunately, this emotional preference motivates decision makers to apply the opportunity and short-circuit any detailed evaluation of it. 

Emotions and Making Choices

Herbert Simon and many other experts have presented plenty of evidence that people do not evaluate alternatives nearly as well as is assumed by the rational choice paradigm. However, they neglected to mention another glaring weakness with rational choice: It completely ignores the effect of emotions in human decision making. Just as both the rational and emotional brain centers alert us to problems, they also influence our choice of alternatives. Emotions affect the evaluation of alternatives in three ways.

Emotions Form Early Preferences

The emotional marker process described earlier in this chapter as well as in previous chapters (Chapters 3 through 5) determines our preferences for each alternative. Our brain very quickly attaches specific emotions to information about each alternative, and our preferred alternative is strongly influenced by those initial emotional markers. Of course, logical analysis also influences which alternative we choose, but it requires strong logical evidence to change our initial preferences (initial emotional markers). Yet even logical analysis depends on emotions to sway our decision. Specifically, neuroscientific evidence says that information produced from logical analysis is tagged with emotional markers that then motivate us to choose or avoid a particular alternative. Ultimately, emotions, not rational logic, energize us to make the preferred choice. In fact, people with damaged emotional brain centers have difficulty making choices.

Emotions Change the Decision Evaluation Process

A considerable body of literature indicates that moods and specific emotions influence the process of evaluating
alternatives. For instance, we pay more attention to details when in a negative mood, possibly because a negative mood signals that there is something wrong that requires attention. When in a positive mood, on the other hand, we pay less attention to details and rely on a more programmed decision routine. Research also suggests that decision makers rely on stereotypes and other shortcuts to speed up the choice process when they experience anger. Anger also makes them more optimistic about the success of risky alternatives, whereas the emotion of fear tends to make them less optimistic. Overall, emotions shape how we evaluate information, not just which choice we select.

**Emotions Serve as Information When We Evaluate Alternatives** The third way that emotions influence the evaluation of alternatives is through a process called “emotions as information.” Marketing experts have found that we listen in on our emotions to help identify the preferred option. You might think of this as a temporary improvement in emotional intelligence. Most emotional experiences remain below the level of conscious awareness, but people actively try to be more sensitive to these subtle emotions when making a decision.

When buying a new car, for example, you not only logically evaluate each vehicle’s features; you also try to gauge your emotions when visualizing what it would be like to own each of the alternative cars on your list of choices. Even if you have solid information about the quality of each vehicle on key features (purchase price, fuel efficiency, maintenance costs, resale value, etc.), you are swayed by your emotional reaction to each vehicle and actively try to sense that emotional response when thinking about it. Some people pay more attention to these gut feelings, and personality tests such as the Myers-Briggs Type Indicator (see Chapter 2) identify individuals who listen in on their emotions more than others. But all of us use our emotions as information to some degree. This phenomenon ties directly into our next topic, intuition.

**Intuition and Making Choices**

Greg McDonald felt uneasy about a suspicious-looking crack in the rock face, so the veteran miner warned a co-worker to stay away from the area. “There was no indication there was anything wrong—just a little crack,” McDonald recalled. A few minutes later, the ceiling in the mine shaft 3,000 feet underground caved in. Fortunately, the co-worker had heeded McDonald’s advice. “If he had been there, he would be dead,” McDonald said in an interview following a near-sleepless night after the incident. The gut instinct that helped Greg McDonald save his co-worker’s life is known as intuition—the ability to know when a problem or opportunity exists and to select the best course of action without conscious reasoning. Intuition is both an emotional experience and a rapid nonconscious analytic process. As mentioned in the previous section, the gut feelings we experience are emotional signals that have enough intensity to make us consciously aware of them. These signals warn us of impending danger, such as a dangerous mine wall, or motivate us to take advantage of an opportunity. Some intuition also directs us to preferred choices relative to other alternatives in the situation.

All gut feelings are emotional signals, but not all emotional signals are intuition. The key distinction is that intuition involves rapidly comparing our observations with deeply held patterns learned through experience. These templates represent tacit knowledge that has been implicitly acquired over time. They are mental models that help us to understand whether the current situation is good or bad, depending on how well that situation fits our mental model. When a template fits or doesn’t fit the current situation, emotions are produced that motivate us to act. Greg McDonald’s years of experience produced mental templates of unsafe rock faces that matched what he saw on that fateful day. Studies have also found that chess masters receive
emotional signals when they sense an opportunity through quick observation of a chessboard. When given the opportunity to think about the situation, chess masters can explain why they see a favorable move on the chessboard. However, their intuition signals the opportunity long before this rational analysis takes place.

As mentioned, some emotional signals are not intuition. As a result, some experts warn that we should not trust our gut feelings. The problem is that emotional responses are not always based on well-grounded mental models. Instead, they occur when we compare the current situation to more remote templates, which may or may not be relevant. A new employee might feel confident about relations with a supplier, whereas an experienced employee senses potential problems. The difference is that the new employee relies on templates from other experiences or industries that might not work well in this situation. Thus, whether the emotions we experience in a situation represent intuition or not depends largely on our level of experience in that situation.

So far, we have described intuition as an emotional experience (gut feeling) and a process in which we compare the current situation with well-established templates of the mind. Intuition also relies on action scripts—programmed decision routines that speed up our response to pattern matches or mismatches. Action scripts effectively shorten the decision-making process by jumping from problem identification to selection of a solution. In other words, action scripting is a form of programmed decision making. Action scripts are generic, so we need to consciously adapt them to the specific situation.

Making Choices More Effectively

It is very difficult to get around the human limitations of making choices, but a few strategies help to minimize these concerns. One important discovery is that decisions tend to have a higher failure rate when leaders are decisive rather than contemplative about the available options. Of course, decisions can also be ineffective when leaders take too long to make a choice, but research indicates that a lack of logical evaluation of alternatives is a greater concern. By systematically assessing alternatives against relevant factors, decision makers minimize the implicit-favorite and satisficing problems that occur when they rely on general subjective judgments. This recommendation does not suggest that we ignore intuition; rather, it suggests that we use it in combination with careful analysis of relevant information.

A second piece of advice is that we need to remember that decisions are influenced by both rational and emotional processes. With this awareness, some decision makers deliberately revisit important issues so they look at the information in different moods and have allowed their initial emotions to subside. For example, if you sense that your team is feeling somewhat too self-confident when making an important competitive decision, you might decide to have the team members revisit the decision a few days later when they are thinking more critically. Another strategy is scenario planning, which is a disciplined method for imagining possible futures. It typically involves thinking about what would happen if a significant environmental condition changed and what the organization should do to anticipate and react to such an outcome. Scenario planning is a useful vehicle for choosing the best solutions under possible scenarios long before they occur, because alternative courses of action are evaluated without the pressure and emotions that occur during real emergencies.

Implementing Decisions

Implementing decisions is often skipped over in most writing about the decision-making process. Yet leading business writers emphasize that execution—translating decisions into action—is one of the most important and challenging tasks of leaders. A survey of 3,600
managers identified the “drive for results” as one of the five most important competencies of effective managers. This evidence is backed up by Larry Bossidy’s experience leading thousands of managers. “When assessing candidates, the first thing I looked for was energy and enthusiasm for execution,” says the former CEO of Honeywell and Allied Signal. The art and science of implementing decisions will be covered more fully in later chapters, particularly those on leadership and organizational change.  

Evaluating Decision Outcomes

Contrary to the rational choice paradigm, decision makers aren’t completely honest with themselves when evaluating the effectiveness of their decisions. One concern is that after making a choice, decision makers tend to support their choice by forgetting or downplaying the negative features of the selected alternative and emphasizing its positive features. This perceptual distortion, known as postdecisional justification, results from the need to maintain a positive self-concept. Postdecisional justification gives people an excessively optimistic evaluation of their decisions, but only until they receive very clear and undeniable information to the contrary. Unfortunately, it also inflates the decision maker’s initial evaluation of the decision, so reality often comes as a painful shock when objective feedback is finally received.

Escalation of Commitment

In addition to postdecisional justification, people poorly evaluate their decision outcomes due to escalation of commitment—the tendency to repeat an apparently bad decision or allocate more resources to a failing course of action. Scotland’s new parliament building is one example of escalation of commitment. Originally estimated at £50 million (US$80 million), the Holyrood building eventually cost £400 million and took twice as long to construct. Another example is the construction of Denver International Airport, which was delayed because of a badly flawed state-of-the-art automated baggage-handling system. The airport opened 16 months late and between $1 and $2 billion overbudget, using mainly an older baggage system; the new baggage system was put to some use but was abandoned a decade later due to high costs. A third example is the Darlington nuclear power plant in Ontario, Canada, which had an estimated cost of $2 billion (some claim the estimate was $5 billion) and was eventually completed at a cost of more than $14 billion. This huge debacle prompted the Ontario government to deregulate the electricity industry and split Ontario Hydro (now called Hydro One) into two operating companies. Ironically, a former CEO of Ontario Hydro warned that Darlington and other megaprojects invite escalating commitment because “once you commit to them, there’s very little you can do to reverse that commitment.”

Causes of Escalating Commitment

The four main reasons why people are led deeper and deeper into failing projects are self-justification, prospect theory effect, perceptual blinders, and closing costs.

- **Self-justification.** Individuals are motivated to maintain their course of action when they have a high need to justify their decision. This self-justification is particularly evident when decision makers are personally identified with the project and have staked their reputations to some extent on the project’s success.
and health board officials depended on the success of PPARS, and pouring more money into the project symbolized their continued support and evidence that the decision was a wise one.

- **Prospect theory effect.** You would think that people dislike losing $50 just as much as they like receiving $50, but that isn’t true for most of us. The negative emotions we experience when losing a particular amount are stronger than the positive emotions we experience when gaining the same amount. Consequently, we have a tendency to take more risks to avoid losses. This effect, called **prospect theory**, is a second explanation for escalation of commitment. Stopping a project is a certain loss, which is more painful to most people than the uncertainty of success associated with continuing to fund the project. Given the choice, decision makers choose the less painful option. 

**Irish Health under re-PPARS** In the mid-1990s, executives at five health boards across Ireland decided to develop a common payroll system, called PPARS (payroll, payment, and related systems). Using well-established SAP software, the project would be done in three years at a total estimated cost of US$12 million. Health department officials were enthusiastic about PPARS’ many benefits, but four years later the system was still far from completion even though costs had more than doubled to $25 million. Asked in 2002 to evaluate the project, Hay Associates concluded that PPARS was worth continuing, even if only to recoup the funds spent so far. The catch, however, was that the government needed to fork over another $120 million, which it agreed to do. By 2005, Ireland’s finance department was sounding alarm bells that PPARS costs had spiraled out of control and the operational parts of the system were error-prone. The most embarrassing example was a health department employee who received a $1.5 million paycheck one week. The Irish government halted the rollout of PPARS, yet senior health officials remained confident in its success, ordering staff as late as May 2007 to “realize the benefits” of the system. PPARS was officially axed in July 2007. The estimated cost of the failed project: somewhere between $250 and $350 million. 

**prospect theory**

A natural tendency to feel more dissatisfaction from losing a particular amount than satisfaction from gaining an equal amount.
Perceptual blinders. Escalation of commitment sometimes occurs because decision makers do not see the problems soon enough. They nonconsciously screen out or explain away negative information to protect self-esteem. Serious problems initially look like random errors along the trend line to success. Even when decision makers see that something is wrong, the information is sufficiently ambiguous that it can be misinterpreted or justified.

Closing costs. Even when a project’s success is in doubt, decision makers will persist because the costs of ending the project are high or unknown. Terminating a major project may involve large financial penalties, a bad public image, or personal political costs.

These four conditions make escalation of commitment look irrational. Usually it is, but there are exceptions. Studies suggest that throwing more money into a failing project is sometimes a logical attempt to further understand an ambiguous situation. This strategy is essentially a variation of testing unknown waters. By adding more resources, the decision maker gains new information about the effectiveness of these funds, which provides more feedback about the project’s future success. This strategy is particularly common where the project has high closing costs.

Evaluating Decision Outcomes More Effectively

One of the most effective ways to minimize escalation of commitment and postdecisional justification is to ensure that the people who made the original decision are not the same people who later evaluate that decision. This separation of roles minimizes the self-justification effect because the person responsible for evaluating the decision is not connected to the original decision. A second strategy is to publicly establish a preset level at which the decision is abandoned or reevaluated. This is similar to a stop-loss order in the stock market, whereby the stock is sold if it falls below a certain price. The problem with this solution is that conditions are often so complex that it is difficult to identify an appropriate point to abandon a project.

A third strategy is to find a source of systematic and clear feedback. For example, the phenomenally large cost overruns at Scotland’s new parliament building might have been smaller if the Scottish government had received less ambiguous or less distorted information from civil servants about the true costs of the project during the first few years. (In fact, civil servants hid some of these costs from elected officials.) A fourth strategy to improve the decision evaluation process is to involve several people in the evaluation. Co-workers continuously monitor each other and might notice problems sooner than someone working alone on the project. Employee involvement offers these and other benefits to the decision-making process, as we discuss next.

Learning Objectives

After reading the next two sections, you should be able to:

7. Describe four benefits of employee involvement in decision making.
8. Identify four contingencies that affect the optimal level of employee involvement.
9. Outline the four steps in the creative process.
10. Describe the characteristics of employees and the workplace that support creativity.
Employee Involvement in Decision Making

In this world of rapid change and increasing complexity, leaders rarely have enough information to make the best decision alone. Consequently, they need to rely on the knowledge and multiple perspectives of employees to more effectively solve problems or realize opportunities. “The Information Age has brought us into a democratic age, an age of participation and influence,” says Traci Fenton, founder and CEO of WorldBlu, a consulting firm that specializes in employee involvement and organizational democracy.57

Employee involvement (also called participative management) refers to the degree to which employees influence how their work is organized and carried out.58 Every organization has some form and various levels of employee involvement. At the lowest level, participation involves asking employees for information. They do not make recommendations and might not even know what the problem is about. At a moderate level of involvement, employees are told about the problem and provide recommendations to the decision maker. At the highest level of involvement, the entire decision-making process is handed over to employees. They identify the problem, choose the best alternative, and implement their choice.

Benefits of Employee Involvement

For the past half century, organizational behavior scholars have advised that employee involvement potentially improves decision-making quality and commitment.59 Involved employees can help improve decision quality by recognizing problems more quickly and defining them more accurately. Employees are, in many respects, the sensors of the organization’s environment. When the organization’s activities misalign with customer expectations, employees are usually the first to know. Employee involvement ensures that everyone in the organization is quickly alerted to such problems.60 Employee involvement can also potentially improve the number and quality of solutions generated. In a well-managed meeting, team members create synergy by pooling their knowledge to form new alternatives. In other words, several people working together can potentially generate more and better solutions than the same people working alone.

A third benefit of employee involvement is that, under specific conditions, it improves the evaluation of alternatives. Numerous studies on participative decision making, constructive conflict, and team dynamics have found that involvement brings out...
more diverse perspectives, tests ideas, and provides more valuable knowledge, all of which help the decision maker to select the best alternative. A mathematical theorem introduced in 1785 by the Marquis de Condorcet also supports the view that many people outshine individuals alone when choosing among two alternatives. To explain this idea (called Condorcet’s jury theorem), let’s suppose that you need to choose one of two firms for your company’s accounting services. Furthermore, you and members of your team have, on average, a better than random chance of picking the firm that will provide superior service. Condorcet’s theory states that the alternative selected by the team’s majority is more likely to be correct than is the alternative selected by you or any other individual team member. Furthermore, the majority’s accuracy will increase as you involve more people in the vote. Google applied Condorcet’s theory in its prediction markets, which were described in the opening vignette to this chapter. By encouraging a large number of employees to vote on various alternatives, Google executives get better choices or estimates about future events.

Along with improving decision quality, employee involvement tends to strengthen employee commitment to the decision. Rather than viewing themselves as agents of someone else’s decision, staff members feel personally responsible for its success. Involvement also has positive effects on employee motivation, satisfaction, and turnover. A recent study reported that employee involvement also increases skill variety, feelings of autonomy, and task identity, all of which increase job enrichment and potentially employee motivation. Participation is also a critical practice in organizational change because employees are more motivated to implement the decision and less likely to resist changes resulting from the decision.

Contingencies of Employee Involvement

If employee involvement is so wonderful, why don’t leaders leave all decisions to employees? The answer is that the optimal level of employee involvement depends on the situation. The employee involvement model shown in Exhibit 7.3 lists four contingencies: decision structure, source of decision knowledge, decision commitment, and risk of conflict in the decision process.

- **Decision structure.** At the beginning of this chapter, we described how some decisions are programmed, whereas others are nonprogrammed. Programmed decisions are less likely to need employee involvement because the solutions are already worked out from past incidents. In other words, the benefits of employee involvement increase with the novelty and complexity of the problem or opportunity.

- **Source of decision knowledge.** Subordinates should be involved in some level of decision making when the leader lacks sufficient knowledge and subordinates have additional information to improve decision quality. In many cases, employees are closer to customers and production activities, so they often know where the company can save money, improve product or service quality, and realize opportunities. This is particularly true for complex decisions where employees are more likely to possess relevant information.

- **Decision commitment.** Participation tends to improve employee commitment to the decision. If employees are unlikely to accept a decision made without their involvement, some level of participation is usually necessary.

- **Risk of conflict.** Two types of conflict undermine the benefits of employee involvement. First, if employee goals and norms conflict with the organization’s goals, only a low level of employee involvement is advisable. Second, the degree
of involvement depends on whether employees will reach agreement on the preferred solution. If conflict is likely, high involvement (i.e., employees make the decision alone) would be difficult to achieve.

Employee involvement is an important component of the decision-making process. To make the best decisions, we need to involve people who have the most valuable information and who will increase commitment to implement the decision. Another important component of decision making is creativity, which we discuss next.

Creativity

The opening vignette to this chapter described how Google actively engages employees in organizational decisions and relies on their creativity to identify new software applications and improvements. Creativity is the development of original ideas that make a socially recognized contribution. Although there are unique conditions for creativity that we discuss over the next few pages, it is really part of the decision-making process described earlier in the chapter. We rely on creativity to find problems, identify alternatives, and implement solutions. Creativity is not something saved for special occasions. It is an integral part of decision making.

Exhibit 7.4 illustrates one of the earliest and most influential models of creativity. Although there are other models of the creative process, many of them overlap with the model presented here. The first stage is preparation—the person’s or team’s effort to acquire knowledge and skills regarding the problem or opportunity. Preparation involves developing a clear understanding of what you are trying to achieve through a novel solution and then actively studying information seemingly related to the topic.

The second stage, called incubation, is the period of reflective thought. We put the problem aside, but our mind is still working on it in the background. The important
condition here is to maintain a low-level awareness by frequently revisiting the problem. Incubation does not mean that you forget about the problem or issue. Incubation assists divergent thinking—reframing the problem in a unique way and generating different approaches to the issue. This contrasts with convergent thinking—calculating the conventionally accepted “right answer” to a logical problem. Divergent thinking breaks us away from existing mental models so that we can apply concepts or processes from completely different areas of life. Consider the following classic example: Years ago, the experimental lightbulbs in Thomas Edison’s lab kept falling off their fixtures until a technician wondered whether the threaded caps that screwed down tightly on kerosene bottles would work on lightbulbs. They did, and the design remains to this day.  

Insight, the third stage of creativity, refers to the experience of suddenly becoming aware of a unique idea. Insight is often visually depicted as a lightbulb, but a better image would be a brief flash of light or perhaps a briefly flickering candle, because these bits of inspiration are fleeting and can be quickly lost if not documented. For this reason, many creative people keep a journal or notebook nearby at all times so that they can jot down their ideas before they disappear. Also, flickering ideas don’t keep a particular schedule; they might come to you at any time of day or night. Insights are merely rough ideas. Their usefulness still requires verification through detailed logical evaluation, experimentation, and further creative insight. Thus, although verification is labeled the final stage of creativity, it is really the beginning of a long process of creative decision making toward development of an innovative product or service. This ongoing process, as well as the conditions and practices that support creativity, are apparent at Nottingham-Spirk Design Associates, Inc. As Connections 7.1 describes, the successful Cleveland-based industrial-design firm relies on divergent and convergent meetings, prototyping, focus groups, and an inspiring work environment to produce dozens of marketable new ideas every year.

Characteristics of Creative People

Everyone is creative, but some people have a higher potential for creativity. Four of the main characteristics that give individuals more creative potential are intelligence, persistence, knowledge and experience, and a cluster of personality traits and values representing independent imagination. First, creative people have above-average intelligence to synthesize information, analyze ideas, and apply their ideas. Like the fictional sleuth Sherlock Holmes, creative people recognize the significance of small bits of information and are able to connect them in ways that no one else could imagine. Then they have the capacity to evaluate the potential usefulness of their ideas. Although intelligence helps people to discover new ideas, an equally (or more) important characteristic is the person’s persistence to seek out these ideas through trial and error in the face of resistance. In other words, creative potential includes the persistence of trying out more ideas, whereas less creative people give up sooner. Creative people have persistence because of a higher need for achievement, a strong motivation...
Going for Wow at Nottingham-Spirk

You might say that creativity is a religious experience at Nottingham-Spirk Design Associates, Inc. A few years ago, the industrial-design company moved into an old church in Cleveland’s university park area. Perched atop an escarpment on 5 acres of property, the 1920s octagon-shaped limestone building looks like a Roman temple. Inside, employees work in a large rotunda below a domed ceiling supported by 20 columns. Symbols of the original church remain, including a choir loft and soaring pipe organ. “You can’t help but walk in here and say, ‘I want to create something new,’” says John Nottingham, who cofounded Nottingham-Spirk with John Spirk three decades ago.

Along with having an inspiring church building, Nottingham-Spirk supports creativity through its risk-tolerant learning orientation culture. “We stick our necks out,” says Nottingham. “If we fail, we go down the wrong path, we dust ourselves off and go the other way. We understand that’s innovation.” The cofounders and their 70 employees also discover ideas by looking around store shelves. “We’re trying to figure out what consumers will want two years down the road,” explains Spirk. “We look and see what’s not there,” Nottingham adds. “We literally visualize an innovation sitting on the shelf next to the competition at a price point.”

These activities produce sparks of insight, but they are only the starting point in the creative process. “Anyone can have a good idea,” says Nottingham. “The difficult thing is to get it to market. You’ve got to make the idea work and prove its feasibility as a product.” To transform ideas to profitable products, Nottingham-Spirk forms teams of up to 10 employees who hold two types of meetings. In the first meeting, called a diverging session, team members brainstorm ideas. “We start with a creative session, people from our team that can complement each other, and we come up with as many ideas as you can,” says Nottingham. These ideas are documented as scribbles and sketches on slips of paper; up to 100 of them plaster the walls by the end of the session.

In the second round of meetings, called converging sessions, each idea is systematically evaluated by the team. “I pass around note cards, each with a word or phrase on it that says, who cares, nice, or wow,” Nottingham explains. The person who introduced an idea can explain it further, and then each team member judges the idea by selecting one of the three cards. “If everyone holds up a wow card, you know you’ve got something,” says Nottingham. The who cares ideas get tossed out. Some of the nice ideas are developed further by an idea champion. For example, the SwivelStraight one-minute Christmas tree stand received mainly nice ratings when it was first proposed, but co-workers gave it wow ratings after Nottingham-Spirk designer Craig Saunders refined it further. Almost 1 million SwivelStraight stands were sold in the product’s first five years on the market.

Diverging and converging sessions are complemented by focus group meetings and client feedback to improve prototypes. Nottingham-Spirk’s redesign of the round metal paint can, which has changed little over the past century, is a case in point. Employees knew from experience the frustration of working with traditional paint cans. “We couldn’t think of another consumer product that you need a screwdriver to open and a hammer to close,” says designer Craig Saunders. So Saunders and his co-workers created a paint can with a twist top and built-in no-drip pour spout. When shown an early prototype, potential users claimed the container wouldn’t stack well in warehouses and stores, so the revised prototype was made wider and more stackable. Next, users were concerned that the plastic container would break if it was dropped. “So we took a bunch of them up on ladders and dropped them,” says Nottingham. “They bounced.” This feedback made the Twist and Pour paint can an instant success; Sherwin-Williams tripled sales of its Dutch Boy paint in the first six months.

Thanks to its creative work environment and innovation process, Nottingham-Spirk has registered close to 500 patents and helped clients achieve more than $30 billion sales over the past three decades. Its most visible innovations include the Crest SpinBrush, Invacare Corp. wheelchairs, Swiffer SweeperVac, wide oval-shaped antiperspirant containers, MRI scanner design, and the Twist and Pour paint can.71
from the task itself, and a moderate or high degree of self-esteem. In support of this, a recent study reported that inventors have higher levels of confidence and optimism than do people in the general population, and these traits motivate inventors to continue working on and investing in a project after receiving diagnostic advice to quit. Inventor Thomas Edison highlighted the importance of persistence when he famously said that genius is 1 percent inspiration and 99 percent perspiration. Edison and his staff discovered hundreds of ways not to build a lightbulb before they got it right!

A third feature of creative people is that they possess sufficient knowledge and experience on the subject. Creativity experts explain that discovering new ideas requires knowledge of the fundamentals. For example, the 1960s rock group The Beatles produced most of their songs only after they had played together for several years. They developed extensive experience singing and adapting the music of other people before their creative talents soared.

Although knowledge and experience may be important in one sense, they can also undermine creativity because people develop mental models that lead to “mindless behavior,” whereby they stop questioning their assumptions. This relates to the discussion earlier in this chapter on mental models, namely, that they sometimes restrict the decision maker’s ability to see different perspectives. To overcome this limitation, some corporate leaders like to hire people from other industries and areas of expertise. For instance, Geoffrey Ballard, founder of Ballard Power Systems, hired a chemist to develop a better battery. When the chemist protested that he didn’t know anything about batteries, Ballard replied: “That’s fine. I don’t want someone who knows batteries. They know what won’t work.” Ballard explained that he wanted to hire people who would question and investigate avenues that experts had long ago closed their minds to. The point here is that knowledge and experience is a double-edged sword. It is an important prerequisite for creativity, but too much routinization of knowledge and experience can cause people to be less investigative.

The fourth characteristic of creative people is a cluster of personality traits and values that support an independent imagination: high openness to experience, moderately low need for affiliation, and strong values around self-direction and stimulation. Several studies report that these personal characteristics improve the individual’s creative potential under some circumstances. Let’s examine each of them:

- **High openness to experience.** This Big Five personality dimension represents the extent to which a person is imaginative, curious, sensitive, open-minded, and original (see Chapter 2).
- **Moderately low need for affiliation.** People are more creative when they have less need for social approval and have a somewhat high (but not necessarily very high) degree of nonconformity. Because of these characteristics, creative people are less embarrassed when they make mistakes, and they remain motivated to explore ideas even when others criticize them for their persistence.
- **High self-direction and stimulation values.** Self-direction includes the values of creativity and independent thought; stimulation includes the values of excitement and challenge. Together, these values form openness to change—representing the motivation to pursue innovative ways (see Chapter 2).

### Organizational Conditions Supporting Creativity

Intelligence, persistence, knowledge and experience, and independent imagination represent a person’s creative potential, but the extent to which the person has more creative output depends on a work environment that supports the creative process.
Before describing the contextual influences on creativity, we need to point out that different combinations of situations can equally support creativity; there isn’t one best work environment. With this caveat in mind, let’s consider some of the conditions that seem to unleash creative potential.

One of the most important conditions that supports creative practice is that the organization has a learning orientation; that is, leaders recognize that employees make reasonable mistakes as part of the creative process. “Creativity comes from failure,” Samsung Electronics CEO and vice chairman Yun Jong-yong recently advised employees. “We should reform our corporate culture to forgive failure if workers did their best.” Motivation from the job itself is another important condition for creativity. Employees tend to be more creative when they believe their work benefits the organization and/or larger society (i.e., task significance) and when they have the freedom to pursue novel ideas without bureaucratic delays (i.e., autonomy). Creativity is about changing things, and change is possible only when employees have the authority to experiment. More generally, jobs encourage creativity when they are challenging and aligned with the employee’s competencies.

Along with supporting a learning orientation and intrinsically motivating jobs, companies foster creativity through open communication and sufficient resources. They also provide a reasonable level of job security, which explains why creativity suffers during times of downsizing and corporate restructuring. Some companies support the reflection stage of creativity by designing nontraditional workspaces. Google is one example. The Internet innovator has funky offices in several countries that include hammocks, gondola- and hive-shaped privacy spaces, slides, and brightly painted walls.

To some degree, creativity also improves with support from leaders and co-workers. One study reported that effective product champions provide enthusiastic support for new ideas. Other studies suggest that co-worker support can improve creativity in some situations whereas competition among co-workers improves creativity in other situations. Similarly, it isn’t clear how much pressure should be exerted on employees to produce creative ideas. Extreme time pressure is a well-known creativity inhibitor, but lack of pressure doesn’t seem to produce the highest creativity, either.

**Activities That Encourage Creativity**

Hiring people with strong creative potential and providing a work environment that supports creativity are two cornerstones of a creative workplace. The third cornerstone consists of various activities that help employees think more creatively. One set of activities involves redefining the problem. Employees might be encouraged to revisit old projects that have been set aside. After a few months of neglect, these projects might be seen in new ways. Another strategy involves asking people unfamiliar with the issue (preferably with different expertise) to explore the problem with you. You would state the objectives and give some facts and then let the other person ask questions to further understand the situation. By verbalizing the problem, listening to questions, and hearing what others think, you are more likely to form new perspectives on the issue.

A second set of creativity activities, known as associative play, ranges from art classes to impromptu storytelling and acting. For example, British media giant OMD sends employees to two-day retreats in the countryside, where they play grapefruit croquet, chant like medieval monks, and pretend to be dog collars. “Being creative is a bit like an emotion; we need to be stimulated,” explains Harriet Frost, one of OMD’s specialists in building creativity. “The same is true for our imagination and its ability to come up with new ideas. You can’t just sit in a room and devise hundreds of ideas.”
Another associative play activity, called morphological analysis, involves listing different dimensions of a system and the elements of each dimension and then looking at each combination. This encourages people to carefully examine combinations that initially seem nonsensical. Tyson Foods, the world’s largest poultry producer, applied this activity to identify new ways to serve chicken for lunch. The marketing and research team assigned to this task focused on three categories: occasion, packaging, and taste. Next, the team worked through numerous combinations of items in the three categories. This created unusual ideas, such as cheese chicken pasta (taste) in pizza boxes (packaging) for concessions at baseball games (occasion). Later, the team looked more closely at the feasibility of these combinations and sent them to customer focus groups for further testing. 87

A third set of activities that promote creative thinking falls under the category of cross-pollination. 88 Cross-pollination occurs when people from different areas of the organization exchange ideas. “Creativity comes out of people bumping into each other and not knowing where to go,” claims Laszlo Bock, Google’s top human resource executive. IDEO, the California-based product design company, engages in

Mother’s Creative Cross-Pollination Mother is an unusual creative agency with an equally unusual name, located in a converted warehouse in an artsy district of London. All of this quirkiness fuels creativity, but the ad agency’s most creative practice is its workspace arrangement. The company’s 100 or so employees perform their daily work around one monster-size table—an 8-foot-wide reinforced-concrete slab that extends 300 feet like a skateboard ramp around the entire floor. If that image isn’t sufficiently unusual, consider this: Every three weeks, employees are asked to relocate their laptop, portable telephone, and trolley to another area around the table. “At the end of every three weeks we have a tidy Friday, which helps keep the mess down, and then we move the following Monday,” explains Stef Calcraft, one of Mother’s founding partners. “One week, you may be sitting next to a finance person and opposite a creative. The next, you’ll be sitting between one of the partners and someone from production.” Why the musical-chairs exercise? “It encourages cross-pollination of ideas,” Calcraft answers. “You have people working on the same problem from different perspectives. It makes problem-solving much more organic.” 89
cross-pollination by mixing together employees from different past projects so that they share new knowledge with each other.

Cross-pollination highlights the fact that creativity rarely occurs alone. Some creative people may be individualistic, but most creative ideas are generated through teams and informal social interaction. This probably explains why Jonathan Ive, the award-winning designer of Apple computer products, always refers to his team’s creativity rather than his own. “The only time you’ll hear [Jonathan Ive] use the word ‘I’ is when he’s naming some of the products he helped make famous: iMac, iBook, iPod,” says one writer. The next chapter turns our attention to the main concepts in team effectiveness, as well as ways to improve team decision making and creativity.

Chapter Summary

Decision making is a conscious process of making choices among one or more alternatives with the intention of moving toward some desired state of affairs. The rational choice paradigm of decision making includes identifying problems and opportunities, choosing the best decision style, developing alternative solutions, choosing the best solution, implementing the selected alternative, and evaluating decision outcomes.

Stakeholder framing, perceptual defense, mental models, decisive leadership, and solution-oriented focus affect our ability to identify problems and opportunities. We can minimize these challenges by being aware of the human limitations and discussing the situation with colleagues.

Evaluating and choosing alternatives is often challenging because organizational goals are ambiguous or in conflict, human information processing is incomplete and subjective, and people tend to satisfice rather than maximize. Decision makers also short-circuit the evaluation process when faced with an opportunity rather than a problem. Emotions shape our preferences for alternatives and the process we follow to evaluate alternatives. We also listen to our emotions for guidance when making decisions. This activity relates to intuition—the ability to know when a problem or opportunity exists and to select the best course of action without conscious reasoning. Intuition is both an emotional experience and a rapid nonconscious analytic process that involves both pattern matching and action scripts.

People generally make better choices by systematically evaluating alternatives. Scenario planning can help to make future decisions without the pressure and emotions that occur during real emergencies.

Postdecisional justification and escalation of commitment make it difficult to accurately evaluate decision outcomes. Escalation is mainly caused by self-justification, the prospect theory effect, perceptual blinders, and closing costs. These problems are minimized by separating decision choosers from decision evaluators, establishing a preset level at which the decision is abandoned or reevaluated, relying on more systematic and clear feedback about the project’s success, and involving several people in decision making.

Employee involvement (or participation) is the degree to which employees influence how their work is organized and carried out. The level of participation may range from low (an employee providing specific information to management without knowing the problem or issue) to high (complete involvement in all phases of the decision process). Employee involvement may lead to higher decision quality and commitment, but several contingencies need to be considered, including the decision structure, source of decision knowledge, decision commitment, and risk of conflict.

Creativity is the development of original ideas that make a socially recognized contribution. The four creativity stages are preparation, incubation, insight, and verification. Incubation assists divergent thinking, which involves reframing the problem in a unique way and generating different approaches to the issue.

Four of the main features of creative people are intelligence, persistence, knowledge and experience, and independent imagination personality traits and values. Creativity is also strengthened for everyone when the work environment supports a learning orientation, the job has high intrinsic motivation, the organization provides a reasonable level of job security, and project leaders provide appropriate goals, time pressure, and resources. Three types of activities that encourage creativity are redefining the problem, associative play, and cross-pollination.
1. A management consultant is hired by a manufacturing firm to determine the best site for its next production facility. The consultant has had several meetings with the company’s senior executives regarding the factors to consider when making the recommendation. Discuss the decision-making problems that might prevent the consultant from choosing the best site location.

2. You have been asked to personally recommend a new travel agency to handle all airfare, accommodation, and related travel needs for your organization of 500 employees. One of your colleagues, who is responsible for the company’s economic planning, suggests that the best travel agent could be selected mathematically by inputting the relevant factors for each agency and the weight (importance) of each factor. What decision-making approach is your colleague recommending? Is this recommendation a good idea in this situation? Why or why not?

3. Intuition is both an emotional experience and an unconscious analytic process. One problem, however, is that not all emotions signaling that there is a problem or opportunity represent intuition. Explain how we would know if our “gut feelings” are intuition or not, and if they are not intuition, suggest what might be causing them.

4. A developer received financial backing for a new business financial center along a derelict section of the waterfront, a few miles from the current downtown area of a large European city. The idea was to build several high-rise structures, attract to those sites prestigious tenants requiring large leases, and have the city extend transportation systems out to the new center. Over the next decade, the developer believed that others would build in the area, thereby attracting the regional or national offices of many financial institutions. Interest from potential tenants was much lower than initially predicted, and the city did not build transportation systems as quickly as expected. Still, the builder proceeded with the original plans. Only after financial support was curtailed did the developer reconsider the project. Using your knowledge of escalation of commitment, discuss three possible reasons why the developer was motivated to continue with the project.

5. Ancient Book Company has a problem with new book projects. Even when others are aware that a book is far behind schedule and may engender little public interest, sponsoring editors are reluctant to terminate contracts with authors whom they have signed. The result is that editors invest more time with these projects than on more fruitful projects. Describe two methods that Ancient Book Company can use to minimize this problem, which is a form of escalation of commitment.

6. Employee involvement applies just as well to the classroom as to the office or factory floor. Explain how student involvement in classroom decisions typically made by the instructor alone might improve decision quality. What potential problems may occur in this process?

7. Think of a time when you experienced the creative process. Maybe you woke up with a brilliant (but usually sketchy and incomplete) idea or you solved a baffling problem while doing something else. Describe the incident to your class and explain how the experience followed the creative process.

8. Two characteristics of creative people are that they have relevant experience and are persistent in their quest. Does this mean that people with the most experience and the highest need for achievement are the most creative? Explain your answer.
Case Study 7.1  EMPLOYEE INVOLVEMENT CASES

Case 1: The Sugar Substitute  
Research Decision

You are the head of research and development (R&D) for a major beer company. While working on a new beer product, one of the scientists in your unit seems to have tentatively identified a new chemical compound that has few calories but tastes closer to sugar than current sugar substitutes. The company has no foreseeable need for this product, but it could be patented and licensed to manufacturers in the food industry.

The sugar-substitute discovery is in its preliminary stages and would require considerable time and resources before it would be commercially viable. This means that it would necessarily take some resources away from other projects in the lab. The sugar-substitute project is beyond your technical expertise, but some of the R&D lab researchers are familiar with that field of chemistry. As with most forms of research, it is difficult to determine the amount of research required to further identify and perfect the sugar substitute. You do not know how much demand is expected for this product. Your department has a decision process for funding projects that are behind schedule. However, there are no rules or precedents about funding projects that would be licensed but not used by the organization.

The company’s R&D budget is limited, and other scientists in your work group have recently complained that they require more resources and financial support to get their projects completed. Some of these R&D projects hold promise for future beer sales. You believe that most researchers in the R&D unit are committed to ensuring that the company’s interests are achieved.

Case 2: Coast Guard Cutter  
Decision Problem

You are the captain of a 200-foot Coast Guard cutter, with a crew of 16, including officers. Your mission is general at-sea search and rescue. At 2:00 a.m. this morning, while en route to your home port after a routine 28-day patrol, you received word from the nearest Coast Guard station that a small plane had crashed 60 miles offshore. You obtained all the available information concerning the location of the crash, informed your crew of the mission, and set a new course at maximum speed for the scene to commence a search for survivors and wreckage.

You have now been searching for 20 hours. Your search operation has been increasingly impaired by rough seas, and there is evidence of a severe storm building. The atmospherics associated with the deteriorating weather have made communications with the Coast Guard station impossible. A decision must be made shortly about whether to abandon the search and place your vessel on a course that would ride out the storm (thereby protecting the vessel and your crew, but relegating any possible survivors to almost certain death from exposure) or to continue a potentially futile search and the risks it would entail.

Before losing communications, you received an updated weather advisory concerning the severity and duration of the storm. Although your crew members are extremely conscientious about their responsibility, you believe that they would be divided on the decision to leave or stay.

Discussion Questions (for both cases)

1.  To what extent should your subordinates be involved in this decision? Select one of the following levels of involvement:
   - **No involvement.** You make the decision alone without any participation from subordinates.
   - **Low involvement.** You ask one or more subordinates for information relating to the problem, but you don’t ask for their recommendations and might not mention the problem to them.
   - **Medium involvement.** You describe the problem to one or more subordinates (alone or in a meeting) and ask for any relevant information as well as their recommendations on the issue. However, you make the final decision, which might or might not reflect their advice.
High involvement. You describe the problem to subordinates. They discuss the matter, identify a solution without your involvement (unless they invite your ideas), and implement that solution. You have agreed to support their decision.

2. What factors led you to choose this level of employee involvement rather than the others?

3. What problems might occur if less or more involvement occurred in this case (where possible)?


Case Study 7.2 P&G’S DESIGN THINKING

To transform Procter & Gamble into an innovation colossus, CEO A. G. Lafley asked vice-president for design Claudia Kotchka to “get design into the DNA of the company.” Kotchka asked several prominent business and design schools: “How do we teach people what design thinking is and how to use it in a way that it could scale across a company with 130,000 employees?” After an initial stumble, P&G refined its workshops so leaders can more easily apply a different way to see problems and opportunities. “Once business leaders see they can use design thinking to reframe problems, they are transformed,” says Cindy Tripp, marketing director at P&G Global Design.

This BusinessWeek case study describes “design thinking” and how P&G is encouraging its key decision makers to make decisions from this different perspective. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. What is design thinking? How does it differ from traditional models of decision making?

2. In your opinion, should most organizations adopt a design-thinking perspective? Why or why not?

3. Prototyping is a central element in design thinking, yet it is not explicitly mentioned in the rational choice decision-making process. How is prototyping inherent in this process, or how does it differ from rational choice decision making?


Team Exercise 7.3 WHERE IN THE WORLD ARE WE?

PURPOSE This exercise is designed to help you understand the potential advantages of involving others in decisions rather than making decisions alone.

MATERIALS Students require an unmarked copy of the map of the United States with grid marks (Exhibit 2). Students are not allowed to look at any other maps or use any other materials. The instructor will provide a list of communities located somewhere on Exhibit 2. The instructor will also provide copies of the answer sheet after students have individually and in teams estimated the locations of communities.
INSTRUCTIONS
1. Write down in Exhibit 1 the list of communities identified by your instructor. Then, working alone, estimate the location in Exhibit 2 of these communities, all of which are in the United States. For example, mark a small “1” in Exhibit 2 on the spot where you believe the first community is located. Mark a small “2” where you think the second community is located, and so on. Please be sure to number each location clearly and with numbers small enough to fit within one grid space.

2. The instructor will organize students into approximately equal-size teams (typically five or six people per team). Working with your team members, reach a consensus on the location of each community listed in Exhibit 1. The instructor might provide teams with a separate copy of the map, or each member can identify the team’s numbers using a different-color pen on their individual maps. The team’s decision for each location should occur by consensus, not voting or averaging.

3. The instructor will provide or display an answer sheet, showing the correct locations of the communities. Using the answer sheet, students will count the minimum number of grid squares between the location they individually marked and the true location of each community. Write the number of grid squares in the second column of Exhibit 1, and then add up the total. Next, count the minimum number of grid squares between the location the team marked and the true location of each community. Write the number of grid squares in the third column of Exhibit 1, and then add up the total.

4. The instructor will ask for information about the totals, and the class will discuss the implication of these results for employee involvement and decision making.

Exhibit 1  List of Selected Communities in the United States

<table>
<thead>
<tr>
<th>Number</th>
<th>Community</th>
<th>Individual distance in grid units from the true location</th>
<th>Team distance in grid units from the true location</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© 2002 Steven L. McShane.
Team Exercise 7.4  WINTER SURVIVAL EXERCISE

PURPOSE  This exercise is designed to help you understand the potential advantages of involving others in decisions rather than making decisions alone.

INSTRUCTIONS

1. Read the “Situation” section in the next column. Then, working alone, rank-order the 12 items shown in the chart on page 228 according to their importance to your survival. In the “individual ranking” column, indicate the most important item with “1,” going through to “12” for the least important. Keep in mind the reasons why each item is or is not important.

2. The instructor will divide the class into small teams (four to six people). Each team will rank-order the items in the second column. Team rankings should be based on consensus, not simply averaging the individual rankings.

3. When the teams have completed their rankings, the instructor will provide the expert’s ranking, which can be entered in the third column.

4. Each student will compute the absolute difference (i.e., ignore minus signs) between the individual ranking and the expert’s ranking, record this information in column 4, and sum the absolute values at the bottom of column 4.

5. In column 5, record the absolute difference between the team’s ranking and the expert’s ranking, and sum these absolute scores at the bottom. A class discussion will follow regarding the implications of these results for employee involvement and decision making.

SITUATION  You have just crash-landed somewhere in the woods of southern Manitoba or possibly northern Minnesota. It is 11:32 a.m. in mid-January. The small plane in which you were traveling crashed on a small lake. The pilot and copilot were killed. Shortly after the crash, the plane sank completely into the lake with the pilot’s and copilot’s bodies inside. Everyone else on the flight escaped to land dry and without serious injury.

The crash came suddenly before the pilot had time to radio for help or inform anyone of your position. Since your pilot was trying to avoid the storm, you know the plane was considerably off course. The pilot announced shortly before the crash that you were 45 miles northwest of a small town that is the nearest known habitation.

You are in a wilderness area made up of thick woods broken by many lakes and rivers. The snow depth varies from above the ankles in windswept areas to more than knee-deep where it has drifted. The last weather report indicated that the temperature would reach minus 15 degrees Celsius in the daytime and minus 26 degrees at night. There are plenty of dead wood pieces and twigs in the area around the lake. You and the other surviving passengers are dressed in winter clothing appropriate for city wear—suits, pantsuits, street shoes, and overcoats. While escaping from the plane, your group salvaged the 12 items listed in the chart below. You may assume that the number of persons in the group is the same as the number in your group and that you have agreed to stay together.
# Winter Survival Tally Sheet

<table>
<thead>
<tr>
<th>Items</th>
<th>Step 1 Your individual ranking</th>
<th>Step 2 Your team’s ranking</th>
<th>Step 3 Survival expert’s ranking</th>
<th>Step 4 Difference between steps 1 and 3</th>
<th>Step 5 Difference between steps 2 and 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ball of steel wool</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newspaper</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Compass</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hand ax</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cigarette lighter</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45-caliber pistol</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Section air map</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Canvas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shirt and pants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Can of shortening</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Whiskey</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chocolate bars</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Total  | Your score | Team score

(To minimize the score, the better)


---

## Class Exercise 7.5 THE HOPPING ORANGE

**PURPOSE** This exercise is designed to help students understand the dynamics of creativity and team problem solving.

**INSTRUCTIONS**
You will be placed in teams of six students. One student serves as the official timer for the team and must have a watch, preferably with a stopwatch timer. The instructor will give each team an orange (or similar object) with a specific task involving use of the orange. The objective is easily understood and non-threatening, and it will be described by the instructor at the beginning of the exercise. Each team will have a few opportunities to achieve the objective more efficiently. To maximize the effectiveness of this exercise, no other information is provided here.

## Class Exercise 7.6 CREATIVITY BRAINBUSTERS

**PURPOSE** This exercise is designed to help students understand the dynamics of creativity and team problem solving.

**INSTRUCTIONS**
The instructor describes the problem, and students are asked to figure out the solution working alone. When enough time has passed, the instructor may
then ask specific students who think they have the solution to describe (or show using overhead transparency) their answer. The instructor will review the solutions and discuss the implications of this exercise.

In particular, be prepared to discuss what you needed to solve these puzzles and what may have prevented you from solving them more quickly (or at all).

1. **Double-circle problem.** Draw two circles, one inside the other, with a single line and with neither circle touching the other (as shown below). In other words, you must draw both of these circles without lifting your pen (or other writing instrument).

2. **Nine-dot problem.** The next column contains nine dots. Without lifting your pencil, draw no more than four straight lines that pass through all nine dots.

3. **Nine-dot problem revisited.** Referring to the nine-dot exhibit above, describe how, without lifting your pencil, you could pass a pencil line through all dots with three or fewer straight lines.

4. **Word search.** In the following line of letters, cross out five letters so that the remaining letters, without altering their sequence, spell a familiar English word.

   CFRIVEELATETITEVRSE

5. **Burning ropes.** You have two pieces of rope of unequal lengths and a box of matches. In spite of their different lengths, each piece of rope takes one hour to burn; however, parts of each rope burn at unequal speeds. For example, the first half of one piece might burn in 10 minutes. Use these materials to accurately determine when 45 minutes has elapsed.

---

**Self-Assessment 7.7**

**MEASURING YOUR CREATIVE PERSONALITY**

**PURPOSE** This self-assessment is designed to help you measure the extent to which you have a creative personality.

**INSTRUCTIONS** Presented on page 230 is an adjective checklist with 30 words that may or may not describe you. Put a mark in the box beside each word that you think accurately describes you. Please do not mark the boxes for words that do not describe you. When finished, you can score the test using the scoring key in Appendix B at the end of the book. This exercise should be completed alone so that you can assess yourself without concerns of social comparison. Class discussion will focus on how this scale might be applied in organizations and on the limitations of measuring creativity in work settings.
Self-Assessment 7.8
TESTING YOUR CREATIVE BENCH STRENGTH

This self-assessment takes the form of a self-scoring quiz. It consists of 12 questions that require divergent thinking to identify the correct answers. For each question, type your answer in the space provided. When finished, look at the correct answer for each question, along with the explanation for that answer.

Self-Assessment 7.9
DECISION-MAKING STYLE INVENTORY

People have different styles of decision making that are reflected in how they identify problems or opportunities and make choices. This self-assessment estimates your decision-making style through a series of statements describing how individuals go about making important decisions. Please indicate whether you agree or disagree with each statement. Answer each item as truthfully as possible so that you get an accurate estimate of your decision-making style. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the decision-making style that people prefer in organizational settings.

After reading this chapter, if you need additional information, see www.mhhe.com/mcshtane5e for more in-depth information and interactivities that correspond to this chapter.
Part Three
Team Processes

Chapter 8  Team Dynamics
Chapter 9  Communicating in Teams and Organizations
Chapter 10 Power and Influence in the Workplace
Chapter 11 Conflict and Negotiation in the Workplace
Chapter 12 Leadership in Organizational Settings
When Whole Foods Market opens new stores, the organic food retailer isn’t just looking for staff with good customer service skills. It is looking for people who also work well in teams. Every Whole Foods Market store is divided into about 10 teams, such as the prepared-foods team, the cashier/front-end team, and the seafood team. Teams are “self-directed” because team members make the decisions about their work unit with minimal interference from management.

“Each team is . . . responsible for managing its own business,” explains Whole Foods Market cofounder John Mackey. “It gets a profit-and-loss statement, it’s responsible for managing inventory, labor productivity, gross margins; and its members are responsible for many of the product-placement decisions.” Whole Foods Market introduced a team-based structure when it was founded in Austin, Texas, in 1980. The idea came from the then-popular Japanese management books, which espoused the value of teamwork. Even today, with almost 200 stores employing 40,000 people in the United States, the United Kingdom, and Canada, Whole Foods Market remains true to its team-based structure.

Along with making departmental decisions, Whole Foods Market teams decide on whether new hires get to remain on the team. After a recruit is temporarily employed for 30 to 45 days, team members vote on whether the individual should become a permanent member; at least two-thirds must vote in favor for the recruit to join the team permanently. Team members take these hiring decisions seriously because their monthly bonuses are based on team performance. Every four weeks, the company calculates each team’s performance against goals and cost efficiencies. When the team finds ways to work more effectively, the unused budget is divided among the team members. This team bonus can add up to hundreds of extra dollars in each paycheck.
Team Dynamics

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Define teams and discuss their benefits and limitations.
2. Explain why people are motivated to join informal groups.
3. Diagram the team effectiveness model.
4. Discuss how task characteristics, team size, and team composition influence team effectiveness.
5. Summarize the team development process.
6. Discuss how team norms develop and how they may be altered.
7. List six factors that influence team cohesion.
8. Describe the three foundations of trust in teams and other interpersonal relationships.
9. Discuss the characteristics and factors required for success of self-directed teams and virtual teams.
10. Identify four constraints on team decision making.
11. Discuss the advantages and disadvantages of four structures that potentially improve team decision making.
Several factors explain why Whole Foods Market has become a retail success story and one of the best places to work in America; the company’s focus on teams is clearly one of those factors. Teamwork has become an important practice in most industries and countries. A cross-functional team of employees at the City of Indianapolis conducted a “chuckhole kaizen response” to identify more efficient ways to repair potholes. The team found ways to address pothole complaints in 48 hours rather than the previous average of 19 days. Hong Kong–based Regal Printing relies on advanced technology to print up to 40,000 softcover books per day, but it also created a special team of 20 staff members to handle urgent jobs. Ford Motor Company’s legal department is rated as one of the best in North America, partly because almost everything the department does is achieved through project teams. Rackspace Hosting, Inc., physically organizes most of its 1,900 employees into teams of 14 to 20 people. The San Antonio, Texas, provider of enterprise-level Web infrastructure assigns every customer to one of these dedicated teams, which provides around-the-clock service.  

This chapter begins by defining teams and examining the reasons why organizations rely on teams and why people join informal groups in organizational settings. A large segment of this chapter examines a model of team effectiveness, which includes team and organizational environment, team design, and the team processes of development, norms, cohesion, and trust. We then turn our attention to two specific types of teams: self-directed teams and virtual teams. The final section of this chapter looks at the challenges and strategies for making better decisions in teams.

Learning Objectives

After reading the next two sections, you should be able to:
1. Define teams and discuss their benefits and limitations.
2. Explain why people are motivated to join informal groups.

Teams and Informal Groups

Teams are groups of two or more people who interact and influence each other, are mutually accountable for achieving common goals associated with organizational objectives, and perceive themselves as a social entity within an organization. This definition has a few important components worth repeating. First, all teams exist to fulfill some purpose, such as assembling a product, providing a service, designing a new manufacturing facility, or making an important decision. Second, team members are held together by their interdependence and need for collaboration to achieve common goals. All teams require some form of communication so that members can coordinate and share common objectives. Third, team members influence each other, although some members may be more influential than others regarding the team’s goals and activities. Finally, a team exists when its members perceive themselves to be a team.

Exhibit 8.1 briefly describes various types of teams in organizations. Some teams are permanent, while others are temporary; some are responsible for making products or providing services, while others exist to make decisions or share knowledge. Each type of team has been created deliberately to serve an organizational purpose. Some teams, such as skunkworks teams, are not initially sanctioned by management, yet are called “teams” because members work toward an organizational objective.
Informal Groups

Although most of our attention in this chapter is on formal teams, employees also belong to informal groups. All teams are groups, but many groups do not satisfy our definition of teams. Groups include people assembled together, whether or not they have any interdependence or organizationally focused objective. The friends you meet for lunch are an informal group, but they wouldn’t be called a team because they have little or no interdependence (each person could just as easily eat lunch alone) and no organizationally mandated purpose. Instead, they exist primarily for the benefit of their members. Although the terms are used interchangeably, teams has largely replaced groups in the language of business when referring to employees who work together to complete organizational tasks.4

Why do informal groups exist? One reason is that human beings are social animals. Our drive to bond is hardwired through evolutionary development, creating a need to belong to informal groups.5 This is evidenced by the fact that people invest considerable time and effort forming and maintaining social relationships without any special circumstances or ulterior motives. A second explanation is provided by social identity theory, which states that individuals define themselves by their group affiliations. Thus, we join groups—particularly those that are viewed favorably by others and that have values similar to our own—because they shape and reinforce our self-concept.6

---

**Exhibit 8.1 Types of Teams in Organizations**

<table>
<thead>
<tr>
<th>Team type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Departmental teams</td>
<td>Teams that consist of employees who have similar or complementary skills and are located in the same unit of a functional structure; usually minimal task interdependence because each person works with employees in other departments.</td>
</tr>
<tr>
<td>Production/service/leadership teams</td>
<td>Typically multisilled (employees have diverse competencies), team members collectively produce a common product/service or make ongoing decisions; production/service teams typically have an assembly-line type of interdependence, whereas leadership teams tend to have tight interactive (reciprocal) interdependence.</td>
</tr>
<tr>
<td>Self-directed teams</td>
<td>Similar to production/service teams except (1) they are organized around work processes that complete an entire piece of work requiring several interdependent tasks and (2) they have substantial autonomy over the execution of those tasks (i.e., they usually control inputs, flow, and outputs with little or no supervision).</td>
</tr>
<tr>
<td>Advisory teams</td>
<td>Teams that provide recommendations to decision makers; include committees, advisory councils, work councils, and review panels; may be temporary, but often are permanent, some with frequent rotation of members.</td>
</tr>
<tr>
<td>Task force (project) teams</td>
<td>Usually multisilled, temporary teams whose assignment is to solve a problem, realize an opportunity, or design a product or service.</td>
</tr>
<tr>
<td>Skunkworks</td>
<td>Multisilled teams that are usually located away from the organization and are relatively free of its hierarchy; often initiated by an entrepreneurial team leader who borrows people and resources (bootlegging) to design a product or service.</td>
</tr>
<tr>
<td>Virtual teams</td>
<td>Teams whose members operate across space, time, and organizational boundaries and are linked through information technologies to achieve organizational tasks; may be a temporary task force or permanent service team.</td>
</tr>
<tr>
<td>Communities of practice</td>
<td>Teams (but often informal groups) bound together by shared expertise and passion for a particular activity or interest; main purpose is to share information; often rely on information technologies as the main source of interaction.</td>
</tr>
</tbody>
</table>
A third reason why people are motivated to form informal groups is that such groups accomplish goals that cannot be achieved by individuals working alone. For example, employees will sometimes create a group to oppose organizational changes because the group collectively has more power than individuals complaining alone. A fourth explanation for informal groups is that in stressful situations we are comforted by the mere presence of other people and are therefore motivated to be near them. When in danger, people congregate near each other even though doing so serves no protective purpose. Similarly, employees tend to mingle more often after hearing rumors that the company might be acquired by a competitor. As you learned in Chapter 4, this social support minimizes stress by providing emotional and/or informational support to buffer the stress experience. 7

Informal Groups and Organizational Outcomes Although informal groups are not created to serve organizational objectives, they have a profound influence on organizations and individual employees. Informal groups are the backbone of social networks, which are important sources of trust building, information sharing, power, influence, and employee well-being in the workplace. 8 As you will learn in Chapter 9, some companies have established social networking sites similar to Facebook and MySpace to encourage the formation of informal groups and associated communication. These companies recognize that informal groups build trust and mutual understanding, which transfers tacit knowledge more effectively through these informal networks than through formal reporting relationships.

Social networks also play an important role in employee power and influence. As you will learn in Chapter 10, informal groups tend to increase an employee’s social capital—the knowledge and other resources available to people from a durable network that connects them to others. Employees with strong informal networks tend to have more power and influence because they receive better information and preferential treatment from others and their talent is more visible to key decision makers. Finally, informal groups potentially minimize employee stress because, as mentioned above, group members provide emotional and informational social support. This stress-reducing capability of informal groups improves employee well-being, thereby improving organizational effectiveness.

Advantages and Disadvantages of Teams

When 1,760 professionals were recently asked about their work, 86 percent agreed that working in teams is more important to business success today than it was five years ago. This is certainly true in scientific research. A study of almost 20 million research publications reported that the percentage of journal articles written by teams rather than individuals has increased substantially over the past five decades. Furthermore, team-based articles had a much higher number of subsequent citations, which indicates that the quality of these publications is higher when they are written by teams rather than individuals. 9 “One of the things I think people overlook is the quality of the team,” says Rose Marie Bravo, the American executive who engineered the remarkable turnaround of Burberry, the London fashion house. “It isn’t one person, and it isn’t two people. It is a whole group of people—a team that works cohesively towards a goal—that makes something happen or not.” 10

Why is teamwork so important? The answer to this question has a long history, dating back to research on British coal mining in the 1940s and the Japanese economic miracle of the 1970s. 11 These early studies and a huge number of investigations since
then have revealed that under the right conditions, teams make better decisions, develop better products and services, and create a more engaged workforce than do employees working alone. Similarly, team members can quickly share information and coordinate tasks, whereas these processes are slower and prone to more errors in traditional departments led by supervisors. Teams typically provide superior customer service because they offer more breadth of knowledge and expertise to customers than individual “stars” can offer.

In many situations, people are potentially more motivated when working in teams than when working alone. One reason for this motivation is that, as we mentioned a few paragraphs ago, employees have a drive to bond and are motivated to fulfill the goals of groups to which they belong. This motivation is particularly strong when the team is part of the employee’s social identity. Second, people are more motivated in teams because they are accountable to fellow team members, who monitor performance more closely than a traditional supervisor. This is particularly true where the team’s performance depends on the worst performer, such as on an assembly line, where how fast the product is assembled depends on the speed of the slowest employee. Third, under some circumstances, performance improves when employees work near others because co-workers become benchmarks of comparison. Employees are also motivated to work harder because of apprehension that their performance will be compared to others’ performance.

The Challenges of Teams

In spite of the many benefits of teams, they are not always as effective as individuals working alone. Teams are usually better suited to complex work, such as designing a building or auditing a company’s financial records. Under these circumstances, one person rarely has all the necessary knowledge and skills. Instead, the work is performed better by dividing its tasks into more specialized roles, with people in those specialized jobs coordinating with each other. In contrast, work is typically performed more effectively by individuals alone when they have all the necessary knowledge and skills and the work cannot be divided into specialized tasks or is not complex enough to benefit from specialization. Even where the work can and should be specialized, a team structure might not be necessary if the tasks performed by several people require minimal coordination.

The main problem with teams is that they have additional costs called process losses—resources (including time and energy) expended toward team development and maintenance rather than the task. It is much more efficient for an individual to work out an issue alone than to resolve differences of opinion with other people. For a team to perform well, team members need to agree and have mutual understanding of their goals, the strategy for accomplishing those goals, their specific roles, and informal rules of conduct. Developing and maintaining these team requirements divert time and energy away from performing the work.

The process-loss problem is particularly apparent when more staff are added or replace others on the team. Team performance suffers when a team adds members, because those employees need to learn how the team operates and how to coordinate efficiently with other team members. The software industry even has a name for this: Brooks's law (also called the “mythical man-month”) says that adding more people to a late software project only makes it later! According to some sources, Apple Computer may have fallen into this trap in the recent development of its professional photography software program, called Aperture. When the project started to fall behind schedule, the manager in charge of the Aperture project increased the size of
the team—some sources say it ballooned from 20 to almost 150 engineers and quality assurance staff within a few weeks. Unfortunately, adding so many people further bogged down the project. The result? When Aperture was finally released, it was nine months late and considered one of Apple’s buggier software offerings.  

Social Loafing  Perhaps the best-known limitation of teams is the risk of productivity loss due to social loafing. Social loafing occurs when people exert less effort (and usually perform at a lower level) when working in teams than when working alone. It is most likely to occur in large teams where individual output is difficult to identify. In particular, employees tend to put out less effort when the team produces a single output, such as solving a customer’s problem. Under these conditions, employees aren’t as worried that their individual performance will be noticed. There is less social loafing when each team member’s contribution is more noticeable; this can be achieved by reducing the size of the team, for example, or measuring each team member’s performance. Social loafing is also less likely to occur when the task is interesting, because individuals are more motivated by the work itself to perform their duties. Social loafing is also less common when the team’s objective is important, possibly because individuals experience more pressure from co-workers to perform well. Finally, social loafing occurs less frequently among members who value team membership and believe in working toward the team’s objectives.  

In summary, teams can be very powerful forces for competitive advantage, or they can be much more trouble than they are worth, so much so that job performance and morale decline when employees are placed in teams. To understand when teams are better than individuals working alone, we need to more closely examine the conditions that make teams effective or ineffective. The next few sections of this chapter discuss the model of team effectiveness.

**A Model of Team Effectiveness**

Let’s begin by clarifying the meaning of team effectiveness. A team is effective when it benefits the organization, its members, and its own survival. First, most teams exist to serve some organizational purpose, so effectiveness is partly measured by the achievement of those objectives. Second, a team’s effectiveness relies on the satisfaction and well-being of its members. People join groups to fulfill their personal needs, so effectiveness is partly measured by this need fulfillment. Finally, team effectiveness includes the team’s viability—its ability to survive. It must be able to maintain the commitment of its members, particularly during the turbulence of the team’s development. Without this commitment, people leave and the team will fall apart. The team must also secure sufficient resources and find a benevolent environment in which to operate.

Why are some teams effective while others fail? This question has challenged organizational researchers for some time, and as you might expect, numerous models of team effectiveness have been proposed over the years. Exhibit 8.2 presents a
model that integrates the main components of team effectiveness, each of which will be examined closely over the next several pages. This model is best viewed as a template of several theories because each component (team development, team cohesion, etc.) includes its own set of theories and models to explain how that component operates.

Organizational and Team Environment

The organizational and team environment represents all conditions beyond the team’s boundaries that influence its effectiveness. Team members tend to work together more effectively when they are at least partly rewarded for team performance. For instance, part of an employee’s paycheck at Whole Foods Market is determined by the team’s productivity. Communication systems can influence team effectiveness, particularly in virtual teams, which are highly dependent on information technologies to coordinate work. Another environmental factor is the organizational structure; teams flourish when organized around work processes because this structure increases interaction and interdependence among team members and reduces interaction with people outside the team. High-performance teams also depend on organizational leaders who provide support and strategic direction while team members focus on operational efficiency and flexibility.

The physical layout of the team’s workspace can also make a difference. Medrad, Inc., reorganized its production workspace so that teams now work in U-shaped “cells” rather than along a straight assembly line. The Indianola, Pennsylvania, medical device manufacturer discovered that this cellular layout improved team performance by making it easier for team members to observe and assist each other. Toyota Motor Corporation also recognizes the importance of physical layout in team effectiveness by congregating people in a large open-space room (called an obeya). In some projects, such as development of the Prius hybrid vehicle, department managers are
brought together into the obeya to resolve issues and improve collaboration across functions. In other projects, a few dozen development staff from engineering, design, production, marketing, and other areas spend several weeks or longer working together in the obeya. Toyota claims the obeya arrangement has significantly cut product development time and costs. “The reason obeya works so well is that it’s all about immediate face-to-face human contact,” explains an executive at Toyota’s North American headquarters.  

Team Design Elements

Along with setting up a team-friendly environment, leaders need to carefully design the team itself, including task characteristics, team size, team composition, and team roles.

Task Characteristics

What type of work is best for teams? As we noted earlier, teams operate better than individuals working alone on work that is sufficiently complex, such as launching the business in a new market, developing a computer operating system, or constructing a bridge. Complex work requires skills and knowledge beyond the competencies of
One person. Teams are particularly well suited when the complex work can be divided into more specialized roles and the people in the specialized roles require frequent coordination with each other. Some evidence also suggests that teams work best with well-structured tasks because it is easier to coordinate such work among several people. The challenge, however, is to find tasks with the uncommon combination of being both well structured and complex.

One task characteristic that is particularly important for teams is task interdependence—the extent to which team members must share materials, information, or expertise to perform their jobs. Aside from complete independence, there are three levels of task interdependence, as illustrated in Exhibit 8.3. The lowest level of interdependence, called pooled interdependence, occurs when an employee or work unit shares a common resource, such as machinery, administrative support, or a budget, with other employees or work units. This would occur in a team setting where each member works alone but shares raw materials or machinery to perform her or his otherwise independent tasks. Interdependence is higher under sequential interdependence, in which the output of one person becomes the direct input for another person or unit. Sequential interdependence occurs where team members are organized in an assembly line.

Reciprocal interdependence, in which work output is exchanged back and forth among individuals, produces the highest degree of interdependence. People who design a new product or service would typically have reciprocal interdependence because their design decisions affect others involved in the design process. Any decision made by the design engineers would influence the work of the manufacturing engineer and purchasing specialist, and vice versa. Employees with reciprocal interdependence should be organized into teams to facilitate coordination in their interwoven relationship.

As a rule, the higher the level of task interdependence, the greater the need to organize people into teams rather than have them work alone. A team structure improves interpersonal communication and thus results in better coordination. High task interdependence also motivates most people to be part of the team. However,
the rule that a team should be formed when employees have high interdependence applies when team members have the same task goals, such as serving the same clients or collectively assembling the same product. When team members have different goals (such as serving different clients) but must depend on other team members to achieve those unique goals, teamwork might create excessive conflict. Under these circumstances, the company should try to reduce the level of interdependence or rely on supervision as a buffer or mediator among employees.

Team Size

What is the ideal size for a team? One popular (but untested) rule is that the optimal team size is between five and seven people. Yet some observers have recently argued that tasks are getting so complex that many teams need to have more than 100 members. Unfortunately, the former piece of advice is overly simplistic, and the latter seems to have lost sight of the meaning and dynamics of real teams. Generally, teams should be large enough to provide the necessary competencies and perspectives to perform the work, yet small enough to maintain efficient coordination and meaningful involvement of each member. As a Sun Microsystems executive explains: “You need to have a balance between having enough people to do all the things that need to be done, while keeping the team small enough so that it is cohesive and can make decisions effectively and speedily.” Small teams (say, less than a dozen members) operate effectively because they have less process loss. Members of smaller teams also tend to feel more engaged because they get to know their teammates (which improves trust), have more influence on the group’s norms and goals, and feel more responsible for the team’s successes and failures.

Should companies have 100-person teams if the task is highly complex? The answer is that a group this large probably isn’t a team, even if management calls it one. A team exists when its members interact and influence each other, are mutually accountable for achieving common goals associated with organizational objectives, and perceive themselves as a social entity within an organization. It is very difficult for everyone in a 100-person work unit to influence each other and experience enough cohesion to perceive themselves as team members. Executives at Whole Foods Market were aware that real teams are much smaller than 100 people when the company opened its huge store in New York City’s Columbus Circle. The store had 140 cashiers—far too many people for one cashier team—so Whole Foods Market divided the group into teams with a dozen employees each. All cashiers meet as one massive group every month to discuss production issues, but the smaller teams work effectively on a day-to-day basis.

Team Composition

Choosing a new team member is too important a decision at Whole Foods Market to be left to management. Instead, as this chapter’s opening vignette noted, new hires are approved for permanent employment by their teammates. Royal Dutch/Shell is also serious about selecting job applicants who have excellent team skills. As Global Connections 8.1 describes, the global energy giant hosts a special five-day exercise in Europe, North America, Asia, and the Middle East to observe how well participants work under pressure with others from diverse backgrounds.

To work effectively in a team, employees must have more than technical skills and self-leadership to perform their own work; they must also be able and willing to perform that work in a team environment. The most frequently mentioned characteristics
Royal Dutch Shell Finds Team Players in Gourami

Royal Dutch Shell (Shell) discovered long ago that a job interview isn’t the best way to determine a job applicant’s technical skills or how well he or she works in a team environment. That’s why the global energy company launched the Shell Gourami Business Challenge a decade ago in Europe and very recently in the United States, Asia, and the Middle East. The five-day event involves several dozen engineering and business university students who are split into several teams representing different departments (exploration, refining, manufacturing, finance, etc.). Teams initially develop a business plan for their own department; later, they must merge the departmental plans into an organizationwide business strategy. On the final day, the multiteam’s strategy is presented to Gourami’s board of directors, which consists of several Shell senior executives.

Shell leaders emphasize that the Gourami event is more like an audition than a competition because the company hires as many participants as it thinks are qualified. Throughout the event, Shell assessors evaluate students’ technical knowledge and skills, but they equally observe how effectively the students work in diverse teams. The need for team skills is quickly apparent to most participants. “Working with people from all sorts of disciplines and cultures has taught me the importance of expanding my knowledge to beyond my field,” acknowledges Yoganathan Periasamy, a geology student at Universiti Malaysia Sabah. “You need to be able to combine your expertise with everyone else’s in order to make a project work.”

Arpan Shah, a University of Texas finance student who attended the Gourami exercise in the United States, also recognized that team skills were vital to help him work with people from different specializations. “Coming from a business background, it’s most difficult to understand the engineering aspect of the oil industry,” says Shah. “We have to work together so that both sides understand each other.”

Team cooperation isn’t easy, however, due to the challenges created in the Gourami exercise. “Having to come up with the proposal, and then integrate all our ideas into one plan was definitely not easy,” admits Angela Bong, a mechanical engineering student at Universiti Teknologi Malaysia. “Initially, we did have conflict. But we soon realized that everyone operates differently, and that if we are to function well as a whole, we have to understand how others work.”

Claire Gould, a mechanical engineering student at Imperial College, London, who attended the European event, also noticed the challenges and potential of teamwork with people from other disciplines. “Dealing with the ‘real-life’ challenges of Gourami made us all aware of the value of other skills and aptitudes and the need to work as a team,” says Gould.

or behaviors of effective team members are the “five C’s” illustrated in Exhibit 8.4: cooperating, coordinating, communicating, comforting, and conflict resolving. The first three competencies are mainly (but not entirely) task-related, while the last two mostly assist team maintenance:

• **Cooperating.** Effective team members are willing and able to work together rather than alone. This includes sharing resources and being sufficiently adaptive or flexible to accommodate the needs and preferences of other team members, such as rescheduling use of machinery so that another team member with a tighter deadline can use it.
Coordinating. Effective team members actively manage the team’s work so that it is performed efficiently and harmoniously. For example, effective team members keep the team on track and help to integrate the work performed by different members. This typically requires that effective team members know the work of other team members, not just their own.

Communicating. Effective team members transmit information freely (rather than hoarding), efficiently (using the best channel and language), and respectfully (minimizing arousal of negative emotions). They also listen actively to co-workers.

Comforting. Effective team members help co-workers to maintain a positive and healthy psychological state. They show empathy, provide psychological comfort, and build co-worker feelings of confidence and self-worth.

Conflict resolving. Conflict is inevitable in social settings, so effective team members have the skills and motivation to resolve dysfunctional disagreements among team members. This requires effective use of various conflict-handling styles as well as diagnostic skills to identify and resolve the structural sources of conflict.

These characteristics of effective team members are associated with conscientiousness and extroversion personality traits, as well as with emotional intelligence. Furthermore, the old saying “One bad apple spoils the barrel” seems to apply to teams; one team member who lacks these teamwork competencies may undermine the dynamics of the entire team.34
Team Diversity

Another important dimension of team composition is diversity. There are two distinct and sometimes opposing issues relating to team diversity. One issue is the notion that diverse teams possess better resources for tackling complex or novel problems. One reason why diverse teams are more effective under these conditions is that people from different backgrounds see a problem or opportunity from different angles. Team members have different mental models, so they are more likely to identify viable solutions to difficult problems. A second reason is that diverse teams have a broader pool of technical competencies. For example, each team at Rackspace, the San Antonio, Texas, provider of enterprise-level Web infrastructure, consists of more than a dozen people with diverse skills such as account management, systems engineering, technical support, billing expertise, and data center support. Rackspace teams require these diverse technical competencies to serve the needs of customers assigned to the team. A third reason favoring teams with diverse members is that they provide better representation of the team’s constituents, such as other departments or clients from similarly diverse backgrounds. A team responsible for designing and launching a new service, for instance, should have representation from the organization’s various specializations so that people in those work units will support the team’s decisions.

The second issue regarding diverse teams is that diversity often creates challenges to the internal functioning of the team. One problem is that diverse employees take longer to become a high-performing team. This partly occurs because team members take longer to bond with people who are different from them, particularly when others hold different perspectives and values (i.e., deep diversity). Diverse teams are susceptible to “fault lines”—hypothetical dividing lines that may split a team into subgroups along gender, ethnic, professional, or other dimensions. These fault lines reduce team effectiveness by reducing the motivation to communicate and coordinate with teammates on the other side of the hypothetical divisions. In contrast, members of teams with minimal diversity experience higher satisfaction, less conflict, and better interpersonal relations. Consequently, homogeneous teams tend to be more effective on tasks requiring a high degree of cooperation and coordination, such as emergency response teams.

Learning Objectives

After reading this section, you should be able to:

5. Summarize the team development process.
6. Discuss how team norms develop and how they may be altered.
7. List six factors that influence team cohesion.
8. Describe the three foundations of trust in teams and other interpersonal relationships.

Team Processes

The third set of elements in the team effectiveness model, collectively known as team processes, includes team development, norms, cohesion, and trust. These elements represent characteristics of the team that continuously evolve.

Team Development

A few years ago, the National Transportation Safety Board (NTSB) studied the circumstances under which airplane cockpit crews were most likely to have accidents
and related problems. What the NTSB discovered was startling: 73 percent of all incidents took place on the crew’s first day, and 44 percent occurred on the crew’s very first flight together. This isn’t an isolated example. NASA studied fatigue of pilots after returning from multiple-day trips. Fatigued pilots made more errors in the NASA flight simulator, as one would expect. But the NASA researchers didn’t expect the discovery that fatigued crews who had worked together made fewer errors than did rested crews who had not yet flown together. 37

The NTSB and NASA studies reveal that team members must resolve several issues and pass through several stages of development before emerging as an effective work unit. They need to get to know and trust each other, understand and agree on their respective roles, discover appropriate and inappropriate behaviors, and learn how to coordinate with each other. The longer team members work together, the better they develop common or complementary mental models, mutual understanding, and effective performance routines to complete the work.

A popular model that captures many team development activities is shown in Exhibit 8.5. 38 The model shows teams moving systematically from one stage to the next, while the dashed lines illustrate that teams might fall back to an earlier stage of development as new members join or other conditions disrupt the team’s maturity. Forming, the first stage of team development, is a period of testing and orientation in which members learn about each other and evaluate the benefits and costs of continued membership. People tend to be polite, will defer to authority, and try to find out what is expected of them and how they will fit into the team. The storming stage is marked by interpersonal conflict as members become more proactive and compete for various team roles. Members try to establish norms of appropriate behavior and performance standards.

During the norming stage, the team develops its first real sense of cohesion as roles are established and a consensus forms around group objectives and a common or complementary team-based mental model. By the performing stage, team members have learned to efficiently coordinate and resolve conflicts. In high-performance teams, members are highly cooperative, have a high level of trust in each other, are committed to group objectives, and identify with the team. Finally, the adjourning
stage occurs when the team is about to disband. Team members shift their attention away from task orientation to a relationship focus.

The five-stage model is consistent with what students experience on team projects, but it is far from a perfect representation of the team development process. For instance, it does not show that some teams remain in a particular stage longer than others. It also masks two distinct processes during team development: (1) developing team identity and (2) developing team competence. Developing team identity refers to the transition that individuals make from viewing the team as something “out there” to something that is part of themselves. In other words, team development occurs when employees shift their view of the team from “them” to “us.” This relates to becoming familiar with the team, making it part of their social identity, and shaping the team to better fit their prototype of an ideal team.

The other process—developing team competence—includes several changes related to team learning. Team members develop habitual routines that increase work efficiency. They also form shared or complementary mental models regarding team resources, goals and tasks, social interaction, and characteristics of other team members. Team
mental models are visual or relational mental images that are shared by team members. For example, members of a newly formed team might have different views about customer service (quality of interaction, speed of service, technical expertise provided, etc.). As the team develops, these views converge into more of a shared mental model of customer service.

**Team Roles** An important part of the team development process is forming and reinforcing team roles. A *role* is a set of behaviors that people are expected to perform because they hold certain positions in a team and organization. In a team setting, some roles help the team achieve its goals; other roles maintain relationships within the team. Some team roles are formally assigned to specific people. For example, team leaders are usually expected to initiate discussion, ensure that everyone has an opportunity to present his or her views, and help the team reach agreement on the issues discussed.

Team members are typically assigned specific roles as their formal job responsibilities. Yet, throughout the continuous team development process, people vary their formal roles to suit their personality and values as well as the wishes of other team members. Furthermore, many roles exist informally, such as being a cheerleader, initiator of new ideas, or an adviser who encourages the group to soberly rethink their actions. The informal roles are shared among team members, but many are eventually associated with specific team members. Again, the informal role assignment process is influenced by each team member’s personal preferences (personality and values) as well as through negotiated dynamics with other team members.

**Accelerating Team Development through Team Building** Team development, including sorting out team roles, takes time, so many companies try to speed up the process through team-building activities. Team building consists of formal activities intended to improve the development and functioning of a work team. It can help new teams, but it is more commonly applied to existing teams that have regressed to earlier stages of team development due to membership turnover or loss of focus. Some team-building interventions clarify the team’s performance goals, increase the team’s motivation to accomplish these goals, and establish a mechanism for systematic feedback on the team’s goal performance. Others try to improve the team’s problem-solving skills. A third category of team building clarifies and reconstructs each member’s perceptions of her or his role as well as the role expectations that member has of other team members. Role definition team building also helps the team to develop shared mental models—common internal representations of the external world, such as how to interact with clients, maintain machinery, and engage in meetings. Research studies indicate that team processes and performance depend on how well teammates share common mental models about how they should work together.

A popular form of team building is aimed at improving relations among team members. This includes activities that help team members learn more about each other, build trust in each other, and develop ways to manage conflict within the team. Popular interventions such as wilderness team activities, paintball wars, and obstacle-course challenges are typically offered to build trust. “If two colleagues hold the rope for you while you’re climbing 10 meters up, that is truly team-building,” suggests a partner in a German communications consulting firm who participated in that team-building event.
Although team-building activities are popular, their success is less certain than many claim.\footnote{48} One problem is that team-building activities are used as general solutions to general team problems. A better approach is to begin with a sound diagnosis of the team’s health and then select team-building interventions that address weaknesses.\footnote{49} Another problem is that team building is applied as a one-shot medical inoculation that every team should receive when it is formed. In truth, team building is an ongoing process, not a three-day jump start.\footnote{50} Finally, we must remember that team building occurs on the job, not just on an obstacle course or in a national park. Organizations should encourage team members to reflect on their work experiences and to experiment with just-in-time learning for team development.

\section*{Team Norms}

\textbf{Norms} are the informal rules and shared expectations that groups establish to regulate the behavior of their members. Norms apply only to behavior, not to private thoughts or feelings. Furthermore, norms exist only for behaviors that are important to the team.\footnote{51} Norms are enforced in various ways. Co-workers grimace if we are late for a meeting, or they make sarcastic comments if we don’t have our part of the project completed on time. Norms are also directly reinforced through praise from high-status members, more access to valued resources, or other rewards available to the team. But team members often conform to prevailing norms without direct reinforcement or punishment because they identify with the group and want to align their behavior with the team’s values. The more closely the person’s social identity is connected to the group, the more the individual is motivated to avoid negative sanctions from that group.\footnote{52}

\section*{How Team Norms Develop}

Norms develop as soon as teams form because people need to anticipate or predict how others will act. Even subtle events during the team’s formation, such as how team members initially greet each other and where they sit in the first meetings, can initiate norms that are later difficult to change. Norms also form as team members discover behaviors that help them function more effectively (such as the need to respond quickly to e-mail). In particular, a critical event in the team’s history can trigger formation of a norm or sharpen a previously vague one. A third influence on team norms is the past experiences and values that members bring to the team. If members of a new team value work–life balance, norms are likely to develop that discourage long hours and work overload.\footnote{53}

\section*{Preventing and Changing Dysfunctional Team Norms}

Team norms often become deeply anchored, so the best way to avoid norms that undermine organizational success or employee well-being is to establish desirable norms when the team is first formed. One way to do this is to clearly state desirable norms as soon as the team is created. Another approach is to select people with appropriate values. If organizational leaders want their teams to have strong safety norms, they should hire people who already value safety and who clearly identify the importance of safety when the team is formed.

The suggestions so far refer to new teams, but how can organizational leaders maintain desirable norms in older teams? First, as one recent study affirmed, leaders often have the capacity to alter existing norms.\footnote{54} By speaking up or actively coaching the team, they can often subdue dysfunctional norms while developing useful norms.
Team-based reward systems can also weaken counterproductive norms; however, studies report that employees might continue to adhere to a dysfunctional team norm (such as limiting output) even though this behavior reduces their paycheck. Finally, if dysfunctional norms are deeply ingrained and the previous solutions don’t work, it may be necessary to disband the group and replace it with people having more favorable norms.

Team Cohesion

**Team cohesion** refers to the degree of attraction people feel toward the team and their motivation to remain members. It is a characteristic of the team, including the extent to which its members are attracted to the team, are committed to the team’s goals or tasks, and feel a collective sense of team pride. Thus, team cohesion is an emotional experience, not just a calculation of whether to stay or leave the team. It exists when team members make the team part of their social identity. Team cohesion is therefore associated with team development because, as mentioned earlier, team members develop a team identity as part of the team development process.

**Influences on Team Cohesion** Several factors influence team cohesion: member similarity, team size, member interaction, difficult entry, team success, and external competition or challenges. For the most part, these factors reflect the individual’s social identity with the group and beliefs about how team membership will fulfill personal needs.

- **Member similarity.** For more than 2,000 years, philosophers and researchers have observed that people with similar backgrounds and values are more comfortable with and attractive to each other. In team settings, this similarity-attraction effect means that teams have higher cohesion—or become cohesive more quickly—when members are similar to each other. Diversity tends to undermine cohesion, but this depends on the type of diversity. For example, teams consisting of people from different job groups seem to gel together just as well as teams of people from the same job.
- **Team size.** Smaller teams tend to have more cohesion than larger teams because it is easier for a few people to agree on goals and coordinate work activities. However, small teams have less cohesion when they lack enough members to perform the required tasks.
- **Member interaction.** Teams tend to have more cohesion when team members interact with each other fairly regularly. This occurs when team members perform highly interdependent tasks and work in the same physical area.
- **Somewhat difficult entry.** Teams tend to have more cohesion when entry to the team is restricted. The more elite the team, the more prestige it confers on its members, and the more they tend to value their membership in the unit. At the same time, research suggests that severe initiations can weaken team cohesion because of the adverse effects of humiliation, even for those who successfully endure the initiation.
- **Team success.** Cohesion is both emotional and instrumental, with the latter referring to the notion that people feel more cohesion to teams that fulfill their needs and goals. Consequently, cohesion increases with the team’s level of success. Furthermore, individuals are more likely to attach their social identity to successful teams than to those with a string of failures.
• External competition and challenges. Team cohesion tends to increase when members face external competition or a valued objective that is challenging. This might include a threat from an external competitor or friendly competition from other teams. Employees value their membership on the team because of its ability to overcome the threat or competition and as a form of social support. However, cohesion can dissipate when external threats are severe because these threats are stressful and cause teams to make less effective decisions.  

Consequences of Team Cohesion Every team must have some minimal level of cohesion to maintain its existence. People who belong to high-cohesion teams are motivated to maintain their membership and to help the team perform effectively. Compared to low-cohesion teams, high-cohesion team members spend more time together, share information more frequently, and are more satisfied with each other. They provide each other with better social support in stressful situations.

Members of high-cohesion teams are generally more sensitive to each other’s needs and develop better interpersonal relationships, thereby reducing dysfunctional conflict. When conflict does arise, members tend to resolve their differences swiftly and effectively. With better cooperation and more conformity to norms, high-cohesion teams usually perform better than low-cohesion teams. However, as Exhibit 8.6 illustrates, this relationship holds true only when team norms are compatible with organizational values and objectives. Cohesion motivates employees to perform at a level more consistent with team norms, so when those norms conflict with the organization’s success (such as when norms support high absenteeism or acting unethically), high cohesion will reduce team performance.

Team Trust

Any relationship—including the relationship among team members—depends on a certain degree of trust. Trust refers to positive expectations one person has toward another person in situations involving risk.
others affect you in situations where you are at risk but you believe they will not harm you. Trust includes both your beliefs and conscious feelings about the relationship with other team members. In other words, a person both logically evaluates the situation as trustworthy and feels that it is trustworthy. Trust can also be understood in terms of the foundation of the trust. From this perspective, people trust others on the basis of three foundations: calculus, knowledge, and identification (see Exhibit 8.7).

Calculus-based trust represents a logical calculation that other team members will act appropriately because they face sanctions if their actions violate reasonable expectations. It offers the lowest potential trust and is easily broken by a violation of expectations. Generally, calculus-based trust alone cannot sustain a team’s relationship, because it relies on deterrence. Knowledge-based trust is based on the predictability of another team member’s behavior. Even if we don’t agree with a particular team member’s actions, his or her consistency generates some level of trust. Knowledge-based trust also relates to confidence in the other person’s ability or competence, such as the confidence that exists when we trust a physician. Knowledge-based trust offers a higher potential level of trust and is more stable because it develops over time.

Identification-based trust is based on mutual understanding and an emotional bond among team members. It occurs when team members think, feel, and act like each other. High-performance teams exhibit this level of trust because they share the same values and mental models. Identification-based trust is potentially the strongest and most robust of all three types of trust. The individual’s self-concept is based partly on membership in the team, and he or she believes the members’ values highly overlap, so any transgressions by other team members are quickly forgiven. People are more reluctant to acknowledge a violation of this high-level trust because it strikes at the heart of their self-concept.

Dynamics of Team Trust Employees typically join a team with a moderate or high level—not a low level—of trust in their new co-workers. The main explanation for the initially high trust (called swift trust) in organizational settings is that people usually believe their teammates are reasonably competent (knowledge-based trust) and

---

**Exhibit 8.7**
Three Foundations of Trust in Teams

<table>
<thead>
<tr>
<th>Type of trust</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification-based trust</td>
<td>• Based on common mental models and values.</td>
</tr>
<tr>
<td></td>
<td>• Increases with person’s social identity with team.</td>
</tr>
<tr>
<td>Knowledge-based trust</td>
<td>• Based on predictability and competence.</td>
</tr>
<tr>
<td></td>
<td>• Fairly robust.</td>
</tr>
<tr>
<td>Calculus-based trust</td>
<td>• Based on deterrence.</td>
</tr>
<tr>
<td></td>
<td>• Fragile and limited potential because dependent on punishment.</td>
</tr>
</tbody>
</table>
they tend to develop some degree of social identity with the team (identification-based trust). Even when working with strangers, most of us display some level of trust, if only because it supports our self-concept of being a nice person. However, trust is fragile in new relationships because it is based on assumptions rather than well-established experience. Consequently, recent studies report that trust tends to decrease rather than increase over time. This is unfortunate because employees become less forgiving and less cooperative toward others as their level of trust decreases, and this undermines team and organizational effectiveness.

The team effectiveness model is a useful template for understanding how teams work—and don’t work—in organizations. With this knowledge in hand, let’s briefly investigate two types of teams that have received considerable attention among OB experts and practitioners: self-directed teams and virtual teams.

After reading the next three sections, you should be able to:

9. Discuss the characteristics and factors required for success of self-directed teams and virtual teams.
10. Identify four constraints on team decision making.
11. Discuss the advantages and disadvantages of four structures that potentially improve team decision making.

Self-Directed Teams

Chrysler believes that one of the key success factors for the automaker’s future is “smart manufacturing,” which includes applying lean manufacturing principles in plants operated by self-directed teams (SDTs). The automaker introduced SDTs a decade ago at its operations in Mexico. Today, employees at Chrysler’s plant in Saltillo, Mexico, are organized into teams of a dozen people responsible for a specific set of integrated tasks, including maintenance, quality control, safety, and productivity in their work area. Some of Chrysler’s Mexican operations already exceed the efficiency levels of Toyota, which pioneered lean manufacturing.

Self-directed teams are defined by two distinctive features. First, the team completes an entire piece of work requiring several interdependent tasks. This type of work arrangement clusters the team members together while minimizing interdependence and interaction with employees outside the team. The result is a close-knit group of employees who depend on each other to accomplish their individual tasks. For example, Chrysler employees responsible for assembling engines would naturally work more closely with each other than with members of other teams. La-Z-Boy also recently shifted from a traditional assembly line to self-directed teams. As described earlier in this chapter, the furniture manufacturer reorganized production employees into teams responsible for constructing an entire product. Members of each team work closely with each other and minimally with members of other teams.

The second distinctive feature of SDTs is that they have substantial autonomy over the execution of their tasks. In particular, these teams plan, organize, and control work activities with little or no direct involvement of a higher-status supervisor. The teams at Whole Foods Market, which was described at the beginning of this chapter, are considered self-directed because of their autonomy: Every team...
“gets a profit-and-loss statement, it’s responsible for managing inventory, labor productivity, gross margins; and its members are responsible for many of the product-placement decisions,” says Whole Foods Market cofounder and CEO John Mackey.71

Self-directed teams are found in many industries, ranging from petrochemical plants to aircraft parts manufacturing. Almost all the top-rated manufacturing firms in North America rely on SDTs.72 The popularity of SDTs is consistent with research indicating that they potentially increase both productivity and job satisfaction. For instance, one study found that car dealership service shops that organize employees into SDTs are significantly more profitable than shops where employees work without a team structure. Another study reported that both short- and long-term measures of customer satisfaction increased after street cleaners in a German city were organized into SDTs.73

Success Factors for Self-Directed Teams

Self-directed teams probably would add value in most organizations, but several conditions must be in place to realize their benefits.74 In addition to managing the team dynamics issues described earlier in this chapter, SDTs operate best when they are

Reckitt Benckiser’s Prescription for Productivity: Self-Directed Teams Through teamwork and lean manufacturing practices, Reckitt Benckiser Healthcare has become one of the most productive pharmaceutical operations in Europe. In fact, teamwork is one of the company’s four core values. At its facility in Hull, United Kingdom, for example, every line is operated by a dedicated self-directed team. “The people on the lines decide how they are going to run over the next three to four weeks,” says Lisa Adams, team leader of the area that packages products in sachets and tubes. Mark Smith, a crew leader of one line, proudly notes that his team has become “one of the most efficient in northern Europe” because “we were given the opportunity to take ownership of the line.” The benefits of self-directed teams were apparent when the team responsible for producing Gaviscon antacid tablets tackled a problem with the delivery of tablets in the production process. The team changed the tablet-feed angle and, after a few trials, found a solution. That production line hasn’t experienced any tablet-feed problems, and this has significantly reduced costs and improved efficiency due to fewer downtimes and less wasted product.75
responsible for an entire work process, such as making an entire product or providing a service. Organization around a work process keeps each team sufficiently independent from other teams, yet it demands a relatively high degree of interdependence among employees within the team. SDTs should also have sufficient autonomy to organize and coordinate their work. Autonomy allows them to respond more quickly and effectively to client and stakeholder demands. It also motivates team members through feelings of empowerment. Finally, SDTs are more successful when the work site and technology support coordination and communication among team members and increase job enrichment. Too often, management calls a group of employees a “team,” yet the work layout, assembly-line structure, and other technologies isolate the employees from each other.

Virtual Teams

PricewaterhouseCoopers (PwC) employs 190 training professionals in 70 offices across the United States. These professionals, along with many more consultants and academics who provide employee development services, routinely form virtual teams for new projects. “Virtual teaming is the norm for us,” says Peter Nicolas, PwC’s learning solutions manager in Florham Park, New Jersey.

PwC has had plenty of experience with the growing trend toward virtual teams. Virtual teams are teams whose members operate across space, time, and organizational boundaries and are linked through information technologies to achieve organizational tasks. Virtual teams differ from traditional teams in two ways: (1) They are not usually colocated (do not work in the same physical area), and (2) due to their lack of colocation, members of virtual teams depend primarily on information technologies rather than face-to-face interaction to communicate and coordinate their work effort.

According to one estimate, more than 60 percent of employees in professions are members of a virtual team at some point during the year. In global companies such as IBM, almost everyone in knowledge work is part of a virtual team. One reason why virtual teams have become so widespread is that information technologies have made it easier than ever before to communicate and coordinate with people at a distance. The shift from production-based to knowledge-based work is a second reason why virtual teamwork is feasible. It isn’t yet possible to make a physical product when team members are located apart, but most of us are now in jobs that mainly process knowledge.

Information technologies and knowledge-based work make virtual teams possible, but organizational learning and globalization are two reasons why they are increasingly necessary. Virtual teams represent a natural part of the organizational learning process because they encourage employees to share and use knowledge where geography limits more direct forms of collaboration. Globalization makes virtual teams increasingly necessary because employees are spread around the planet rather than around one city. Thus, global businesses depend on virtual teamwork to leverage their human capital.

Success Factors for Virtual Teams

Virtual teams have all the challenges of traditional teams, along with the complications of distance and time. Fortunately, OB researchers have been keenly interested in virtual teams, and their studies are now yielding ways to improve virtual-team effectiveness. First, along with having the team competencies described earlier in this chapter, members of successful virtual teams must have the ability to communicate
easily through technology, strong self-leadership skills to motivate and guide their behavior without peers or bosses nearby, and higher emotional intelligence so that they can decipher the feelings of teammates from e-mail and other limited communication media. Second, studies have found that leaders typically impose technology on virtual teams rather than allow them to adopt technology that suits their needs at a particular time. The best situation occurs when virtual teams have a toolkit of communication vehicles (e-mail, virtual whiteboards, videoconferencing, etc.), which gain and lose importance over different parts of the project.

The final recommendation is that virtual-team members should meet face-to-face fairly early in the team development process. This idea may seem contradictory to the entire notion of virtual teams, but so far, no technology has replaced face-to-face interaction for high-level bonding and mutual understanding. “I always try to do the kickoff meeting face-to-face,” says Scott Patterson, PwC’s e-learning manager in Atlanta. “We also try to bring the group back together for major milestones in a project.” Similarly, when IBM formed a virtual team to build an electronic customer-access system for Shell, employees from both firms began with an “all hands” face-to-face gathering to assist the team development process. The two firms also made a rule that the dispersed team members should have face-to-face contact at least once every six weeks throughout the project. Without this, “after about five or six weeks we found some of that communication would start to break down,” says the IBM comanager for the project.83

**Team Decision Making**

Self-directed teams, virtual teams, and practically all other groups are expected to make decisions. Under certain conditions, teams are more effective than individuals at identifying problems, choosing alternatives, and evaluating their decisions. To leverage these benefits, however, we first need to understand the constraints on effective team decision making. Then, we look at specific team structures that try to overcome these constraints.

**Constraints on Team Decision Making**

Anyone who has spent enough time in the workplace can reel off several ways in which teams stumble in decision making. The four most common problems are time constraints, evaluation apprehension, pressure to conform, and groupthink.
Time Constraints  There’s a saying that “committees keep minutes and waste hours.” This reflects the fact that teams take longer than individuals to make decisions. Unlike individuals, teams require extra time to organize, coordinate, and maintain relationships. The larger the group, the more time is required to make a decision. Team members need time to learn about each other and build rapport. They need to manage an imperfect communication process so that there is sufficient understanding of each other’s ideas. They also need to coordinate roles and rules of order within the decision process.

Another time-related constraint found in most team structures is that only one person can speak at a time. This problem, known as production blocking, undermines idea generation in several ways. First, team members need to listen in on the conversation to find an opportune time to speak up, and this monitoring makes it difficult for them to concentrate on their own ideas. Second, ideas are fleeting, so the longer they wait to speak up, the more likely these flickering ideas will die out. Third, team members might remember their fleeting thoughts by concentrating on them, but this causes them to pay less attention to the conversation. By ignoring what others are saying, team members miss other potentially good ideas as well as the opportunity to convey their ideas to others in the group.

Evaluation Apprehension  Individuals are reluctant to mention ideas that seem silly because they believe (often correctly) that other team members are silently evaluating them. This evaluation apprehension is based on the individual’s desire to create a favorable self-presentation and need to protect self-esteem. It is most common when meetings are attended by people with different levels of status or expertise or when members formally evaluate each other’s performance throughout the year (as in 360-degree feedback). Creative ideas often sound bizarre or illogical when first presented, so evaluation apprehension tends to discourage employees from mentioning them in front of co-workers.

Pressure to Conform  Team cohesion leads employees to conform to the team’s norms. This control keeps the group organized around common goals, but it may also cause team members to suppress their dissenting opinions, particularly when a strong team norm is related to the issue. When someone does state a point of view that violates the majority opinion, other members might punish the violator or try to persuade him or her that the opinion is incorrect. Conformity can also be subtle. To some extent, we depend on the opinions that others hold to validate our own views. If co-workers don’t agree with us, we begin to question our own opinions even without overt peer pressure.

Groupthink  Groupthink is the tendency of highly cohesive groups to value consensus at the price of decision quality. The concept includes the dysfunctional effects of conformity on team decision making, which were described above. It also includes the dysfunctional consequences of trying to maintain harmony within the team. This desire for harmony exists as a group norm and is most apparent when team members have a strong social identity with the group. Groupthink supposedly occurs most often when the team is isolated from outsiders, the team leader is opinionated (rather than impartial), the team is under stress due to an external threat, the team has experienced recent failures or other decision-making problems, and the team lacks clear guidance from corporate policies or procedures.

The term groupthink is now part of everyday language, so much so that some experts worry that it commonly refers to almost any problem in team decision making.
Meanwhile, scholarly studies have found that the symptoms of groupthink do not cluster together as the concept assumes; some of these characteristics actually tend to improve rather than undermine decision making in some situations. Although many cases of groupthink have been documented, a recent study found that this evidence is illusory because observers retrospectively make sense of bad decisions by incorrectly perceiving evidence of groupthink.  

In spite of the problems with the groupthink concept, some of its specific elements continue to be relevant because they explain specific problems with team decision making. One of these elements, conformity, was described above as a concern. Another important element is the team’s overconfidence. Studies consistently report that highly confident teams have a false sense of invulnerability, which makes them less attentive in decision making than are moderately confident teams.

Team Structures to Improve Decision Making

There is plenty of research revealing problems with team decision making, but several solutions also emerge from these bad-news studies. Team members need to be confident in their decision making but not so confident that they collectively feel invulnerable. This calls for team norms that encourage critical thinking as well as team membership with sufficient diversity. Checks and balances need to be in place to prevent one or two people from dominating the discussion. The team should also be large enough to possess the collective knowledge to resolve the problem yet small enough that the team doesn’t consume too much time or restrict individual input.

Team structures also help to minimize the problems described over the previous few pages. Four structures potentially improve team decision making in team settings: constructive conflict, brainstorming, electronic brainstorming, and nominal group technique.

Constructive Conflict

A popular way to improve team decision making at Corning Inc. is to assign promising ideas to two-person teams, who spend up to four months analyzing the feasibility of their assigned idea. The unique feature about this process is that the team is deliberately designed so that one person is from marketing and the other has technical expertise. This oil-and-water combination sometimes ruffles feathers, but it seems to generate better ideas and evaluations. “We find great constructive conflict this way,” says Deborah Mills, who leads Corning’s early-stage marketing team.

Constructive conflict occurs when people focus their discussion on the issue while maintaining respect for people having other points of view. This conflict is called “constructive” because different viewpoints are encouraged so that ideas and recommendations can be clarified, redesigned, and tested for logical soundness. The main advantage of this debate is that it presents different points of view and thus encourages all participants to reexamine their assumptions and logic. The main challenge with constructive conflict is that healthy debate too often slides into personal attacks, a problem that may explain why the evidence of constructive conflict on team decision making is inconsistent. We explore this issue further in Chapter 11, along with specific strategies for minimizing the emotional effects of conflict while maintaining constructive debate.

Brainstorming

Brainstorming tries to leverage the creative potential of teams by establishing four simple rules: (1) Speak freely—describe even the craziest ideas; (2) don’t criticize others or their ideas; (3) provide as many ideas as possible—the quality of ideas...
increases with the quantity of ideas; and (4) build on the ideas that others have presented. These rules are supposed to encourage divergent thinking while minimizing evaluation apprehension and other team dynamics problems. Lab studies using university students concluded many years ago that brainstorming isn’t very effective, largely because production blocking and evaluation apprehension still interfere with team dynamics. However, brainstorming may be more beneficial than the earlier studies indicated. The earlier lab studies measured the number of ideas generated, whereas recent investigations within companies using brainstorming indicate that this team structure results in more creative ideas, which is the main reason why companies use brainstorming. Also, evaluation apprehension is less of a problem in high-performing teams that embrace a learning orientation culture than it is for students brainstorming in lab experiments. Another overlooked advantage of brainstorming is that participants interact and participate directly, thereby increasing decision acceptance and team cohesion. Finally, brainstorming sessions often spread enthusiasm, which tends to generate more creativity. Overall, while brainstorming might not always be the best team structure, it seems to be more valuable than some of the earlier research studies indicated.

Electronic Brainstorming  

Electronic brainstorming is a more recent form of brainstorming that relies on networked computers for submitting and sharing creative ideas. After receiving the question or issue, participants enter their ideas using special

NASA’s Constructive Conflict Room  

The ill-fated flight of the space shuttle Columbia in 2003 was a wake-up call for how NASA’s mission management team makes decisions. The Columbia accident investigation team concluded that concerns raised by engineers were either deflected or watered down because the mission management team appeared to be “immersed in a culture of invincibility” and hierarchical authority discouraged constructive debate. If top decision makers had more fully considered the extent of damage during takeoff, they might have been able to save Columbia’s seven crew members. To foster more open communications and constructive conflict, the mission management team’s assigned-seating rectangular table has been replaced by a C-shaped arrangement where people sit wherever they want (shown in photo). None of the 24 members stands out above the others in the new setup. Around the walls of the room are pearls of wisdom reminding everyone of the pitfalls of team decision making. “People in groups tend to agree on courses of action which, as individuals, they know are stupid,” warns one poster.
Teams are groups of two or more people who interact and influence each other, are mutually accountable for achieving common goals associated with organizational objectives, and perceive themselves as a social entity within an organization. All teams are groups, because they consist of people with a unifying relationship; not all groups are teams, because some groups do not exist to serve organizational objectives.

People join informal groups (and are motivated to be on formal teams) for four reasons: (1) People have an innate drive to bond, (2) group membership is an inherent ingredient in a person’s self-concept, (3) some personal goals are accomplished better in groups, and (4) individuals are comforted in stressful situations by the mere presence of other people. Teams have become popular because they tend to make better decisions, support the organizational learning process, and provide superior customer service. People also tend to be more motivated working in teams. However, teams are not always as effective as individuals working alone. Process losses and social loafing are two particular concerns that drag down team performance.

Team effectiveness includes the team’s ability to achieve its objectives, fulfill the needs of its members, and maintain its survival. The model of team effectiveness considers the team and organizational environment, team design, and team processes. Three team design elements are task characteristics, team size, and team composition. Teams tend to be better suited for situations in which the work is complex and the tasks among employees have high interdependence. Teams should be large enough to perform the work yet small enough for efficient coordination and meaningful involvement. Effective teams are composed of people with the competencies and motivation to perform tasks in a team environment. Team member diversity has advantages and disadvantages for team performance.

Teams develop through the stages of forming, storming, norming, performing, and eventually adjourning. Within these stages are two distinct team development processes: developing team identity and developing team competence. Team development can be accelerated through team building—any formal activity intended to improve the development and functioning of a work team. Teams develop norms to regulate and guide member behavior. These norms may be influenced by initial experiences, critical events, and the values and experiences that team members bring to the group.
Team cohesion—the degree of attraction people feel toward the team and their motivation to remain members—increases with member similarity, smaller team size, higher degree of interaction, somewhat difficult entry, team success, and external challenges. Cohesion increases team performance when the team’s norms are congruent with organizational goals. Trust is a psychological state comprising the intention to accept vulnerability on the basis of positive expectations of the intent or behavior of another person. People trust others on the basis of three foundations: calculus, knowledge, and identification.

Self-directed teams (SDTs) complete an entire piece of work requiring several interdependent tasks, and they have substantial autonomy over the execution of their tasks. Members of virtual teams operate across space, time, and organizational boundaries and are linked through information technologies to achieve organizational tasks. Virtual teams are more effective when the team members have certain competencies, the team has the freedom to choose the preferred communication channels, and the members meet face-to-face fairly early in the team development process.

Team decisions are impeded by time constraints, evaluation apprehension, conformity to peer pressure, and groupthink (specifically overconfidence). Four structures potentially improve decision making in team settings: constructive conflict, brainstorming, electronic brainstorming, and nominal group technique.

Key Terms

<table>
<thead>
<tr>
<th>Term</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>brainstorming</td>
<td>258</td>
</tr>
<tr>
<td>Brooks’s law</td>
<td>237</td>
</tr>
<tr>
<td>constructive conflict</td>
<td>258</td>
</tr>
<tr>
<td>electronic brainstorming</td>
<td>259</td>
</tr>
<tr>
<td>evaluation apprehension</td>
<td>257</td>
</tr>
<tr>
<td>groupthink</td>
<td>257</td>
</tr>
<tr>
<td>nominal group technique</td>
<td>260</td>
</tr>
<tr>
<td>norms</td>
<td>249</td>
</tr>
<tr>
<td>process losses</td>
<td>237</td>
</tr>
<tr>
<td>production blocking</td>
<td>257</td>
</tr>
<tr>
<td>role</td>
<td>248</td>
</tr>
<tr>
<td>self-directed teams (SDTs)</td>
<td>253</td>
</tr>
<tr>
<td>social capital</td>
<td>236</td>
</tr>
<tr>
<td>social loafing</td>
<td>238</td>
</tr>
<tr>
<td>task interdependence</td>
<td>241</td>
</tr>
<tr>
<td>team building</td>
<td>248</td>
</tr>
<tr>
<td>team cohesion</td>
<td>250</td>
</tr>
<tr>
<td>teams</td>
<td>234</td>
</tr>
<tr>
<td>trust</td>
<td>251</td>
</tr>
<tr>
<td>virtual teams</td>
<td>255</td>
</tr>
</tbody>
</table>

Critical Thinking Questions

1. Informal groups exist in almost every form of social organization. What types of informal groups exist in your classroom? Why are students motivated to belong to these informal groups?

2. The late management guru Peter Drucker said: “The now-fashionable team in which everybody works with everybody on everything from the beginning rapidly is becoming a disappointment.” Discuss three problems associated with teams.

3. You have been put in charge of a cross-functional task force that will develop enhanced Internet banking services for retail customers. The team includes representatives from marketing, information services, customer service, and accounting, all of whom will move to the same location at headquarters for three months. Describe the behaviors you might observe during each stage of the team’s development.

4. You have just been transferred from the Kansas office to the Denver office of your company, a national sales organization of electrical products for developers and contractors. In Kansas, team members regularly called customers after a sale to ask whether the products arrived on time and whether they are satisfied. But when you moved to the Denver office, no one seemed to make these follow-up calls. A recently hired co-worker explained that other co-workers discouraged her from making those calls. Later, another co-worker suggested that your follow-up calls were making everyone else look lazy. Give three possible reasons why the norms in Denver might be different from those in the Kansas office, even though the customers, products, sales commissions, and other characteristics of the workplace are almost identical.

5. You have been assigned to a class project with five other students, none of whom you have met before. To what extent would team cohesion improve your team’s performance on this project? What actions would you recommend to build team cohesion among student team members in this situation?
Case Study 8.1  THE SHIPPING INDUSTRY ACCOUNTING TEAM

For the past five years, I have been working at McKay, Sanderson, and Smith Associates, a midsize accounting firm in Boston that specializes in commercial accounting and audits. My particular specialty is accounting practices for shipping companies, ranging from small fishing fleets to a couple of the big firms with ships along the East Coast.

About 18 months ago, McKay, Sanderson, and Smith Associates became part of a large merger involving two other accounting firms. These firms have offices in Miami, Seattle, Baton Rouge, and Los Angeles. Although the other two accounting firms were much larger than McKay, all three firms agreed to avoid centralizing the business around one office in Los Angeles. Instead, the new firm—called Goldberg, Choo, and McKay Associates—would rely on teams across the country to “leverage the synergies of our collective knowledge” (an often-cited statement from the managing partner soon after the merger).

The merger first affected me a year ago when my boss (a senior partner and vice president of the merger firm) announced that I would be working more closely with three people from the other two accounting firms to become the firm’s new shipping industry accounting team. The other team members were Elias in Miami, Susan in Seattle, and Brad in Los Angeles.

Initially, the shipping team activities involved e-mailing each other about new contracts and prospective clients. Later, we were asked to submit joint monthly reports on accounting statements and issues. Normally, I submitted my own monthly reports, which summarized activities involving my own clients. Coordinating the monthly report with three other people took much more time, particularly since different accounting documentation procedures across the three firms were still being resolved. It took numerous e-mails and a few telephone calls to work out a reasonable monthly report style.

During this aggravating process, it became apparent—to me at least—that this team business was costing me more time than it was worth. Moreover, Brad in Los Angeles didn’t have a clue about how to communicate with the rest of us. He rarely replied to e-mails. Instead, he often used the telephone voice mail system, which resulted in lots of telephone tag. Brad arrives at work at 9:30 a.m. in Los Angeles (and is often late), which is early afternoon in Boston. I typically have a flexible work schedule from 7:30 a.m. to 3:30 p.m. so that I can chauffeur my kids after school to sports and music lessons. So Brad and I have a window of less than three hours to share information.

The biggest nuisance with the shipping specialist accounting team started two weeks ago when the firm asked the four of us to develop a new strategy for attracting more shipping firm business. This new strategic plan is a messy business. Somehow, we have to share our thoughts on various approaches, agree on a new plan, and write a unified submission to the managing partner. Already, the project is taking most of my time just writing and responding to e-mails and talking in conference calls (which none of us did much before the team formed).

6. Suppose that you were put in charge of a virtual team whose members are located in different cities around the country or region. What tactics could you use to build and maintain team trust, as well as minimize the decline in trust that often occurs in teams?

7. You are responsible for convening a major event in which senior officials from several state governments will try to come to an agreement on environmental issues. It is well known that some officials posture so that they appear superior, whereas others are highly motivated to solve the environmental problems that cross adjacent states. What team decision-making problems are likely to be apparent in this government forum, and what actions can you take to minimize these problems?

8. Bangalore Technologies wants to use brainstorming with its employees and customers to identify new uses for its technology. Advise Bangalore’s president about the potential benefits of brainstorming, as well as its potential limitations.
Case Study 8.2  PHILANTHROPIC TEAM BUILDING

The top dozen executives from Adolph Coors and Molson breweries wanted to accelerate their team development to kick off the postmerger integration of the two companies. But rather than doing the usual team building in the woods or at a friendly game of golf, the Molson Coors leaders spent a full day helping to build a house for Habitat for Humanity. “We quickly got past the idea of a ropes course or golf outing,” recalls Samuel D. Walker, Molson Coors’ chief legal officer. “We really wanted something where we would give back to one of the communities where we do business.” According to Walker, the volunteering experience exceeded everyone’s expectations. “We had to unload this truck full of cement roof tiles. We actually had to figure out how to have kind of a bucket line, handing these very heavy tiles from one person to the next. That’s the ultimate team-building exercise.”

Molson Coors and other companies are discovering that volunteering is just as successful as a team-building event as it is as a form of corporate social responsibility. Credit Suisse held a team-building session in New Orleans that included a day working on a home damaged by Hurricane Katrina. “I think people learned a lot about each other,” says Glenn W. Welling, a Credit Suisse managing director who participated in the event. “It was not uncommon seeing a managing director trying to tear down some mold-damaged wall and to watch a 25-year-old analyst come over to help him.”

Kimberly Senter, director for category management at Unilever U.S., believes that volunteering events help her to know her colleagues better without the pressure of formal networking. “You’re connecting on a very personal level,” she suggests. “There’s not a lot of talking shop. It’s more, ‘Pass me the hammer.’”

Timberland is a pioneer in donating employee time to community events. Since 1992, the New Hampshire–based outdoor clothing and accessories company has granted employees 40 hours of paid leave each year to work on community projects. This paid volunteering time includes Earth Day, when Timberland shuts its entire operation so that employees can participate in community projects. It doesn’t take long for employees to realize that Timberland is doing more than giving back to the community; it is also developing team skills and cohesion within the company.

“It is a team-building event,” says Lisa Rakaseder, a Timberland employee who participated in an Earth Day project at a YMCA camp where she and co-workers built canoe racks and raked leaves. “It gets you to interact with other people at the company.” Fabienne Verschoor, who organized the YMCA project, explains further: “You have senior staff, the loading dock crew, customer service, all working

Discussion Questions

1. What type of team was formed here? Was it necessary, in your opinion?
2. Use the team effectiveness model and related information in this chapter to identify the strengths and weaknesses of this team’s environment, design, and processes.
3. Assuming that these four people must continue to work as a team, recommend ways to improve the team’s effectiveness.

© 2004 Steven L. McShane.
Team-building activities come in many forms and are widely practiced, but few companies go as far as Seagate Technology. Each year, the giant American computer storage hardware manufacturer has been sending hundreds of employees from a dozen countries to a weeklong team-building program called Eco-Seagate. CEO Bill Watkins championed the event to break down barriers, boost confidence, and make staffers better team players. “Some of you will learn about teamwork because you have a great team,” Watson advised one group of participants. “Some of you will learn because your team is a disaster.”

This BusinessWeek case study details the team-building events that “tribes” of employees participated in throughout a recent Eco-Seagate program in New Zealand. It describes how employees reacted to these activities, including the marathon race on the final day. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. What type(s) of team building best represent the Eco-Seagate event? In your opinion, is this type of event effective for team building? Why or why not?

2. Along with team building, in what other ways do these volunteering activities improve organizations?


Team Exercise 8.4  TEAM TOWER POWER

PURPOSE  This exercise is designed to help you understand team roles, team development, and other issues in the development and maintenance of effective teams.

MATERIALS  The instructor will provide enough Lego pieces or similar materials for each team to complete the assigned task. All teams should have identical (or very similar) amounts and types of pieces. The instructor will need a measuring tape and stopwatch. Students may use writing materials during the design stage (step 2, below). The instructor will distribute a “Team Objectives Sheet” and “Tower Specifications Effectiveness Sheet” to all teams.

INSTRUCTIONS
1. The instructor will divide the class into teams. Depending on class size and space availability, teams may have between four and seven members, but all should be approximately equal size.
2. Each team is given 20 minutes to design a tower that uses only the materials provided, is freestanding, and provides an optimal return on investment. Team members may wish to draw their tower on paper or a flipchart to facilitate the tower’s design. Teams are free to practice building their tower during this stage. Preferably, teams are assigned to their own rooms so that the design can be created privately. During this stage, each team will complete the Team Objectives Sheet distributed by the instructor. This sheet requires the Tower Specifications Effectiveness Sheet, also distributed by the instructor.
3. Each team will show the instructor that it has completed its Team Objectives Sheet. Then, with all teams in the same room, the instructor will announce the start of the construction phase. The time allowed for construction will be closely monitored, and the instructor will occasionally call out the time elapsed (particularly if there is no clock in the room).
4. Each team will advise the instructor as soon as it has completed its tower. The team will write down the time elapsed that the instructor has determined. It may be asked to assist the instructor by counting the number of blocks used and measuring the height of the tower. This information is also written on the Team Objectives Sheet. Then the team calculates its profit.
5. After presenting the results, the class will discuss the team dynamics elements that contribute to team effectiveness. Team members will discuss their strategy, division of labor (team roles), expertise within the team, and other elements of team dynamics.

Source: Several published and online sources describe variations of this exercise, but there is no known origin to this activity.

Self-Assessment 8.5

WHAT TEAM ROLES DO YOU PREFER?

PURPOSE  This self-assessment is designed to help you identify your preferred roles in meetings and similar team activities.

INSTRUCTIONS  Read each of the statements on page 266 and circle the response that you believe best reflects your position regarding each statement. Then use the scoring key in Appendix B at the end of the book to calculate your results for each team role. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the roles that people assume in team settings. This scale assesses only a few team roles.
### Team Roles Preferences Scale

Circle the number that best reflects your position regarding each of these statements.

<table>
<thead>
<tr>
<th></th>
<th>Does not describe me at all</th>
<th>Does not describe me very well</th>
<th>Describes me somewhat</th>
<th>Describes me well</th>
<th>Describes me very well</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I usually take responsibility for getting the team to agree on what the meeting should accomplish.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>2. I tend to summarize to other team members what the team has accomplished so far.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>3. I’m usually the person who helps other team members overcome their disagreements.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>4. I try to ensure that everyone gets heard on issues.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>5. I’m usually the person who helps the team determine how to organize the discussion.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>6. I praise other team members for their ideas more than do others in the meetings.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>7. People tend to rely on me to keep track of what has been said in meetings.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>8. The team typically counts on me to prevent debates from getting out of hand.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>9. I tend to say things that make the group feel optimistic about its accomplishments.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>10. Team members usually count on me to give everyone a chance to speak.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>11. In most meetings, I am less likely than others to criticize the ideas of teammates.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>12. I actively help teammates to resolve their differences in meetings.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>13. I actively encourage quiet team members to describe their ideas about each issue.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>14. People tend to rely on me to clarify the purpose of the meeting.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>15. I like to be the person who takes notes or minutes of the meeting.</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

© 2000 Steven L. McShane.
Self-Assessment 8.6

ARE YOU A TEAM PLAYER?

How much do you like working in teams? Some of us avoid teams whenever possible; others tolerate teamwork; still others thrive in team environments. This exercise is designed to help you estimate the extent to which you are positively predisposed to work in teams. Read each statement in the scale and indicate the extent to which you agree or disagree with the statement. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the characteristics of individuals who are more or less compatible with working in teams.

Self-Assessment 8.7

HOW TRUSTING ARE YOU?

Trust refers to positive expectations one person has toward another person in situations involving risk. While trust varies from one situation to the next, some people have a higher or lower propensity to trust. In other words, some people are highly trusting of others, even when first meeting them, whereas others have difficulty trusting anyone, even over a long time. This self-assessment provides an estimate of your propensity to trust. Indicate your preferred response to each statement, being honest with yourself for each item. This self-assessment should be completed alone, although class discussion will focus on the meaning of propensity to trust, why it varies from one person to the next, and how it affects teamwork.

After reading this chapter, if you feel that you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
Imagine IBM chief executive Samuel Palmisano speaking to a throng of 7,000 employees with Beijing’s famous Forbidden City towering behind him. Does this scenario sound a bit too fantastic to be real? Well, Palmisano was in Beijing speaking face-to-face to about 2,000 staff members in an auditorium, but he also communicated part of his talk to another 5,000 IBMers globally through his avatar (graphic character representing a person) in front of a virtual version of the Forbidden City on the Second Life Web site.

Second Life, an online world where individuals can cruise around various islands, is becoming one of IBM’s locations for sharing information. Along with participating in Palmisano’s virtual town hall meeting, IBMers have held hundreds of virtual meetings at a large boardroom that IBM created on its Second Life islands. “It’s just a very powerful way of meeting, interacting, and doing work with other people,” says IBM executive consultant Doug McDavid. Labor unions have also discovered the communication value of Second Life. More than 1,000 people from 30 countries picketed IBM’s islands in support of the company’s Italian workers, who had their annual performance bonus forfeited.

Although Second Life accommodates voice and visual media, most communication around IBM’s virtual islands—whether formal meetings or union protests—occurs through written text messages. Unlike instant-messaging text chats, however, each person’s avatar adds a personal touch that improves the communication experience. “There’s a sense that you’re actually at the meeting,” explains Chuck Hamilton, director of IBM’s center for advanced learning. “If I stop moving my mouse, eventually my avatar will slump forward, and the other people in the room will say, ‘Hey, Chuck, are you still there?’”
Communicating in Teams and Organizations

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Explain why communication is important in organizations.
2. Diagram the communication process and identify four ways to improve this process.
3. Discuss problems with communicating through electronic mail.
4. Identify two ways in which nonverbal communication differs from verbal communication.
5. Appraise the appropriateness of a communication medium for a particular situation on the basis of social acceptance and media-richness factors.
6. Identify four common communication barriers.
7. Discuss the degree to which men and women communicate differently.
8. Outline the key strategies for getting your message across and engaging in active listening.
9. Summarize three communication strategies in organizational hierarchies.
10. Debate the benefits and limitations of the organizational grapevine.
Information technologies have transformed how we communicate in organizations, yet we may still be at the beginning of this revolution. Wire cablegrams and telephones introduced a century ago are giving way to e-mail, instant messaging, Weblogs, podcasting, and virtual reality social networking. Each of these inventions creates fascinating changes in how people communicate with each other in the workplace, as well as new opportunities to improve organizational effectiveness and employee well-being.

**Communication** refers to the process by which information is transmitted and understood between two or more people. We emphasize the word *understood* because transmitting the sender’s intended meaning is the essence of good communication. This chapter begins by discussing the importance of effective communication and outlining a model of the communication process. Next, we identify types of communication channels, including computer-mediated communication, followed by factors to consider when choosing a communication medium. This chapter then identifies barriers to effective communication. This is followed by an overview of ways to communicate in organizational hierarchies and the pervasive organizational grapevine.

### The Importance of Communication

Effective communication is vital to all organizations, so much so that no company could exist without it. The reason? In Chapter 1 we defined organizations as groups of people who work interdependently toward some purpose. People can work interdependently only through communication. Communication is the vehicle through which people clarify their expectations and coordinate work, which allows them to achieve organizational objectives more efficiently and effectively. Chester Barnard, a telecommunications CEO and a respected pioneer in organizational behavior theory, stated this point back in 1938: “An organization is born when there are individuals who are able to communicate.”

Communication is also an important instrument for organizational learning and decision making. Chapter 1 explained that one perspective of organizational effectiveness is organizational learning, which is the firm’s capacity to acquire, share, use, and store valuable knowledge. These processes depend on various forms of communication. Effective communication minimizes “silos of knowledge,” the situation in which knowledge is cloistered or hoarded rather than distributed to others throughout the organization. IBM improves organizational learning through various informal and computer-mediated communication media. For instance, when IBM employees need to find expertise for a client, they tap into the company’s “Small Blue” search engine, which quickly identifies people with various forms of expertise throughout the company.

Communication also aids employee well-being. Information communicated from co-workers helps employees manage their work environment, telling them, for instance, how to complete work procedures correctly or handle difficult customers. Equally important, employee well-being benefits from the communication experience itself, so much so that people who experience social isolation are much more susceptible to colds, cardiovascular disease, and other physical and mental illnesses. Why? As we learned in Chapter 5, people have an inherent drive to bond, and communication is the means through which that drive is fulfilled. Communicating with others is an important means through which individuals validate their self-worth and maintain...
their social identity. This occurs even in the virtual world of Second Life. “In Second Life we gather and mingle before the meeting, and when it finishes, some people stop and talk again,” explains Ian Hughes, an IBM employee who attends the virtual meetings as a pudgy avatar with spiky green hair. “We start to form social networks and the kinds of bonds you make in real life.”

A Model of Communication

The communication process model presented in Exhibit 9.1 provides a useful “conduit” metaphor for thinking about the communication process. According to this model, communication flows through channels between the sender and the receiver. The sender forms a message and encodes it into words, gestures, voice intonations, and other symbols or signs. Next, the encoded message is transmitted to the intended receiver through one or more communication channels (media). The receiver senses the incoming message and decodes it into something meaningful. Ideally, the decoded meaning is what the sender had intended.

In most situations, the sender looks for evidence that the other person received and understood the transmitted message. This feedback may be a formal acknowledgment, such as “Yes, I know what you mean,” or indirect evidence from the receiver’s subsequent actions. Notice that feedback repeats the communication process. Intended feedback is encoded, transmitted, received, and decoded from the receiver to the sender of the original message. This model recognizes that communication is not a free-flowing conduit. Rather, the transmission of meaning from one person to another is hampered by noise—the psychological, social, and structural barriers that distort and obscure the sender’s intended message. If any part of the communication process is distorted or broken, the sender and receiver will not have a common understanding of the message.

Influences on Effective Encoding and Decoding

The communication process model suggests that communication effectiveness depends on the ability of sender and receiver to efficiently and accurately encode and decode information. Experts have identified four factors that influence the effectiveness

Exhibit 9.1
The Communication Process Model

- Sender
  - Form message
  - Encode message
- Receiver
  - Receive encoded message
  - Decode message
- Noise
  - Transmit feedback
- Form feedback
  - Receive feedback
  - Encode feedback
  - Decode feedback

Transmit message

Receive encoded message

Feedback
of the encoding-decoding process. One factor is the sender’s and receiver’s ability and motivation to communicate through the communication channel. Some people communicate better through face-to-face conversation and prefer using this communication channel. Others are awkward in conversations, yet are quite good at communicating via BlackBerry or similar text message technologies. Generally, the encoding-decoding process is more effective when both parties are skilled at using the selected communication channel and enjoy using that channel.

A second factor is the extent to which both parties have similar “codebooks”—dictionaries of symbols, language, gestures, idioms, and other tools used to convey information. With similar codebooks, the communication participants are able to encode and decode more accurately because they both have tools with the same or similar meanings. Communication efficiency also improves because there is less need for redundancy (such as saying the same thing in different ways) and less need for confirmation feedback (“So, you are saying that . . .?”).

A third factor influencing encoding-decoding process effectiveness is the extent to which both parties have shared mental models about the topic’s context. Mental models are internal representations of the external world that allow us to visualize elements of a setting and relationships among those elements (see Chapter 3). When sender and receiver have shared mental models, they have a common understanding of the environment relating to the information, so less communication is necessary to clarify meaning about that context. Notice that sharing the same codebook differs from sharing the same mental models of the topic context. Codebooks are symbols used to convey message content, whereas mental models are knowledge structures of the communication topic setting. For example, a Russian cosmonaut and American astronaut might have excellent knowledge (i.e., shared mental models) about the international space station, yet they experience poor communication because of language differences (i.e., different codebooks).

A fourth factor influencing encoding-decoding process effectiveness is the sender’s experience at communicating the message. As people become more familiar with the subject matter, they develop more efficient or colorful language to describe the subject. In other words, they become more proficient at using the codebook of symbols to convey the message. This is similar to the effect of job training or sports practice. The more experience and practice gained at communicating a subject, the more people learn how to effectively transmit that information to others.

After reading the next two sections, you should be able to:

3. Discuss problems with communicating through electronic mail.
4. Identify two ways in which nonverbal communication differs from verbal communication.
5. Appraise the appropriateness of a communication medium for a particular situation on the basis of social acceptance and media-richness factors.

Communication Channels

A critical part of the communication model is the channel or medium through which information is transmitted. There are two main types of channels: verbal and nonverbal. Verbal communication uses words and occurs through either spoken or written
channels. Nonverbal communication is any part of communication that does not use words. Although spoken and written communication are both verbal (i.e., they both use words), you will learn in this section that they are quite different from each other and have different strengths and weaknesses in communication effectiveness. Also, written communication has traditionally been a much slower means than spoken communication for transmitting messages, but electronic mail, Weblogs, and other computer-mediated communication channels have significantly improved written communication efficiency.

Computer-Mediated Communication

Two decades ago, computer-mediated communication was a novel development. Today, it seems that many of us rely more on computer channels than on the old-fashioned options. By far, the most widely used of these is electronic mail (e-mail), which has revolutionized the way we communicate in organizational settings. E-mail has become the medium of choice in most workplaces because messages are quickly written, edited, and transmitted. Information can be appended and conveyed to many people with a simple click of a mouse. E-mail is asynchronous (messages are sent and received at different times), so there is no need to coordinate a communication session. E-mail software has also become an efficient filing cabinet. Employees increasingly rely on e-mail to filter, store, sort, and search messages and attachments far more quickly than is possible with paper-based memos.

E-mail tends to be the preferred medium for coordinating work (e.g., confirming deadlines with a co-worker’s schedule) and for sending well-defined information for decision making. It often increases the volume of communication and significantly alters the flow of information within groups and throughout the organization. Specifically, it reduces some face-to-face and telephone communication but increases communication with people further up the hierarchy. Some social and organizational status differences still exist with e-mail, but they are somewhat less apparent than is the case in face-to-face communication. By hiding age, race, and other features, e-mail reduces stereotype biases. However, it also tends to increase reliance on stereotypes when we are already aware of the other person’s personal characteristics.

Problems with E-mail

E-mail is wonderful in many ways, but it does have limitations. In fact, as Connections 9.1 describes, some companies are trying to reduce employee dependence on e-mail. Here are the top four complaints about e-mail:

1. Is a poor medium for communicating emotions. People rely on facial expressions and other nonverbal cues to interpret the emotional meaning of words; e-mail lacks this parallel communication channel. Senders try to clarify the emotional tone of their messages by using expressive language (“Wonderful to hear from you!”), highlighting phrases in boldface or quotation marks, and inserting graphic faces (called emoticons or “smileys”) representing the desired emotion. These actions help, but they do not replace the full complexity of real facial expressions, voice intonations, and hand movements.

2. Reduces politeness and respect. E-mail messages are often less diplomatic than written letters because individuals can post e-mail messages before their emotions subside. Also, e-mail has low social presence (it’s more impersonal), so people are more likely to write things that would never be spoken in face-to-face conversation. “It is much easier to have a row by email than it is face to face, and people
About-Face on Workplace E-mail

A few years ago, Jay Ellison concluded that his employees were relying too much on e-mail and not enough on spoken communication. The vice president of operations at Chicago-based U.S. Cellular had a simple solution: Ban e-mail on Fridays. “Get out to meet your teams face to face,” Ellison wrote to staff in the original announcement. “Pick up the phone and give someone a call.” Ellison’s Friday e-mail ban was unpopular at first, but most of Cellular’s 8,000 staff members now appreciate its benefits. “While e-mail is quick and convenient it may not be the best way to communicate,” Ellison suggests. “The e-mail ban has been very valuable for team-building and encouraging associates to improve their communication skills.”

John Coyle, a Cellular executive, is one of the many converts. For some time, Coyle and a colleague from another department whom he had never met were e-mailing each other regarding financial reports. But when Coyle had to exchange information on an e-mail-free Friday, he picked up the phone instead. Both immediately realized from their similar phone numbers that they were located not only in the same city but in the same building. After exchanging more details, Coyle discovered that the colleague worked just a few yards away. “I literally got up, walked around the corner and there he was,” says Coyle.

U.S. Cellular wasn’t the first company to introduce e-mail-free days, but its success has enticed other companies. For example, Intel recently introduced “zero e-mail Fridays” for 300 engineers and other staff at its chip design operations in Austin, Texas, and Chandler, Arizona. “We’re trying to address the problem that people get so addicted to e-mail that they will send an e-mail across an aisle, across a partition, and that’s not a good thing,” explains Brad Beavers, Intel’s Austin site manager. Admiral Insurance introduced a similar initiative to wean staff from e-mail dependence. “We hold ‘no email days’ to encourage people to get off their backsides and visit people face to face,” says Justin Beddows, a spokesperson at the Welsh insurance company.

HiWired took a different approach to increasing face-to-face communication. Executives at the Needham, Massachusetts, technology support start-up company realized that e-mail was popular because managers were traveling throughout the month. HiWired now has one “Home Week” each month, during which managers are expected to be around the office rather than on the road. Home Week includes meetings for the management team as well as social events for all 60 employees. “We embrace chat and e-mail and collaboration tools,” says HiWired copresident Singu Srinivas. “Those are additives to face-to-face relationship building, but they can’t be a replacement for it.”

are often ruder as a result,” says Justin Beddows, a spokesperson at Welsh-based Admiral Insurance. “Orders can be issued out and people can be quite abrupt because they feel protected by the distance the email provides.” These “flaming” e-mails are aggravated by misinterpretation of the emotional tone of the message. Fortunately, research has found that flaming decreases as teams move to later stages of development and when explicit norms and rules of communication are established.

3. **Is a poor medium for ambiguous, complex, and novel situations.** E-mail is usually fine for well-defined situations, such as giving basic instructions or presenting a meeting agenda, but it can be cumbersome in ambiguous, complex, and novel situations. As we will describe later in this section, these circumstances require communication channels that transmit a larger volume of information with more
rapid feedback. “I’ve stopped using email volleys where you just keep going back and forth and back and forth and nothing is going in the right direction,” says a manager at an oil refinery. By talking face-to-face or by telephone in complex situations, the manager has discovered that he is “coming up with much better outcomes and a much better understanding of an issue.” In other words, when the issue gets messy, stop e-mailing and start talking, preferably face-to-face.

4. **Contributes to information overload.** E-mail contributes to information overload. An estimated 22.3 trillion e-mails are now transmitted annually, up from just 1.1 trillion in 1998. According to one survey, professionals spend an average of two hours per day processing e-mail. The e-mail glut occurs because messages are created and copied to many people without much effort. The number of e-mail messages will probably decrease as people become more familiar with it, but to date e-mail volume continues to rise. To reduce e-mail overload and encourage more face-to-face interaction, some firms now have days when e-mail is banned (see Connections 9.1).

**Social Networking Communication** The opening vignette in this chapter described how IBM is experimenting with innovative forms of computer-mediated communication. In fact, while e-mail likely remains the most popular medium, IBMers have flocked to computer-mediated technologies that support **social networking**. Social networking sites such as Facebook, MySpace, and LinkedIn are rapidly becoming part of popular culture. University students rate Facebook as the second most “in” thing (iPods are number one). These technologies allow people to form communities around friendships, common interests, expertise, and other themes, resulting in closer interaction in the communication experience. Indeed, many social networking technologies (from Facebook to online forums) gain value as more people participate in the technology.

Yet just as corporate leaders stumbled their way through Web 1.0 (the Internet’s first stage) over the past two decades, many are fighting rather than leveraging the potential of the more socially interactive second stage (called Web 2.0). A large number of companies have banned employee access to social networking sites after discovering that staff spend too much work time looking at these sites. Yet recognizing the popularity of social networking technology, a few organizational leaders are experimenting with ways to use it as a conduit for employees to communicate productively with each other, as well as with customers and other external stakeholders. Procter & Gamble employees use Facebook to keep in touch with summer intern students. Serena Software has made Facebook its new corporate intranet. The Redwood City, California, company introduced “Facebook Fridays” sessions in which teenagers are hired to teach older staff how to use Facebook. IBM developed Beehive, a corporate version of Facebook, where employees can post their profiles, photos, interests, and comments about work or other aspects of their lives.

IBM has also been at the forefront of another form of social networking communication, called **wikis**. Wikis are collaborative Web spaces in which anyone in a group can write, edit, or remove material from the Web site. Wikipedia, the popular online encyclopedia, is a massive public example of a wiki. Wikis hold considerable promise for communicating in organizational settings because they are democratic, collaborative social networking spaces that rapidly document new knowledge. IBM introduced wiki technology a few years ago in the form of WikiCentral, which now hosts more than 20,000 wiki projects involving 100,000 employees. One of IBM’s many wiki projects involved gathering from staff ideas and issues about a new patent...
policy within IBM. “Wikis are good for project management, for to do’s, status reports, creating an issues log— you’re always up to date,” explains Brad Kasell, an IBM manager for emerging technologies. “There’s no collating reports from everyone at the end of the week for an update.” The accuracy of wikis depends on the quality of participants, but Kasell says that errors are quickly identified by IBM’s online community.

Nonverbal Communication

*Nonverbal communication* includes facial gestures, voice intonation, physical distance, and even silence. This communication channel is necessary when noise or physical distance prevents effective verbal exchanges and the need for immediate feedback precludes written communication. But even in quiet face-to-face meetings, most
information is communicated nonverbally. Rather like a parallel conversation, nonverbal cues signal subtle information to both parties, such as reinforcing their interest in the verbal conversation or demonstrating their relative status in the relationship.  

Nonverbal communication differs from verbal (i.e., written and spoken) communication in a couple of ways. First, it is less rule-bound than verbal communication. We receive plenty of formal training on how to understand spoken words but very little on understanding the nonverbal signals that accompany those words. Consequently, nonverbal cues are generally more ambiguous and susceptible to misinterpretation. At the same time, many facial expressions (such as smiling) are hardwired and universal, thereby providing the only reliable means of communicating across cultures.

The other difference between verbal and nonverbal communication is that the former is typically conscious, whereas most nonverbal communication is automatic and nonconscious. We normally plan the words we say or write, but we rarely plan every blink, smile, or other gesture during a conversation. Indeed, as we just mentioned, many facial expressions communicate the same meaning across cultures because they are hardwired nonconscious responses to human emotions. For example, pleasant emotions cause the brain center to widen the mouth, whereas negative emotions produce constricted facial expressions (squinting eyes, pursed lips, etc.).

**Emotional Contagion**

One of the most fascinating effects of emotions on nonverbal communication is the phenomenon called *emotional contagion*, which is the automatic process of “catching” or sharing another person’s emotions by mimicking that person’s facial expressions and other nonverbal behavior. Consider what happens when you see a co-worker accidentally bang his or her head against a filing cabinet. Chances are, you wince and put your hand on your own head as if you had hit the cabinet. Similarly, while listening to someone describe a positive event, you tend to smile and exhibit other emotional displays of happiness. While some of our nonverbal communication is planned, emotional contagion represents nonconscious behavior—we automatically mimic and synchronize our nonverbal behaviors with other people.

Emotional contagion serves three purposes. First, mimicry provides continuous feedback, communicating that we understand and empathize with the sender. To consider the significance of this, imagine employees remaining expressionless after watching a co-worker bang his or her head! The lack of parallel behavior conveys a lack of understanding or caring. Second, mimicking the nonverbal behaviors of other people seems to be a way of receiving emotional meaning from those people. If a co-worker is angry with a client, your tendency to frown and show anger while listening helps you share that emotion more fully. In other words, we receive meaning by expressing the sender’s emotions as well as by listening to the sender’s words.

The third function of emotional contagion is to fulfill the drive to bond that was described in Chapter 5. Social solidarity is built out of each member’s awareness of a collective sentiment. Through nonverbal expressions of emotional contagion, people see others share the same emotions that they feel. This strengthens relations among team members, as well as between leaders and followers, by providing evidence of their similarity.

**Choosing the Best Communication Channel**

Which communication channel is most appropriate in a particular situation? Two important elements to consider are social acceptance and media richness.
Social Acceptance

Social acceptance refers to how well the communication medium is approved and supported by the organization, teams, and individuals. One factor in social acceptance is the organization’s and team’s norms regarding the use of specific communication channels. Norms partly explain why telephone conversations are more common among staff in some firms, whereas e-mail or instant messaging is the medium of choice in other organizations. Some companies expect employees to meet face-to-face, whereas meetings and similar conversations are rare events elsewhere. Norms also shape the use of communication media for people in specific positions. For instance, frontline employees are more likely to write an e-mail and less likely to telephone or personally visit the company’s CEO.

A second social acceptance factor is individual preferences for specific communication channels. You may have discovered that a co-worker prefers e-mail rather than voice mail or wants to meet in person more than you think is necessary. These preferences are due to personality traits as well as previous experience and reinforcement with particular channels. A third social acceptance factor to consider is the symbolic meaning of a channel. Some communication channels are viewed as impersonal, whereas others are more personal; some are considered professional, whereas others are casual; some are “cool,” whereas others are not. To illustrate the importance of a channel’s symbolic meaning, consider stories about corporate leaders who use e-mails or cell phone text messages to tell employees that they are fired or laid off. Such actions make front-page headlines because e-mail and text messages are considered inappropriate (too impersonal) for transmission of that particular information.

Media Richness

Along with social acceptance, people select communication media on the basis of their media richness. Media richness is the medium’s data-carrying capacity—the volume and variety of information that can be transmitted during a specific time. Exhibit 9.2 illustrates various communication channels arranged in a hierarchy of richness, with face-to-face interaction at the top and lean data-only reports at the bottom. A communication channel has high richness when it is able to convey multiple cues (such as both verbal and nonverbal information), allows timely feedback from receiver to sender, allows the sender to customize the message to the receiver, and makes use of complex symbols (such as words and phrases with multiple meanings). Face-to-face communication is at the top of media richness because it allows us to communicate both verbally and nonverbally at the same time, to receive feedback almost immediately from the receiver, to quickly adjust our message and style, and to use complex language such as metaphors and idioms (e.g., “spilling the beans”).

According to media-richness theory, rich media are better than lean media when the communication situation is nonroutine and ambiguous. In nonroutine situations (such as an unexpected and unusual emergency), the sender and receiver have little common experience, so they need to transmit a large volume of information with immediate feedback. Lean media work well in routine situations because the sender and receiver have common expectations through shared mental models. Ambiguous situations also require rich media because the parties must share large amounts of information with immediate feedback to resolve multiple and conflicting interpretations of their observations and experiences. Choosing the wrong medium reduces communication effectiveness. When the situation is routine or clear, using a rich medium—such as
holding a special meeting—would seem like a waste of time. On the other hand, if a unique and ambiguous issue is handled through e-mail or another lean medium, issues take longer to resolve and misunderstandings are more likely to occur.

Evaluating Media-Richness Theory  Research generally supports the relevance of media richness for traditional channels (face-to-face, written memos, etc.). However, the evidence is mixed when computer-mediated communication channels are studied. Three factors seem to override or blur the medium’s richness:

1. The ability to multicommunicate. It is usually difficult (as well as rude) to communicate face-to-face with someone while simultaneously transmitting messages to someone else by using another medium. Most computer-mediated technologies, on the other hand, require less sensory demand, so employees can easily engage in two or more communication events at the same time. In other words, they can multicommunicate. For example, people routinely scan Web pages while carrying on telephone conversations. Some write text messages to a client while simultaneously listening to a discussion at a large meeting. Although people do not multitask as efficiently as is often believed, some employees have become good enough at multicommunicating that they likely exchange as much information through two or more lean-media-richness channels as through one high-media-richness channel during the same time period.
2. **More varied proficiency levels.** Earlier in this chapter we explained that communication effectiveness is partially determined by the sender’s competency with the communication channel. People with higher proficiency can “push” more information through the channel, thereby increasing the channel’s information flow. Experienced BlackBerry users, for instance, can whip through messages in a flash, whereas new users struggle to type notes and organize incoming messages. In contrast, there is less variation in the ability to communicate through casual conversation and other natural channels because most of us develop good levels of proficiency throughout life and possibly through hardwired evolutionary development. 37

3. **Social distractions of rich channels.** Channels with high media richness tend to involve more direct social interaction. However, social presence sensitizes both parties to their relative status and self-presentation, and this diverts their attention from the message. 38 In other words, the benefits of media-richness channels such as face-to-face communication may be offset by social distractions from the message content, whereas lean media have much less social presence.

---

**I Love Rewards Gets Media Rich Quick**

Every day at 11:15 a.m., I Love Rewards Inc. employees meet face-to-face for 10 minutes to communicate priorities and coordinate their efforts. Although each meeting at the Toronto-based incentive marketing company is brief and highly structured, verbal communication allows the team to receive immediate feedback on daily issues such as “Today’s Must-Do” and “Red Flags.” For two minutes of each 10-minute meeting, each employee shares a “Headline” summary of something important to her or him, ranging from the results of a client meeting to ultrasound photos of a pregnant employee’s baby. Each week a new meeting facilitator is announced, giving employees the chance to enhance their communication and facilitation skills. I Love Rewards CEO Razor Suleman says these quick meetings provide a personal connection and highly interactive feedback. Suleman also values other opportunities for media-rich communication, such as coaching employees on work-related issues and hosting a book club in which staff get a chance to chat about new books.36
Communication Channels and Persuasion

Media richness and social acceptance lay the foundation for understanding which communication channels are more effective for persuasion, that is, changing another person’s beliefs and attitudes. Recent studies support the long-held view that spoken communication, particularly face-to-face interaction, is more persuasive than e-mails, Web sites, and other forms of written communication. There are three main reasons for this persuasive effect. First, spoken communication is typically accompanied by nonverbal communication. People are often persuaded more when they receive both emotional and logical messages, and the combination of spoken and nonverbal communication provides this dual punch. A lengthy pause, raised voice tone, and (in face-to-face interaction) animated hand gestures can amplify the emotional tone of the message, thereby signaling the vitality of the issue.

Second, spoken communication offers the sender high-quality immediate feedback on whether the receiver understands and accepts the message (i.e., is being persuaded). This feedback allows the sender to adjust the content and emotional tone of the message more quickly than is possible with written communication. Third, people are persuaded more under conditions of high social presence than under those of low social presence. In face-to-face conversations (high social presence), people are more sensitive to how they are perceived by others in that social setting, so they pay attention to the sender’s message and are more willing to actively consider that viewpoint. This is particularly true when the sender is a member of the receiver’s social identity group. In contrast, when people receive persuasion attempts through a Web site, e-mail, or other source of written communication, they experience a higher degree of anonymity and psychological distance from the persuader. These conditions reduce the motivation to think about and accept the persuasive message.

Although spoken communication tends to be more persuasive, written communication can also persuade others to some extent. Written messages have the advantage of presenting more technical detail than can occur through conversation. This factual information is valuable when the issue is important to the receiver. Also, people experience a moderate degree of social presence in written communication when they are exchanging messages with close associates, so messages from friends and coworkers can be persuasive.

Learning Objectives

After reading the next two sections, you should be able to:

6. Identify four common communication barriers.

7. Discuss the degree to which men and women communicate differently.

Communication Barriers (Noise)

In spite of the best intentions of sender and receiver to communicate, several barriers (called “noise” in Exhibit 9.1) inhibit the effective exchange of information. As author George Bernard Shaw wrote, “The greatest problem with communication is the illusion that it has been accomplished.” One barrier is the imperfect perceptual process of both sender and receiver. As receivers, we don’t listen as well as senders assume we do, and our needs and expectations influence what signals get noticed and ignored. We aren’t any better as senders, either. Some studies suggest that we have difficulty stepping out of our own perspectives and stepping into the perspectives of others, so
we overestimate how well other people understand the message we are communicating.\textsuperscript{40}

Even if the perceptual process is well tuned, messages sometimes get filtered on their way up or down the corporate hierarchy. Filtering may involve deleting or delaying negative information or using less harsh words so that the message sounds more favorable.\textsuperscript{41} Filtering is most common in organizations that reward employees who communicate mainly positive information and among employees who have strong career mobility aspirations. Language differences represent a third source of communication noise. But even if two people speak the same language, they might have different meanings for particular words and phrases. For example, a French executive might call an event a “catastrophe” as a casual exaggeration, whereas someone in Germany usually interprets this word literally as an earth-shaking event.\textsuperscript{42}

\textit{Jargon}, which includes specialized words and phrases for specific occupations or groups, is designed to improve communication efficiency. However, it has the opposite effect when senders transmit jargon to people who do not possess the jargon codebook. Furthermore, people who use jargon to excess put themselves in an unflattering light. For example, soon after Robert Nardelli became Chrysler’s new CEO, he proudly announced: “I’m blessed to have individuals with me who can take areas of responsibility and do vertical dives to really get the granularity and make sure that we’re coupling horizontally across those functions so that we have a pure line of sight toward the customer.” Business journalists weren’t impressed, even if they did figure out what Nardelli meant.\textsuperscript{43}

No matter how well we know a language, words and phrases have enough ambiguity to create confusion. Consider the question “Can you close the door?” You might assume the sender is asking whether shutting the door is permitted. But the question might be asking whether you are physically able to shut the door or whether the door is designed such that it can be shut. In fact, this question might not be a question at all; the person could be politely \textit{telling} you to shut the door.\textsuperscript{44}

The ambiguity of language isn’t always dysfunctional noise.\textsuperscript{45} Corporate leaders sometimes rely on metaphors and other vague language to describe ill-defined or complex ideas. Ambiguity is also used to avoid conveying or creating undesirable emotions. For example, one study reported that people rely on more ambiguous language when communicating with people who have different values and beliefs. In these situations, ambiguity minimizes the risk of conflict.

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
\textbf{Information Overload} & \\
\hline
A condition in which the volume of information received exceeds the person’s capacity to process it. & \\
\hline
\end{tabular}
\end{table}

\textbf{Information Overload}
Start with a daily avalanche of e-mail, and then add in voice mail, cell phone text messages, PDF file downloads, Web pages, hard-copy documents, instant messages, blogs, wikis, and other sources of incoming information. Together, you have created a perfect recipe for \textit{information overload}.\textsuperscript{46} As Exhibit 9.3 illustrates, information overload occurs whenever the job’s information load exceeds the individual’s capacity to get
through it. Employees have a certain *information processing capacity*—the amount of information that they are able to process in a fixed unit of time. At the same time, jobs have a varying *information load*—the amount of information to be processed per unit of time. Information overload creates noise in the communication system because information gets overlooked or misinterpreted when people can’t process it fast enough. The result is poorer-quality decisions as well as higher stress.  

Information overload problems can be minimized by increasing our information processing capacity, reducing the job’s information load, or doing a combination of both. Studies suggest that employees often increase their information processing capacity by temporarily reading faster, scanning through documents more efficiently, and removing distractions that slow information processing speed. Time management also increases information processing capacity. When information overload is temporary, information processing capacity can increase by working longer hours. Information load can be reduced by buffering, omitting, and summarizing. *Buffering* involves having incoming communication filtered, usually by an assistant. *Omitting* occurs when we decide to overlook messages, such as using software rules to redirect e-mails from distribution lists to folders that we never look at. An example of *summarizing* is reading executive summaries rather than the full reports.

**Cross-Cultural and Cross-Gender Communication**

As globalization and cultural diversity increase, you can be sure that cross-cultural communication problems will also increase. Language is the most obvious cross-cultural communication challenge. Words are easily misunderstood in verbal communication, either because the receiver has a limited vocabulary or the sender’s accent distorts the usual sound of some words. Voice intonation is another cross-cultural communication barrier. How loudly, deeply, and quickly people speak varies
across cultures, and these voice intonations send secondary messages that have different meanings in different cultures.

Communication includes silence, but the use and meaning of silence varies from one culture to another. One study estimated that silence and pauses represented 30 percent of conversation time between Japanese doctors and patients, compared with only 8 percent of the time between American doctors and patients. Why is there more silence in Japanese conversations? In Japan, silence symbolizes respect and indicates that the listener is thoughtfully contemplating what has just been said. Empathy is very important in Japan, and this shared understanding is demonstrated without using words. In contrast, most people in the United States and many other cultures view silence as a lack of communication and often interpret long breaks as a sign of disagreement.

Conversational overlaps also send different messages in different cultures. Japanese people usually stop talking when they are interrupted, whereas talking over the other person’s speech is more common in Brazil, France, and some other countries. The difference in communication behavior is, again, due to interpretations. Talking while someone is speaking to you is considered quite rude in Japan, whereas Brazilians and the French are more likely to interpret this as the person’s interest and involvement in the conversation.

Nonverbal Differences across Cultures

Nonverbal communication represents another potential area for misunderstanding across cultures. Many nonconscious or involuntary nonverbal cues (such as smiling) have the same meaning around the world, but deliberate gestures often have different interpretations. For example, most of us shake our head from side to side to say “No,” but a variation of head shaking means “I understand” to many people in India. Filipinos raise their eyebrows to give an affirmative answer, yet Arabs interpret this expression (along with clicking one’s tongue) as a negative response. Most Americans are taught to maintain eye contact with the speaker to show interest and respect,
whereas some North American native groups and Australian Aborigines learn at an early age to show respect by looking down when an older or more senior person is talking to them.  

Gender Differences in Communication

Men and women have similar communication practices, but there are subtle distinctions that can occasionally lead to misunderstanding and conflict. One distinction is that men are more likely than women to view conversations as negotiations of relative status and power. They assert their power by directly giving advice to others (e.g., “You should do the following”) and using combative language. There is also evidence that men dominate the talk time in conversations with women, as well as interrupt more and adjust their speaking style less than do women.

Men engage in more “report talk,” in which the primary function of the conversation is impersonal and efficient information exchange. Women also do report talk, particularly when conversing with men, but conversations among women have a higher incidence of relationship building through “rapport talk.” Women make more use of indirect requests (“Do you think you should . . .”), apologize more often, and seek advice from others more quickly than do men. Finally, research fairly consistently indicates that women are more sensitive than men to nonverbal cues in face-to-face meetings. Together, these conditions can create communication conflicts. Women who describe problems get frustrated that men offer advice rather than rapport, whereas men become frustrated because they can’t understand why women don’t appreciate their advice.

Improving Interpersonal Communication

Effective interpersonal communication depends on the sender’s ability to get the message across and the receiver’s performance as an active listener. In this section, we outline these two essential features of effective interpersonal communication.

Getting Your Message Across

This chapter began with the statement that effective communication occurs when the other person receives and understands the message. To accomplish this difficult task, the sender must learn to empathize with the receiver, repeat the message, choose an appropriate time for the conversation, and be descriptive rather than evaluative:

- **Empathize.** Recall from earlier chapters that empathy is a person’s ability to understand and be sensitive to the feelings, thoughts, and situations of others. In conversations, this involves putting yourself in the receiver’s shoes when encoding
Part Three  Team Processes

...the message. For instance, be sensitive to words that may be ambiguous or trigger the wrong emotional response.

- **Repeat the message.** Rephrase the key points a couple of times. The saying “Tell them what you’re going to tell them; tell them; then tell them what you’ve told them” reflects this need for redundancy.

- **Use timing effectively.** Your message competes with other messages and noise, so find a time when the receiver is less likely to be distracted by these other matters.

- **Be descriptive.** Focus on the problem, not the person, if you have negative information to convey. People stop listening when the information attacks their self-esteem. Also, suggest things the listener can do to improve, rather than point to him or her as a problem.

### Active Listening

“Nature gave people two ears but only one tongue, which is a gentle hint that they should listen more than they talk.” To follow this advice, we need to recognize that listening is a process of actively sensing the sender’s signals, evaluating them accurately, and responding appropriately. These three components of listening—sensing, evaluating, and responding—reflect the listener’s side of the communication model described at the beginning of this chapter. Listeners receive the sender’s signals, decode them as intended, and provide appropriate and timely feedback to the sender (see Exhibit 9.4). Active listeners constantly cycle through sensing, evaluating, and responding during the conversation and engage in various activities to improve these processes.

#### Sensing

Sensing is the process of receiving signals from the sender and paying attention to them. Active listeners improve sensing in three ways. First, they postpone evaluation by not forming an opinion until the speaker has finished. Second, they avoid interrupting the speaker’s conversation. Third, they remain motivated to listen to the speaker.

![Exhibit 9.4](image)
Evaluating  The evaluating component of listening includes understanding the message’s meaning, evaluating the message, and remembering the message. To improve their evaluation of the conversation, active listeners empathize with the speaker—they try to understand and be sensitive to the speaker’s feelings, thoughts, and situation. Evaluation also improves by organizing the speaker’s ideas during the communication episode.

Responding  Responding, the third component of listening, is giving feedback to the sender, thereby motivation and directing the speaker’s communication. Active listeners accomplish this by maintaining sufficient eye contact and sending back channel signals (e.g., “I see”), both of which show interest. They also respond by clarifying the message—rephrasing the speaker’s ideas at appropriate breaks (“So you’re saying that . . . ?”).

Improving Communication throughout the Hierarchy

So far, we have focused on “micro-level” issues in the communication process, namely, the dynamics of sending and receiving information between two employees or the informal exchanges of information across several people. But in this era where knowledge is a competitive advantage, corporate leaders also need to maintain an open flow of communication up, down, and across the organization. In this section, we discuss three communication strategies: workspace design, Web-based communication, and direct communication with top management.

Workspace Design

Executives at Japan Airlines decided that knocking down a few walls might reverse the airline’s recent financial woes. The airline’s board members and senior executive team moved out of individual offices into a single large room, where it is easier for them to spontaneously share information. The new space also includes an elliptical conference table at which they can hold meetings. Japanese Airlines executives have discovered that people communicate more with each other when there are no walls between them. The location and design of hallways, offices, cubicles, and communal areas (cafeterias, elevators) all shape to whom we speak as well as the frequency of such communication.

Japan Airlines has applied a widely adopted workspace strategy of replacing traditional offices with an open space where all employees (including management) work together. One recent convert to open space is Continuum, the Boston-based design and innovation firm. “We do not have doors,” explains a Continuum executive. “It’s structured that way to stimulate conversation and to allow people to work collaboratively. Anyone from the chief operating officer to our interns shares space and sits next to each other. You can stop in and have a conversation with anyone, anytime you want.” Although these open-space arrangements increase communication, they also potentially increase noise, distractions, and loss of privacy. The challenge is to increase social interaction without these stressors.

Another workspace strategy is to cloister employees into team spaces but also encourage sufficient interaction with people from other teams. Pixar Animation Studios constructed its campus in Emeryville, California, with these principles in mind. The buildings encourage communication among team members. At the same time, the campus encourages happenstance interactions with people on other teams. Pixar
executives call this the “bathroom effect,” because team members must leave their isolated pods to fetch their mail, have lunch, or visit the restroom.61

Web-Based Organizational Communication

For decades, employees received official company news through hard-copy newsletters and magazines. Many firms still use these communication devices, but most have supplemented or replaced them completely with Web-based sources of information. The traditional company magazine is now typically published on Web pages or distributed in PDF format. The advantage of such e-zines is that company news can be prepared and distributed quickly.

However, employees are increasingly skeptical of information that has been screened and packaged by management. In response, Children’s Hospital and Regional Medical Center in Seattle keeps employees up to date through staff members who volunteer to write news about their departments on the hospital’s central Weblog site. “The distributed authorship of people from different departments means the content is fresher” than the hospital’s previous newsletter or e-zine, says the Children’s Hospital manager responsible for the Web site. IBM relies on e-zines, but employees increasingly rely on BlogCentral, an inward-facing (i.e., for IBM employees’ eyes only) blog-hosting service, where several thousands employees write about their own news of the week. A search engine helps staff find important information on any of the several thousand blogs.62

Direct Communication with Top Management

“The best fertilizer in any field is that of the farmer’s footsteps!” This old Chinese saying suggests that farmers will be more successful by spending more time in the fields

Kowloon Shangri-La’s “State of the Hotel” Meetings. Communicating with employees can be a challenge when the organization is a large hotel that operates around the clock. But these conditions haven’t prevented senior management at Kowloon Shangri-La from holding “state of the hotel” meetings with all 700 staff members twice each year. Two sessions are held—one in the morning, the other in the afternoon—so that all employees at the Hong Kong hotel can attend without leaving the hotel short-staffed. “It was clear from the outset that it is a very good way of communicating with staff from top to bottom,” says Kowloon Shangri-La general manager Mark Heywood. During these sessions, Heywood updates employees on the hotel’s financial performance, upcoming events, and renovations. “It’s a chance to communicate about the good, the bad and the ugly,” he explains.63
directly observing the crop’s development. Translated into an organizational context, this means that senior executives will understand their business better if they meet directly with employees and other stakeholders. Nearly 40 years ago, people at Hewlett-Packard coined a phrase for this communication strategy: management by walking around (MBWA). At 1-800-Got-Junk?, founder and CEO Brian Scudamore takes this practice further. “I don’t have my own office, and I very often move around to different departments for a day at a time,” says Scudamore. 

Along with practicing MBWA, executives communicate more directly with employees through “town hall meetings.” For example, soon after becoming chief executive of McDonald’s in the United Kingdom, Peter Beresford instituted a monthly online town hall event where board members answer questions from any McDonald’s staff. Some executives also conduct employee roundtable forums to hear opinions from a small representation of staff about various issues. At the departmental level, some companies hold daily or weekly “huddles”—brief stand-up meetings in which staff and their manager discuss goals and hear good-news stories. These direct communication strategies potentially minimize filtering because executives listen directly to employees. They also help executives acquire a deeper meaning and quicker understanding of internal organizational problems. A third benefit of direct communication is that employees might have more empathy for decisions made further up the corporate hierarchy.

Communicating through the Grapevine

No matter how much corporate leaders try to communicate through e-zines, blogs, wikis, MBWA, and other means, employees will still rely on the oldest communication channel: the corporate grapevine. The grapevine is an unstructured and informal network founded on social relationships rather than organizational charts or job descriptions. What do employees think about the grapevine? Surveys of employees in two firms—one in Florida, the other in California—found that almost all employees use the grapevine but very few of them prefer this source of information. The California survey also reported that only one-third of employees believe grapevine information is credible. In other words, employees turn to the grapevine when they have few other options.

Grapevine Characteristics

Research conducted several decades ago reported that the grapevine transmits information very rapidly in all directions throughout the organization. The typical pattern is a cluster chain, whereby a few people actively transmit rumors to many others. The grapevine works through informal social networks, so it is more active where employees have similar backgrounds and are able to communicate easily. Many rumors seem to have at least a kernel of truth, possibly because they are transmitted through media-rich communication channels (e.g., face-to-face) and employees are motivated to communicate effectively. Nevertheless, the grapevine distorts information by deleting fine details and exaggerating key points of the story.

Some of these characteristics might still be true, but other features of the grapevine almost certainly have changed as e-mail, social networking sites, and blogs have replaced the traditional watercooler as sources of gossip. For example, several Facebook sites are themed around specific companies, allowing employees and customers to vent their complaints about the organization. Along with altering the speed and
network of corporate grapevines, information technologies have expanded the networks around the globe, not just around the next cubicle.

**Grapevine Benefits and Limitations**

Should the grapevine be encouraged, tolerated, or quashed? The difficulty in answering this question is that the grapevine has both benefits and limitations. One benefit, as mentioned earlier, is that employees rely on the grapevine when information is not available through formal channels. It is also the main conduit through which organizational stories and other symbols of the organization’s culture are communicated. A third benefit of the grapevine is that this social interaction relieves anxiety. This explains why rumor mills are most active during times of uncertainty. Finally, the grapevine is associated with the drive to bond. Being a recipient of gossip is a sign of inclusion, according to evolutionary psychologists. Trying to quash the grapevine is, in some respects, an attempt to undermine the natural human drive for social interaction.

While the grapevine offers these benefits, it is not a preferred communication medium. Grapevine information is sometimes so distorted that it escalates rather than reduces employee anxiety. Furthermore, employees develop more negative attitudes toward the organization when management is slower than the grapevine in communicating information. What should corporate leaders do with the grapevine? The best advice seems to be to listen to the grapevine as a signal of employee anxiety and then correct the cause of this anxiety. Some companies also listen to the grapevine and step in to correct blatant errors and fabrications. Most important, corporate leaders need to view the grapevine as a competitor and meet this challenge by directly informing employees of news before it spreads throughout the grapevine.

Chapter Summary

Communication is the process by which information is transmitted and understood between two or more people. Communication supports work coordination, organizational learning, decision making, and employee well-being. The communication process involves forming, encoding, and transmitting the intended message to a receiver, who then decodes the message and provides feedback to the sender. Effective communication occurs when the sender’s thoughts are transmitted to and understood by the intended receiver. To improve this process, both sender and receiver should have common codebooks, share common mental models, be familiar with the message topic, and be proficient with the communication channel.

The two main types of communication channels are verbal and nonverbal. Various forms of computer-mediated communication are widely used in organizations, with e-mail being the most popular. Although it is efficient and serves as a useful filing cabinet, e-mail is relatively poor at communicating emotions; it tends to reduce politeness and respect; it is an inefficient medium for communicating in ambiguous, complex, and novel situations; and it contributes to information overload. Facebook-like Web sites, wikis, virtual reality platforms, and other forms of virtual social networking are also gaining popularity as forms of communication. Nonverbal communication includes facial gestures, voice intonation, physical distance, and even silence. Unlike verbal communication, nonverbal communication is less rule-bound and is mostly automatic and nonconscious.

The most appropriate communication medium partly depends on social acceptance factors, including organiza-
rapport talk and are more sensitive than are men to nonverbal cues. To get a message across, the sender must learn to empathize with the receiver, repeat the message, choose an appropriate time for the conversation, and be descriptive rather than evaluative. Listening includes sensing, evaluating, and responding. Active listeners support these processes by postponing evaluation, avoiding interruptions, maintaining interest, empathizing, organizing information, showing interest, and clarifying the message.

Some companies try to encourage communication through workspace design, as well as through Web-based sites. Some executives also meet directly with employees, such as through management by walking around (MBWA), to facilitate communication across the organization.

In any organization, employees rely on the grapevine, particularly during times of uncertainty. The grapevine is an unstructured and informal network founded on social relationships rather than organizational charts or job descriptions. Although early research identified several unique features of the grapevine, some of these features may be changing as the Internet plays an increasing role in grapevine communication.

Several barriers create noise in the communication process. People misinterpret messages because of perceptual biases. Some information is filtered out as it gets passed up the hierarchy. Jargon and ambiguous language are barriers when the sender and receiver have different interpretations of the words and symbols used. People also screen out or misinterpret messages due to information overload. These problems are often amplified in cross-cultural settings because of language barriers and differences in meanings of nonverbal cues. There are also some communication differences between men and women, such as the tendency for men to exert status and engage in rapport talk in conversations whereas women use more emotional contagion, p. 277 grapevine, p. 289

Key Terms
communication, p. 270 information overload, p. 282 media richness, p. 278
emotional contagion, p. 277 management by walking around (MBWA), p. 289 persuasion, p. 281
grapevine, p. 289 wikis, p. 275

Critical Thinking Questions
1. You have been hired as a consultant to improve communication between engineering and marketing employees in a large high-technology company. Use the communication model and the four ways to improve that process to devise strategies to improve communication effectiveness among employees in these two work units.

2. A company in a country that is just entering the information age intends to introduce e-mail for office staff at its three buildings located throughout the city. Describe two benefits as well as two potential problems that employees will likely experience with this medium.

3. Senior management at a consumer goods company wants you to investigate the feasibility of using a virtual reality platform (such as Second Life) for monthly online meetings involving its three-dozen sales managers located in several cities and countries. Use the social acceptance and media-richness factors described in this chapter to identify information you need to consider when conducting this evaluation.

4. Wikis are collaborative Web sites where anyone in the group can post, edit, or delete any information. Where might this communication technology be most useful in organizations?
The Millennials (Generation Y, born between 1980 and 1995) have arrived in the workplace, and they are bringing new ways to communicate. Surveys report that this generation lives by computer and cell phone communication. Three out of four Gen Y’s use instant messaging (IM); 15 percent of them are logged on to IM 24/7! Most Gen Y’s either have a space on a social network site such as Facebook or frequent such sites where they have friends. These digital natives also get most of their news from the Internet rather than from TV or newspapers.

“Employers are going to find this generation communicates differently. They IM (instant message), send text messages, and can’t live without a cell phone,” says Dave O’Brien, regional manager of Berbee, a company that helps businesses with their information technology needs. Frank Albi, president of Inacom, a technology and business consulting firm, agrees. “The way they (Millennials) exchange information is vastly different. It’s all about IMs and text messages—nice and short.”

Albi also notes that Millennials are much more active in multicommunicating. “You can be on the phone with someone and easily instant message someone who you see is online to answer a question or share an idea with,” Albi says. However, managers also worry that too much of this multicommunication isn’t work-related. “There’s a fine line about what can be allowed at work and what can’t,” suggests Steve Hoef, a recruiting manager at Time Warner Cable. “Instant messaging is very popular, but if it’s affecting their work, that’s when there’s a problem.”

Corporate leaders at BT, Britain’s largest telecommunications company, are also aware that Millennials (and to some extent Gen-X employees) live in different communication channels from baby boomers. “Young people in BT communicate much more informally and in real-time,” says Richard Dennison, BT’s intranet and channel strategy manager. “They’re not intimidated by hierarchy or status; to them BT is flat.”

Dennison adds that Generation-Y employees want bite-size information, not long treatises. Dennison also emphasizes that, more than previous generations, Millennials demand authentic communication, not marketing hype. “Corporate speak won’t cut it anymore,” Dennison warns. “First, people won’t read it—if they ever did—and second, people won’t believe it—if they ever did.”

Dennison also notices that if Gen Y’s get corporate babble, they find ways to let the source know that it lacks authenticity. Remember, this is the generation that has always had a place to write comments after reading the original message.

From these observations, you might think that executive blogs are the answer to Gen-Y communication needs. Not so, argues Dennison. “Force all our senior managers to blog? My experience is that the more senior a manager is, the less likely they’ll be able to blog successfully.” He adds that executives have too little time to nurture a blog and that they tend to have communication experts who want to meddle (thereby undermining the blog’s authenticity).

So how can the company’s top dogs communicate effectively with Millennial employees? At BT, the chief executive has held 90-minute online Web chats with staff every six weeks. This medium works well for young BT employees because the communication is in real time and is authentic—the questions aren’t
screened and the CEO’s answers aren’t edited. “Thousands of people participate in these chats and it has helped to build up a significant amount of trust” in the CEO, says Dennison. These online Web chats also work well with BT executives because they represent a fixed chunk of time and provide direct contact with the concerns and issues facing employees throughout the hierarchy.

Discussion Questions
1. Take a poll of your class (at least, the Gen-X and Gen-Y members). At school or work, how many regularly (e.g., daily or every few days) send or receive information (not entertainment) using (a) e-mail, (b) instant messages (such as MSN), (c) cell phone text messages, (d) blogs, (e) social network sites (e.g., Facebook), (f) online videos (e.g., YouTube)?
2. Even within each generation, there are different preferences for communication media. After conducting the poll above, ask students who don’t regularly use one or more of the listed methods why they don’t like that particular communication medium. Ask those who very often use these sources to give their point of view.
3. Companies have been slow and reluctant to adopt social networking sites, online videos, and similar forms of communication. If you were a senior manager, how would you introduce these communication technologies in the workplace to share information and knowledge more effectively?


Case Study 9.2 IT’S ALL ABOUT THE FACE-TO-FACE

If there is one thing corporate globetrotters agree on, it’s that there is no substitute for face time. “I don’t want to sound like a whirling dervish,” says Paul Calello, Credit Suisse’s investment banking chief. “But in a global world you have to get in front of your employees, spend time with your clients, and show commitment when it comes to joint ventures, mergers, and alliances. The key is thoughtful travel—traveling when necessary.”

Many predicted that technology and globalization would bring the end of face time. Instead, these conditions have made personal interaction all the more important. Executives increasingly feel the inhuman pull of having to be in two, three, four places around the world at the same time. Those who master this new reality are able to strategically identify their face-to-face priorities and finesse tight travel schedules to make these events happen with a reasonably sane schedule.

This BusinessWeek case study relates stories and advice from executives who tolerate outlandish travel schedules to meet others eyeball to eyeball rather than from a distance. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions
1. Identify the main reasons raised in this article why executives meet employees and clients face-to-face rather than through other communication channels. Are all of these reasons logical, or are some overstated?
2. In this world of globalization and information technology, discuss the skills and knowledge that these world-traveling executives require to make face-to-face communication work effectively.

Team Exercise 9.3 ANALYZING THE BLOGOSPHERE

PURPOSE This exercise is designed to help you understand the dynamics of corporate blogs as a way to communicate within organizations.

INSTRUCTIONS This activity is usually conducted in between classes as a homework assignment. The instructor will divide the class into teams (although the exercise can also be conducted individually). Each team will identify a corporate blog (written by a company or government executive and meant for customers, employees, or the wider community). The team will analyze content on the selected blog and answer the following questions for class (preferably with brief samples where applicable):

1. Who is the main intended audience of the selected blog?
2. To what extent do you think this blog attracts the interest of its intended audience? Please explain.
3. What are the main topics in recent postings about this organization? Are they mostly good or bad news? Why?

Team Exercise 9.4 ACTIVE LISTENING EXERCISE

Mary Gander, Winona State University

PURPOSE This exercise is designed to help you understand the dynamics of active listening in conversations and develop active listening skills.

INSTRUCTIONS For each of the four vignettes presented below, student teams (or students working individually) will compose three statements that demonstrate active listening. Specifically, one statement will indicate that you show empathy for the situation; the second will ask for clarification and detail in a nonjudgmental way; and the third statement will provide nonevaluative feedback to the speaker. Here are details about each of these three types of responses:

- **Showing empathy: Acknowledge feelings.** Sometimes it sounds like a speaker wants you to agree with him or her, but in reality the speaker mainly wants you to understand how he or she feels. “Acknowledging feelings” involves taking in the speaker’s statements while looking at the “whole message,” including body language, tone of voice, and level of arousal, and trying to determine what emotion the speaker is conveying. Then you let the speaker know that you realize what he or she is feeling by acknowledging it in a sentence.

- **Asking for clarification and detail while withholding your judgment and own opinions.** This conveys that you are trying to understand and not just trying to push your opinions onto the speaker. To formulate a relevant question in asking for more clarification, you will have to listen carefully to what the speaker says. Frame your question as someone trying to understand in more detail; often asking for a specific example is useful. This also helps the speaker evaluate his or her own opinions and perspective.

- **Providing nonevaluative feedback: Feeding back the message you heard.** This will allow the speaker to determine whether he or she conveyed the message to you and will help prevent troublesome miscommunication. It will also help the speaker become more aware of how he or she is coming across to another person (self-evaluation). Just think about what the speaker
is conveying; paraphrase it in your own words, and say it back to the speaker (without judging the correctness or merit of what was said), asking him or her if that is what was meant.

After teams (or individual students) have prepared the three statements for each vignette, the instructor will ask them to present their statements and explain how these statements satisfy the active listening criteria.

**VIGNETTE 1**  A colleague stops by your desk and says, “I am tired of the lack of leadership around here. The boss is so wishy-washy, he can’t get tough with some of the slackers around here. They just keep milking the company, living off the rest of us. Why doesn’t management do something about these guys? And you are always so supportive of the boss; he’s not as good as you make him out to be.”

Develop three statements that respond to the speaker in this vignette by (a) showing empathy, (b) seeking clarification, and (c) providing nonevaluative feedback.

**VIGNETTE 2**  Your co-worker stops by your cubicle; her voice and body language show stress, frustration, and even some fear. You know she has been working hard and has a strong need to get her work done on time and done well. You are trying to concentrate on some work and have had a number of interruptions already. She abruptly interrupts you and says, “This project is turning out to be a mess. Why can’t the other three people on my team quit fighting with each other?”

Develop three statements that respond to the speaker in this vignette by (a) showing empathy, (b) seeking clarification, and (c) providing nonevaluative feedback.

**VIGNETTE 3**  One of your subordinates is working on an important project. He is an engineer who has good technical skills and knowledge and was selected for the project team for this reason. He stops by your office and appears to be quite agitated: His voice is loud and strained, and his face has a look of bewilderment. He says, “I’m supposed to be working with four other people from four other departments on this new project, but they never listen to my ideas and seem to hardly know I’m at the meeting!”

Develop three statements that respond to the speaker in this vignette by (a) showing empathy, (b) seeking clarification, and (c) providing nonevaluative feedback.

**VIGNETTE 4**  Your subordinate comes into your office in a state of agitation, asking if she can talk to you. She is polite and sits down. She seems calm and does not have an angry look on her face. However, she says, “It seems like you consistently make up lousy schedules; you are unfair and unrealistic in the kinds of assignments you give certain people, me included. Everyone else is so intimidated they don’t complain, but I think you need to know that this isn’t right and it’s got to change.”

Develop three statements that respond to the speaker in this vignette by (a) showing empathy, (b) seeking clarification, and (c) providing nonevaluative feedback.

Copyright © 2002, Mary J. Gander. Adapted from “Case of the Excellent Worker,” a paper presented at the 2002 Annual Meeting of the Decision Science Institute. This short case is based on actual events but names have been changed to maintain anonymity.

---

**Team Exercise 9.5**  CROSS-CULTURAL COMMUNICATION GAME

**PURPOSE**  This exercise is designed to develop and test your knowledge of cross-cultural differences in communication and etiquette.

**MATERIALS**  The instructor will provide one set of question-and-answer cards to each pair of teams.

**INSTRUCTIONS**

1. The class is divided into an even number of teams. Ideally, each team would have three students. (Two- or four-student teams are possible if matched with an equal-size team.) Each team
is then paired with another team, and the paired teams (team “A” and team “B”) are assigned a private space away from other matched teams.

2. The instructor will hand each pair of teams a stack of cards with the multiple-choice questions face down. These cards have questions and answers about cross-cultural differences in communication and etiquette. No books or other aids are allowed.

3. The exercise begins with a member of team A picking up one card from the top of the pile and asking the question on that card to the members of team B. The information given to team B includes the question and all alternative answers listed on the card. Team B has 30 seconds after the question and alternatives have been read to give an answer. Team B earns one point if the correct answer is given. If team B’s answer is incorrect, however, team A earns that point. Correct answers to each question are indicated on the card and, of course, should not be revealed until the question is correctly answered or time is up. Whether or not team B answers correctly, team B picks up the next card on the pile and reads it to members of team A. In other words, cards are read alternately to each team. This procedure is repeated until all the cards have been read or time has expired. The team receiving the most points wins.

Important note: The textbook provides very little information pertaining to the questions in this exercise. Rather, you must rely on past learning, logic, and luck to win.

© 2001 Steven L. McShane.

Self-Assessment 9.6
ACTIVE LISTENING SKILLS INVENTORY

PURPOSE This self-assessment is designed to help you estimate your strengths and weaknesses on various dimensions of active listening.

INSTRUCTIONS Think back to face-to-face conversations you have had with a co-worker or client in the office, hallway, factory, or other setting. Indicate the extent to which each item on page 297 describes your behavior during those conversations. Answer each item as truthfully as possible so that you get an accurate estimate of where your active listening skills need improvement. Then use the scoring key in Appendix B at the end of the book to calculate your results for each scale. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the important elements of active listening.
### Active Listening Skills Inventory

Circle the response to the right that best indicates the extent to which each statement describes you when listening to others.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Not at all</th>
<th>A little</th>
<th>Somewhat</th>
<th>Very much</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I keep an open mind about the speaker’s point of view until he or she has finished talking.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. While listening, I mentally sort out the speaker’s ideas in a way that makes sense to me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. I stop the speaker and give my opinion when I disagree with something he or she has said.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. People can often tell when I’m not concentrating on what they are saying.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. I don’t evaluate what a person is saying until he or she has finished talking.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. When someone takes a long time to present a simple idea, I let my mind wander to other things.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. I jump into conversations to present my views rather than wait and risk forgetting what I wanted to say.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. I nod my head and make other gestures to show I’m interested in the conversation.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. I can usually keep focused on what people are saying to me even when they don’t sound interesting.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Rather than organizing the speaker’s ideas, I usually expect the person to summarize them for me.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. I always say things like “I see” or “uh-huh” so that people know I’m really listening to them.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. While listening, I concentrate on what is being said and regularly organize the information.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. While a speaker is talking, I quickly determine whether I like or dislike his or her ideas.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. I pay close attention to what people are saying even when they are explaining something I already know.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. I don’t give my opinion until I’m sure the other person has finished talking.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© 2000 Steven L. McShane.

After reading this chapter, if you feel that you need additional information, see [www.mhhe.com/mcshane5e](http://www.mhhe.com/mcshane5e) for more in-depth information and interactivities that correspond to this chapter.
Denise Revine’s review was supposed to uncover more efficient uses of the human resource budget within the Royal Canadian Mounted Police (RCMP). Instead, the human resource director discovered misappropriations that would shake the foundations of the law enforcement agency: pension funds were being siphoned off for questionable and unrelated operating expenses, including excessive payments to family members. Two auditor reports later confirmed Revine’s findings.

Revine informed her boss, Chief Superintendent Fraser Macaulay, who reported the preliminary evidence to the RCMP’s ethics adviser. Macaulay was then asked to brief the RCMP commissioner (the organization’s chief executive), Giuliano Zaccardelli, on this matter. To Macaulay’s surprise, the RCMP commissioner accused Macaulay of hiding this wrongdoing and, soon after, transferred him to the Department of National Defence “so he could learn from his mistake.” A Canadian government investigation into the RCMP pension affair concluded that Zaccardelli’s claims against Macaulay were unfounded. Equally important, it concluded that the transfer scuttled Macaulay’s career and sent “a message throughout the organization that one brings bad news to the Commissioner at one’s peril.”

Revine submitted her final report a few months after her boss’s fateful meeting with the RCMP commissioner. Soon after, Revine’s position was declared surplus during a human resource department restructuring. When an HR staff member tried to find work in other departments for Revine, his boss warned: “No, don’t touch her!” After 33 years with the RCMP, Revine was suddenly out of a job.

The Canadian government investigation concluded that some members of the RCMP executive were “using the restructuring process in the Human Resources Branch to try to force [Revine] out of the organization.” According to the Canadian government report, at least three other RCMP officers apparently suffered career setbacks or were forced into retirement due to pressure from the RCMP’s top brass.

The Canadian government’s independent investigator noted, significantly, that the RCMP commissioner “enjoyed the status and privileges of his office,” often “reminding people that ‘I am the Commissioner.’” The investigation concluded that the RCMP suffered from this “absolute power exercised by the Commissioner” and that the best way to prevent similar problems in the future is restructuring “aimed at whittling down the power of the Commissioner.”

Subversive power, influence, and politics derailed the careers of Royal Canadian Mounted Police (RCMP) human resource director Denise Revine and her boss, Chief Superintendent Fraser Macaulay (both shown here), as well as other RCMP staff who tried to discover and report wrongdoing in RCMP pension fund expenditures.
Power and Influence in the Workplace

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Define power and countervailing power.
2. Describe the five sources of power in organizations.
3. Explain how information relates to power in organizations.
4. Discuss the four contingencies of power.
5. Summarize the effects of power on the power holder's own performance and well-being.
6. Summarize the eight types of influence tactics.
7. Discuss three contingencies to consider when deciding which influence tactic to use.
8. Distinguish influence from organizational politics.
9. Describe the organizational conditions and personal characteristics that support organizational politics.
10. Identify ways to minimize organizational politics.
The Canadian government’s independent investigation, along with separate parliamentary committee meetings, reveals the extent to which some members of the RCMP’s senior executive abused their power, used assertive influence tactics, and engaged in organizational politics to suppress or subvert evidence of wrongdoing. Some RCMP executives may have taken these actions to hide their own inappropriate actions; others likely used their power and influence in a perverse attempt to protect the RCMP's public image. Although this story illustrates the dark side of power and influence, these concepts are equally relevant to ethical conduct and organizational performance. In fact, some OB experts point out that power and influence are inherent in all organizations. They exist in every business and in every decision and action.

This chapter unfolds as follows: First, we define power and present a basic model depicting the dynamics of power in organizational settings. The chapter then discusses the five sources of power, as well as information as a power base. Next, we look at the contingencies necessary to translate those sources into meaningful power. The latter part of this chapter examines the various types of influence in organizational settings as well as the contingencies of effective influence strategies. The final section of this chapter looks at situations in which influence becomes organizational politics, as well as ways of minimizing dysfunctional politics.

Learning Objectives

After reading the next three sections, you should be able to:

1. Define power and countervailing power.
2. Describe the five sources of power in organizations.
3. Explain how information relates to power in organizations.
4. Discuss the four contingencies of power.
5. Summarize the effects of power on the power holder’s own performance and well-being.

The Meaning of Power

**Power** is the capacity of a person, team, or organization to influence others.² Power is not the act of changing someone’s attitudes or behavior; it is only the potential to do so. People frequently have power they do not use; they might not even know they have power. Also, power is not a personal feeling of power. You might feel powerful or think you have power over someone else, but this is not power unless you truly have the capacity to influence that person. The most basic prerequisite of power is that one person (or group) believes he or she is dependent on another person (or group) for a resource of value.³ This relationship, shown in Exhibit 10.1, occurs when Person A has power over Person B by controlling something that Person B wants. You might have power over others by controlling a desired job assignment, useful information, important resources, or even the privilege of being associated with you. However, power requires the **perception** of dependence, so people might gain power by convincing others that they have something of value, whether or not they actually control that resource. Thus, power exists when others believe that you control resources they want.
Although dependence is a key element of power relationships, it is really more accurate to say that the parties are *interdependent*.

In Exhibit 10.1, Person A dominates in the power relationship, but Person B also has some *countervailing power*—enough power to keep Person A in the exchange relationship and ensure that Person A uses her or his dominant power judiciously. For example, executives have power over subordinates by controlling their job security and promotional opportunities. At the same time, employees have countervailing power by possessing skills and knowledge that keep production humming and customers happy, something that executives can’t accomplish alone. Finally, the power relationship depends on some minimum level of trust. Trust indicates a level of expectation that the more powerful party will deliver the resource. For example, you trust your employer to give you a paycheck at the end of each pay period. Even those in extremely dependent situations will usually walk away from the relationship if they lack a minimum level of trust in the more powerful party.

*A Model of Power in Organizations*

Power involves more than just dependence or interdependence. As Exhibit 10.2 illustrates, power is derived from five sources: legitimate, reward, coercive, expert, and referent. The model also indicates that these sources yield power only under certain conditions. The four contingencies of power include the employee’s or department’s substitutability, centrality, discretion, and visibility. Finally, as you will read later in this chapter, the type of power applied affects the type of influence the power holder has over the other person or work unit.

*Sources of Power in Organizations*

Power derives from several sources and a few contingencies that determine the potential of those power sources.

Three sources of power—legitimate, reward, and coercive—originate mostly from the power holder’s formal position or informal role. In other words, the person is granted these sources of power formally by the organization or informally by co-workers. Two other sources of power—expert and referent—originate from the power holder’s own characteristics; that is, the person brings these power bases to the organization. Sources of power are resources that help the dependent person directly or indirectly achieve his or her goals. For example, your expertise is a source of power when others need that expertise to accomplish their objectives.
Legitimate Power

Legitimate power is an agreement among organizational members that people in certain roles can request certain behaviors of others. This perceived right originates from formal job descriptions as well as informal rules of conduct. Legitimate power extends to employees, not just managers. For example, an organization might give employees the right to receive customer files held by the boss if this information is required for their jobs. Legitimate power depends on more than job descriptions. It also depends on mutual agreement from those expected to abide by this authority. Your boss’s power to make you work overtime partly depends on your agreement to this authority. Thus, legitimate power operates within a “zone of indifference”—the range within which people are willing to accept someone else’s authority.6

The size of this zone of indifference (and, consequently, the magnitude of legitimate power) increases with the extent to which the power holder is trusted and makes fair decisions. Some people are also more obedient than others to authority, particularly those who value conformity and tradition. People in high power distance cultures (i.e., those who accept an unequal distribution of power) also tend to have higher obedience to authority compared with people in low power distance cultures. The organization’s culture represents a third factor. A 3M scientist might continue to work on a project after being told by superiors to stop working on it because the 3M culture supports an entrepreneurial spirit, which includes ignoring the boss’s authority from time to time.7

Reward Power

Reward power is derived from the person’s ability to control the allocation of rewards valued by others and to remove negative sanctions (i.e., negative reinforcement). Managers have formal authority that gives them power over the distribution of
organizational rewards such as pay, promotions, time off, vacation schedules, and work assignments. Likewise, employees have reward power over their bosses through the use of 360-degree feedback systems. Employee feedback affects supervisors’ promotions and other rewards, so supervisors tend to behave differently toward employees after 360-degree feedback is introduced.

Coercive Power

Coercive power is the ability to apply punishment. The opening story to this chapter described how the RCMP commissioner and likely other senior RCMP executives used coercive power to suppress and remove employees who may have spread word of the financial wrongdoing. Employees also have coercive power, ranging from sarcasm to ostracism, to ensure that co-workers conform to team norms. Many firms rely on this coercive power to control co-worker behavior in team settings. Nucor is one such example: “If you’re not contributing with the team, they certainly will let you know about it,” says Dan Krug, manager of HR and organizational development at the Charlotte, North Carolina, steelmaker. “The few poor players get weeded out by their peers.” Similarly, when asked how AirAsia maintained attendance and productivity after the Malaysian discount airline removed its time clocks, Chief Executive Tony Fernandes replied: “Simple. Peer pressure sees to that. The fellow employees, who are putting their shoulders to the wheel, will see to that.”

Expert Power

For the most part, legitimate, reward, and coercive power originate from the position. In contrast, expert power originates from within the person. It is an individual’s or work unit’s capacity to influence others by possessing knowledge or skills that others value. Employees are gaining expert power as our society moves from an industrial to a knowledge-based economy. The reason is that employee knowledge becomes the means of production and is ultimately outside the control of those who own the company. And without this control over production, owners are more dependent on employees to achieve their corporate objectives.

The power of expertise is most apparent when observing how people respond to authority figures. In one classic study, a researcher posing as a hospital physician telephoned on-duty nurses to prescribe a specific dosage of medicine to a hospitalized patient. None of the nurses knew the person calling, and hospital policy prohibited them from accepting treatment orders by telephone. Furthermore, the medication was unauthorized, and the prescription was twice the maximum daily dose. Yet almost all 22 nurses who received the telephone call followed the “doctor’s” orders until stopped by the researchers.

Referent Power

People have referent power when others identify with them, like them, or otherwise respect them. Like expert power, referent power comes from within the person. It is largely a function of the person’s interpersonal skills and tends to develop slowly. Referent power is usually associated with charismatic leadership. Experts have difficulty agreeing on the meaning of charisma, but it is most often described as a form of interpersonal attraction whereby followers ascribe almost magical powers to the charismatic individual. Some experts describe charisma as a special “gift” or trait within the charismatic person, while others say it is mainly in the eyes of the beholder.
However, all agree that charisma produces a high degree of trust, respect, and devotion toward the charismatic individual.

**Information and Power**

Information is power. In one form, people gain information power when they control (through legitimate power) the flow of information to others. Employees are ultimately dependent on these information gatekeepers to release the information required to perform their jobs. Furthermore, by deciding what information is distributed to whom, those who control information flow also control perceptions of the situation by releasing information favoring one perspective more than another. This right to control information flow is a form of legitimate power and is most common in highly bureaucratic firms. The wheel formation in Exhibit 10.3 depicts this highly centralized control over information flow. The all-channels structure, on the other hand, depicts a situation where no one has control over the flow of information. The former would occur when information must flow through your boss to you, whereas the latter occurs when information is distributed to many people, such as co-workers in a self-directed team.

The other form of information power occurs when a person or work unit has the ability—or is believed to have the ability—to manage environmental uncertainties. This capability, which is a derivative of expert power, is valued because organizations are more effective when they can operate in predictable environments. A groundbreaking study of breweries and container companies identified three general strategies to help organizations cope with uncertainty. These coping strategies are arranged in a hierarchy of importance, with the first being the most powerful:

- **Prevention.** The most effective strategy is to prevent environmental changes from occurring. For example, financial experts acquire power by preventing the organization from experiencing a cash shortage or defaulting on loans.

- **Forecasting.** The next best strategy is to predict environmental changes or variations. In this respect, trendspotters and other marketing specialists gain power by predicting changes in consumer preferences.

---

**Exhibit 10.3**

Power through the Control of Information

Wheel formation (centralized information flow)  
All-channels formation (decentralized information flow)

- **High information control**
- **Low information control**
Chapter 10  Power and Influence in the Workplace

Absorption. People and work units also gain power by absorbing or neutralizing the impact of environmental shifts as they occur. An example is the ability of maintenance crews to come to the rescue when machines break down and the production process stops.

Contingencies of Power

Let’s say that you have expert power because of your ability to forecast and possibly even prevent dramatic changes in the organization’s environment. Does this expertise mean that you are influential? Not necessarily. As we saw earlier in Exhibit 10.2, sources of power generate power only under certain conditions. Four important contingencies of power are substitutability, centrality, discretion, and visibility. 18

DeCourcy’s Trendspotting Power Colleen DeCourcy has seen the future of digital marketing . . . and we’re definitely not there yet. “I think we have a long way to go before we’re really using technology in marketing,” says the chief digital officer at advertising agency TBWA. “We’re all in this very sophomoric stage, trying to figure out a new medium.” Digital media may be new, but many people in the creative business say DeCourcy is better than most people at predicting digital trends and helping clients to benefit from them. “Her knowledge of the digital landscape, grounded in creativity, makes her an invaluable addition to TBWA,” says DeCourcy’s boss, TBWA Worldwide CEO Tom Carroll. Ty Montague, copresident of JWT in New York and DeCourcy’s former employer, agrees: “It’s hard to overstate the impact she’s had.” For example, DeCourcy was an early adopter of marketing to the younger generation through cell phone ringtones and social network media (e.g., Facebook). Her ability to predict and manage the volatile digital marketing landscape has given her considerable power in the industry. For example, sportswear company Adidas recently picked TBWA to handle its global digital marketing work; TBWA put DeCourcy in charge of a new company in Amsterdam (called Riot) to exclusively handle this account. Also, DeCourcy was selected as president of the jury that picks the best digital advertising entries at the Cannes Lions International Advertising Festival. 17

• Absorption. People and work units also gain power by absorbing or neutralizing the impact of environmental shifts as they occur. An example is the ability of maintenance crews to come to the rescue when machines break down and the production process stops.

Substitutability

Substitutability refers to the availability of alternatives. Power is strongest when someone has a monopoly over a valued resource. Conversely, power decreases as the number of alternative sources of the critical resource increases. If you—and no one else—have expertise across the organization on an important issue, you will be more powerful than you would be if several people in your company possess this valued knowledge. Substitutability refers not only to other sources that offer the
resource but also to substitutions of the resource itself. For instance, labor unions are weakened when companies introduce technologies that replace the need for their union members. Technology is potentially a substitute for production employees and, consequently, reduces union power.

Controlling access to valued resources increases nonsubstitutability. Professions and labor unions gain power by controlling the knowledge, tasks, or labor needed to perform important activities. For instance, the medical profession is powerful because it controls who can perform specific medical procedures. Labor unions that dominate an industry effectively control access to the labor needed to perform key jobs. Employees become nonsubstitutable when they possess knowledge (such as how to operate equipment or serve clients) that is not documented or readily available to others. Nonsubstitutability also occurs when people differentiate their resource from the alternatives. Some people claim that consultants use this tactic. They take skills and knowledge that many other consulting firms can provide and wrap them in a package (with the latest buzzwords, of course) so that it looks like they provide a service that no one else can offer.

**Centrality**

**Centrality** refers to the degree and nature of interdependence between the power holder and others.\(^{19}\) Think about your own centrality for a moment: If you decided not to show up for work or school tomorrow, how many people would be affected, and how much time would pass before they were affected? If you have high centrality, most people in the organization would be adversely affected by your absence, and they would be affected quickly.

The effect of centrality on power is apparent in well-timed labor disputes. When Boeing workers recently walked off the job in Seattle, they immediately shut down final assembly of the aerospace company’s commercial jets. Analysts estimate that the resulting delivery delays cost Boeing $2.8 billion in revenue for every month that the strike continued.\(^{20}\) The New York City transit strike during the busy Christmas shopping season a few years ago also displayed centrality. The illegal three-day work stoppage immediately clogged roads and prevented most city workers from showing up to work on time or at all. “[The Metropolitan Transit Authority] told us we got no power, but we got power,” said one striking transit worker. “We got the power to stop the city.”\(^{21}\)

**Discretion**

The freedom to exercise judgment—to make decisions without referring to a specific rule or receiving permission from someone else—is another important contingency of power in organizations. Consider the plight of first-line supervisors. It may seem that they have legitimate, reward, and coercive power over employees, but this power is often curtailed by specific rules. The lack of discretion makes supervisors less powerful than their positions would indicate. “Middle managers are very much ‘piggy-in-the-middle,’” complains a middle manager at Britain’s National Health System. “They have little power, only what senior managers are allowed to give them.”\(^{22}\) More generally, research indicates that managerial discretion varies considerably across industries and that managers with an internal locus of control are viewed as more powerful because they act like they have plenty of discretion in their jobs.\(^{23}\)
Chapter 10  

Power and Influence in the Workplace  

Visibility

Several years ago, as a junior copywriter at advertising agency Chiat/Day, Mimi Cook submitted an idea for a potential client to her boss, who then presented it to cofounder Jay Chiat. Chiat was thrilled with the concept, but Cook’s boss “never mentioned the idea came from me,” recalls Cook. Cook confronted her boss, who claimed the oversight was unintentional. But when a similar incident occurred a few months later, Cook left the agency for another firm.²⁴

Mimi Cook, who has since progressed to associate creative director at another ad agency, knows that power does not flow to unknown people in the organization. Those who control valued resources or knowledge will yield power only when others are aware of these sources of power, in other words, when they are visible. One way to increase visibility is to take people-oriented jobs and work on projects that require frequent interaction with senior executives. “You can take visibility in steps,” advises a pharmaceutical industry executive. “You can start by making yourself visible in a small group, such as a staff meeting. Then when you’re comfortable with that, seek out larger arenas.”²⁵

Employees also gain visibility by being, quite literally, visible. Some people strategically locate themselves in more visible offices, such as those closest to the elevator or staff coffee room. People often use public symbols as subtle (and not-so-subtle) cues to make their power sources known to others. Many professionals display their educational diplomas and awards on office walls to remind visitors of their expertise. Medical professionals wear white coats with a stethoscope around their neck to symbolize their legitimate and expert power in hospital settings. Other people play the game of “face time”—spending more time at work and showing that they are working productively.

Social Networking and Power

“It’s not what you know, but whom you know that counts!” This often-heard statement reflects the idea that employees get ahead not just by developing their competencies but by social networking—cultivating social relationships with others to accomplish one’s goals. Networking increases a person’s power in three ways. First, as we noted in Chapter 8, networks represent a critical component of social capital—the knowledge and other resources available to people or social units (teams, organizations) from a durable network that connects them to others. Networks consist of people who trust each other, and this increases the flow of knowledge among those within the network. The more you network, the more likely it is that you will receive valuable information that increases your expert power in the organization.²⁶

Second, people tend to identify more with partners within their own networks, and this identification increases referent power among people within each network. Network-based referent power may lead to more favorable decisions by others in the network. Finally, effective networkers are better known by others in the organization, so their talents are more readily recognized. This power increases when networkers place themselves in strategic positions in the network, thereby gaining centrality.²⁷ For example, an individual might be regarded as the main person who distributes information in the network or who keeps the network connected through informal gatherings. Social networks are important foundations of power for individuals and, as Global Connections 10.1 describes, companies are applying social network analysis tools to discover who has this power. By identifying who is the most connected, leaders know

social capital
The knowledge and other resources available to people or social units (teams, organizations) from a durable network that connects them to others.
Global Connections 10.1

Powered by the Social Network

Engineering and environmental consulting firm MWH Global reorganized its information technology (IT) operations into a single global division and located its main service center in New Zealand. Ken Loughridge was transferred from England to manage the new service center, but he didn’t know who the key players were on his New Zealand team. “By and large, the staff I’d adopted were strangers,” he says. Fortunately, Loughridge was able to consult a report displaying the informal social network of relationships among his staff. MWH Global had surveyed its IT employees a few months earlier about whom they communicated with most often for information. The data produced a weblike diagram of nodes (people) connected by a maze of lines (relationships). From this picture, Loughridge could identify the “go-to” people in the work unit. “It’s as if you took the top off an ant hill and could see where there’s a hive of activity,” he says of the map. “It really helped me understand who the players were.”

For the past half century, sociologists have mapped informal power relationships in organizations. Now, social network analysis is becoming a powerful management tool as practitioners discover that visual displays of relationships and information flows can help them to tap into employees with expertise and influence. “You look at an org chart within a company and you see the distribution of power that should be,” says Eran Barak, global head of marketing strategies at Thomson Reuters. “You look at the dynamics in the social networks [to] see the distribution of power that is. It reflects where information is flowing—who is really driving things.”

Karl Arunski, director of Raytheon’s engineering center in Colorado, can appreciate these words. The defense and technology company’s organizational chart didn’t show how mission management specialists influenced people across departmental boundaries. So Arunski asked two executives to name up to 10 experts who didn’t fit squarely in a particular department, and then he conducted social network analysis to see how these people collaborated with engineers throughout the organization. The resulting maps (one of which is shown here), showed Arunski the influence and knowledge flow of various experts. It also highlighted problems where a cluster of employees is almost completely disconnected from the rest of the engineering group (such as the top left side of this diagram). One team’s isolation was worrisome because its members were experts in systems architecture, an important growth area for Raytheon. To increase the team’s network power, Arunski encouraged the team leader to hold meetings at which engineers could share information about systems architecture. The number of people attending eventually grew to 75, reducing the team’s isolation from others. “Social Network Analysis helped Rocky Mountain Engineering understand how organizations develop architectures, and it enabled us to know how engineers become architects,” says Arunski.

The resulting maps (one of which is shown here), showed Arunski the influence and knowledge flow of various experts. It also highlighted problems where a cluster of employees is almost completely disconnected from the rest of the engineering group (such as the top left side of this diagram). One team’s isolation was worrisome because its members were experts in systems architecture, an important growth area for Raytheon. To increase the team’s network power, Arunski encouraged the team leader to hold meetings at which engineers could share information about systems architecture. The number of people attending eventually grew to 75, reducing the team’s isolation from others. “Social Network Analysis helped Rocky Mountain Engineering understand how organizations develop architectures, and it enabled us to know how engineers become architects,” says Arunski.

Social networks are natural elements of all organizations, yet a network can create a formidable barrier to those who are not actively connected to it. Women are often excluded from informal management networks because they usually do not participate in golf games and other male-dominated social events. Nina Smith, who leads Sage Software’s Business Management Division, has had several conversations with female executives about these power dynamics. “I’m still trying to knock down the Boys Club and I still have women at Sage coming to me and saying, ‘Nina, that’s the boys’ network and I can’t get in.’” Several years ago, executives at Deloitte...
Touche Tohmatsu discovered that inaccessibility to powerful social networks partly explained why many junior female employees left the accounting and consulting firm before reaching partnership level. The Swiss-based firm now relies on mentoring, formal women’s network groups, and measurement of career progress to ensure that female staff members have the same career development opportunities as their male colleagues.  

Consequences of Power

How does power affect the power holder? We partly answered this question earlier in this book when describing empowerment—an individual’s feelings of self-determination, meaning, competence, and impact in the organization. Under the right conditions, employees who receive more power feel more empowered, and this tends to increase their motivation, job satisfaction, organizational commitment, and job performance. In addition, research suggests that as people become more powerful, they are more goal-directed and tend to act on their environment rather than hide from it.

At the same time, increasing power over others can potentially undermine an individual’s effectiveness and interpersonal relations. Some studies have found that people who have (or believe they have) more power over others are more likely to cling to stereotypes, have more difficulty empathizing, and generally have less accurate perceptions compared with people who have less power. They also engage in more automatic rather than mindful thinking, possibly because powerful people are less concerned about the consequences of their actions. These findings may explain the widely criticized decisions and actions of the former RCMP commissioner, including his response to the pension fund abuses described at the beginning of this chapter.

After reading this section, you should be able to:

6. Summarize the eight types of influence tactics.
7. Discuss three contingencies to consider when deciding which influence tactic to use.

Influencing Others

Up to this point, we have focused on the sources and contingencies of power. But power is only the capacity to influence others. It represents the potential to change someone’s attitudes and behavior. Influence, on the other hand, refers to any behavior that attempts to alter someone’s attitudes or behavior. Influence is power in motion. It applies one or more sources of power to get people to alter their beliefs, feelings, and activities. Consequently, our interest in the remainder of this chapter is in how people use power to influence others.

Influence tactics are woven throughout the social fabric of all organizations. This is because influence is an essential process through which people coordinate their effort and act in concert to achieve organizational objectives. Indeed, influence is central to the definition of leadership. Influence operates down, across, and up the corporate hierarchy. Executives ensure that subordinates complete required tasks. Employees influence co-workers to help them with their job assignments. Subordinates engage in
upward influence tactics so that corporate leaders make decisions compatible with subordinates’ needs and expectations.

Types of Influence Tactics
Organizational behavior researchers have devoted considerable attention to the various types of influence tactics found in organizational settings. They do not agree on a definitive list of influence tactics, but the most commonly identified are listed in Exhibit 10.4 and described over the next few pages. The first five are known as “hard” influence tactics because they force behavior change through position power (legitimate, reward, and coercion). The last three—persuasion, ingratiation and impression management, and exchange—are called “soft” tactics because they rely more on personal sources of power (referent, expert) and appeal to the target person’s attitudes and needs.

Silent Authority
The silent application of authority occurs when someone complies with a request because of the requester’s legitimate power as well as the target person’s role expectations. This condition is known as deference to authority. This deference occurs when you comply with your boss’s request to complete a particular task. If the task is within your job scope and your boss has the right to make the request, then this influence strategy operates without negotiation, threats, persuasion, or other tactics. Silent authority is the most common form of influence in high power distance cultures.

Assertiveness
In contrast to silent authority, assertiveness might be called “vocal authority” because it involves actively applying legitimate and coercive power to influence others. Assertiveness includes persistently reminding the target of his or her obligations, frequently checking the target’s work, confronting the target, and using threats of sanctions to force compliance. Assertiveness typically applies or threatens to apply punishment if the target does not comply. Explicit or implicit threats range from losing one’s job to losing face by letting down the team. Extreme forms of assertiveness include blackmailing colleagues, such as by threatening to reveal the other person’s previously unknown failures unless he or she complies with your request. In reference to the opening story to this chapter, evidence suggests that senior RCMP executives relied on various forms of assertiveness to suppress investigation of pension fund abuses.

Information Control
Information control involves explicitly manipulating others’ access to information for the purpose of changing their attitudes and/or behavior. With limited access to potentially valuable information, others are at a disadvantage. The opening story on RCMP pension fund abuses suggests that information control was used as an influence tactic. One investigator told a parliamentary committee: “I was met with inaction, delays, roadblocks, obstruction and lies.” He pointed to the RCMP’s top leaders as the source of this information control. According to one major survey, almost half of employees believe that co-workers keep others in the dark about work issues if doing so helps their own cause. Employees also influence executive decisions by screening out (filtering) information flowing up the hierarchy. One study found that CEOs influence their board of directors by selectively feeding and withholding information.
Coalition Formation  When people lack sufficient power alone to influence others in the organization, they might form a coalition of people who support the proposed change. A coalition is influential in three ways. First, it pools the power and resources of many people, so the coalition potentially has more influence than any number of people operating alone. Second, the coalition’s mere existence can be a source of power by symbolizing the legitimacy of the issue. In other words, a coalition creates a sense that the issue deserves attention because it has broad support. Third, coalitions tap into the power of the social identity process introduced in Chapter 2. A coalition is essentially an informal group that advocates a new set of norms and behaviors. If the coalition has a broad-based membership (i.e., its members come from various parts of the organization), other employees are more likely to identify with that group and, consequently, accept the ideas the coalition is proposing.

Upward Appeal  The opening vignette to this chapter mentions that other RCMP officers left the force because of their efforts to uncover pension fund wrongdoing. One of these people was Staff Sergeant Ron Lewis. As the RCMP staff relations representative for headquarters, Lewis had received information before most other people about suspicious activity in human resources, including nepotism and pension fund mismanagement. When RCMP top brass failed to launch an investigation, Lewis threatened to take his information to political leaders and to the public. This tactic, called upward appeal, involves calling on people with higher authority or expertise or symbolically relying on these sources to support the influencer’s position. Lewis’s threat of upward appeal influenced RCMP leaders enough to fire two human resource managers linked to the pension fund scheme, but not enough to investigate further. Unfortunately for Lewis, when he did take the case to political leaders (including the minister responsible for the RCMP), they apparently took no action.

Along with seeking support from higher sources, another aspect of upward appeal is relying on the authority of the firm’s policies or values. By reminding others that...
your request is consistent with the organization’s overarching goals, you are implying support from senior executives without formally involving them.

**Persuasion** Persuasion is one of the most effective influence strategies for career success. The ability to present facts, logical arguments, and emotional appeals to change another person’s attitudes and behavior is not just an acceptable way to influence others; in many societies, it is a noble art and a quality of effective leaders. The effectiveness of persuasion as an influence tactic depends on characteristics of the persuader, message content, communication medium, and the audience being persuaded. People are more persuasive when listeners believe they have expertise and credibility, such as when the persuader does not seem to profit from the persuasion attempt and states a few points against the position.

The message is more important than the messenger when the issue is important to the audience. Persuasive message content acknowledges several points of view so that the audience does not feel cornered by the speaker. The message should also be limited to a few strong arguments, which are repeated a few times but not too frequently. The message should use emotional appeals (such as graphically showing the unfortunate consequences of a bad decision), but only in combination with logical arguments and specific recommendations to overcome the threat. Finally, message content is more persuasive when the audience is warned about opposing arguments. This inoculation effect causes listeners to generate counterarguments to the anticipated persuasion attempts, which makes the opponent’s subsequent persuasion attempts less effective.

Two other considerations when persuading people are the medium of communication and characteristics of the audience. Generally, persuasion works best in face-to-face conversations and through other media-rich communication channels. The personal nature of face-to-face communication increases the persuader’s credibility, and the richness of this channel provides faster feedback that the influence strategy is working. With respect to audience characteristics, it is more difficult to persuade people who have high self-esteem and intelligence, as well as those whose targeted attitudes are strongly connected to their self-identity.

**Ingratiation and Impression Management** Silent authority, assertiveness, information control, coalitions, and upward appeals are somewhat (or very!) forceful ways
to influence other people. In contrast, a very soft influence tactic is ingratiation—any attempt to increase liking by, or perceived similarity to, some targeted person. Ingratiation comes in several flavors. Employees might flatter their boss in front of others, demonstrate that they have similar attitudes to those of their boss (e.g., agreeing with the boss’s proposal), or ask their boss for advice. Ingratiation is one of the more effective influence tactics at boosting a person’s career success (i.e., performance appraisal feedback, salaries, and promotions). However, people who engage in high levels of ingratiation are less (not more) influential and less likely to get promoted. The explanation for the contrasting evidence is that those who engage in too much ingratiation are viewed as insincere and self-serving. The terms “apple polishing” and “brown-nosing” are applied to those who ingratiate to excess or in ways that suggest selfish motives for the ingratiation.

Ingratiation is part of a larger influence tactic known as impression management. Impression management is the practice of actively shaping our public images. These public images might be crafted as being important, vulnerable, threatening, or pleasant. For the most part, employees routinely engage in pleasant impression management behaviors to satisfy the basic norms of social behavior, such as the way they dress and how they behave toward colleagues and customers. Impression management is a common strategy for people trying to get ahead in the workplace. In fact, career professionals encourage people to develop a personal “brand,” that is, to demonstrate and symbolize a distinctive competitive advantage. Just as running shoes and soft drinks have brand images that represent an expectation, successful individuals build a personal brand in which they deliver valued knowledge or skills. Furthermore, people who are adept at personal branding rely on impression management through distinctive personal characteristics. You can more easily recall people who wear distinctive clothing or accoutrements.

Unfortunately, a few individuals carry impression management beyond ethical boundaries by exaggerating their credentials and accomplishments on their résumé. For instance, a Lucent Technologies executive lied about having a PhD from Stanford University and hid his criminal past involving forgery and embezzlement. Ironically, the executive was Lucent’s director of recruiting! One of the most elaborate misrepresentations occurred a few years ago when a Singaporean entrepreneur sent out news releases claiming to be a renowned artificial-intelligence researcher, the author of several books, and the recipient of numerous awards from MIT and Stanford University (one of the awards was illustrated on his Web site). These falsehoods were so convincing that the entrepreneur almost received a real award, the “Internet Visionary of the Year,” at the Internet World Asia Industry Awards.

Exchange Exchange activities involve the promise of benefits or resources in exchange for the target person’s compliance with your request. This tactic also includes reminding the target of past benefits or favors, with the expectation that the target will now make up for that debt. The norm of reciprocity is a central and explicit theme in exchange strategies. According to the norm of reciprocity, individuals
are expected to help those who have helped them. Negotiation is also an integral part of exchange influence activities. For instance, you might negotiate with your boss for a day off in return for working a less desirable shift at a future date. Networking is another form of exchange as an influence strategy. Active networkers build up “exchange credits” by helping colleagues in the short term for reciprocal benefits in the long term.

Networking as an influence strategy is a deeply ingrained practice in several cultures. The Chinese term *guanxi* refers to special relationships and active interpersonal connectedness. *Guanxi* is based on traditional Confucian values of helping others without expecting future repayment. However, some writers suggest that the original interpretation and practice of *guanxi* has shifted to include implicit long-term reciprocity, which can slip into cronyism. As a result, some Asian governments are discouraging *guanxi*-based decisions, preferring more arm’s-length transactions in business and government decisions.

**Consequences and Contingencies of Influence Tactics**

Now that the main influence strategies have been described, you are probably asking, Which ones are best? The best way to answer this question is to identify the three ways that people react when others try to influence them: resistance, compliance, and commitment. Resistance occurs when people or work units oppose the behavior desired by the influencer and, consequently, refuse, argue, or delay engaging in the behavior. Compliance occurs when people are motivated to implement the influencer’s request at a minimal level of effort and for purely instrumental reasons. Without external sources to motivate the desired behavior, it would not occur. Commitment is the strongest form of influence, whereby people identify with the influencer’s request and are highly motivated to implement it even when extrinsic sources of motivation are no longer present.

Generally, people react more favorably to soft tactics than to hard tactics (see Exhibit 10.5). Soft influence tactics rely on personal sources of power (expert and referent power), which tend to build commitment to the influencer’s request. In contrast, hard tactics rely on position power (legitimate, reward, and coercion), so they tend to produce compliance or, worse, resistance. Hard tactics also tend to undermine trust and thus can hurt future relationships.

Apart from the general preference for soft rather than hard tactics, the most appropriate influence strategy depends on a few contingencies. One obvious contingency is which sources of power are strongest. People with expertise tend to have more influence using persuasion, whereas those with a strong legitimate power base are usually more successful applying silent authority. A second contingency is whether, compared to the influencer, the person being influenced is higher, lower, or at the same level in the organization. As an example, employees may face adverse career consequences by being too assertive with their boss. Meanwhile, supervisors who engage in ingratiating and impression management tend to lose the respect of their staff.

Finally, the most appropriate influence tactic depends on personal, organizational, and cultural values. People with a strong power orientation might feel more comfortable using assertiveness, whereas those who value conformity might feel more comfortable with upward appeals. At an organizational level, firms with a competitive culture might instigate more use of information control and coalition formation, whereas companies with a learning orientation would likely encourage more influence through persuasion. The preferred influence tactics also vary across societal cultures. Research indicates that ingratiating is much more common among managers in the United States than in Hong Kong, possibly because this tactic disrupts the more distant roles that managers and employees expect in high power distance cultures.
Chapter 10  Power and Influence in the Workplace

Exhibit 10.5
Consequences of Hard and Soft Influence Tactics

Commitment
Persuasion
Ingratiation and impression management
Exchange

Compliance
Silent authority
Upward appeal
Coalition formation
Information control
Assertiveness

Resistance

Soft influence tactics

Hard influence tactics

Learning Objectives
After reading this section, you should be able to:
8. Distinguish influence from organizational politics.
9. Describe the organizational conditions and personal characteristics that support organizational politics.
10. Identify ways to minimize organizational politics.

Influence Tactics and Organizational Politics
You might have noticed that organizational politics has not been mentioned yet, even though some of the practices or examples described over the past few pages are usually considered political tactics. The phrase was carefully avoided because, for the most part, organizational politics is in the eye of the beholder. You might perceive a co-worker’s attempt to influence the boss as normal behavior, whereas someone else might perceive the co-worker’s tactic as brazen organizational politics.

This perceptual issue explains why OB experts increasingly discuss influence tactics as behaviors and organizational politics as perceptions. The influence tactics described earlier are perceived as organizational politics when observers view the tactics as self-serving behaviors at the expense of others and sometimes contrary to the interests of the entire organization or work unit. Of course, some tactics are so
blatantly selfish that almost everyone views them as political. But, in most situations, there is no consensus that a person is engaging in organizational politics. When employees perceive many incidents of organizational politics, the result is lower job satisfaction, organizational commitment, and organizational citizenship, as well as high levels of work-related stress.\(^59\) And because political tactics serve individuals rather than organizations, they potentially divert resources away from the organization’s effective functioning and potentially threaten its survival.

**Conditions Supporting Organizational Politics**

Organizational politics flourishes under the right conditions.\(^60\) One of those conditions is scarce resources. When budgets are slashed, people rely on political tactics to safeguard their resources and maintain the status quo. Office politics also flourishes when resource allocation decisions are ambiguous or complex or lack formal rules. This is because decision makers are given more discretion over resource allocation, so potential recipients of the resources use political tactics to influence the factors that should be considered in the decision. Organizational change encourages political behaviors for this reason. Change creates uncertainty and ambiguity as the company moves from an old set of rules and practices to a new set. During such times, employees apply political strategies to protect their valued resources, position, and self-concept.\(^61\)

**Personal Characteristics**

Several personal characteristics affect a person’s motivation to engage in self-serving behavior.\(^62\) One such characteristic is a strong need for personal as opposed to socialized power. People with a need for personal power seek power for its own sake and try to acquire more power. Some individuals have strong Machiavellian values. Machiavellianism is named after Niccolò Machiavelli, the 16th-century Italian philosopher who wrote *The Prince*, a famous treatise about political behavior. People with high Machiavellian values are comfortable with getting more than they deserve, and they believe that deceit is a natural and acceptable way to achieve this goal. They seldom trust co-workers, and they tend to use cruder influence tactics, such as bypassing one’s boss or being assertive, to get their own way.\(^63\)

**Minimizing Organizational Politics and Its Consequences**

The conditions that fuel organizational politics also give us some clues about how to control dysfunctional political activities.\(^64\) One strategy to keep organizational politics in check is to introduce clear rules and regulations to specify the use of scarce resources. Organizational politics can become a problem during times of organizational change, so politics can be minimized through effective organizational change practices. Leaders also need to actively manage group norms to curtail self-serving influence activities. In particular, they can support organizational values that oppose political tactics, such as altruism and customer focus. One of the most important strategies is for leaders to become role models of organizational citizenship rather than symbols of successful organizational politicians.

Along with minimizing organizational politics, companies can limit the adverse effects of political perceptions by giving employees more control over their work and keeping them informed of organizational events. Research has found that employees who are kept informed of what is going on in the organization and who are involved in organizational decisions are less likely to experience organizational politics, which results in less stress, job dissatisfaction, and absenteeism.
Chapter Summary

Power is the capacity to influence others. It exists when one party perceives that he or she is dependent on the other for something of value. However, the dependent person must also have countervailing power—some power over the dominant party—to maintain the relationship.

There are five sources of power. Legitimate power is an agreement among organizational members that people in certain roles can request certain behaviors of others. Reward power is derived from the ability to control the allocation of rewards valued by others and to remove negative sanctions. Coercive power is the ability to apply punishment. Expert power is the capacity to influence others by possessing knowledge or skills that they value. People have referent power when others identify with them, like them, or otherwise respect them. Information plays an important role in organizational power. Employees gain power by controlling the flow of information that others need and by being able to cope with uncertainties related to important organizational goals.

Four contingencies determine whether these sources of power translate into real power. Individuals and work units are more powerful when they are nonsubstitutable, that is, when there is a lack of alternatives. Employees, work units, and organizations reduce substitutability by controlling tasks, knowledge, and labor and by differentiating themselves from competitors. A second contingency is centrality. People have more power when they have high centrality, that is, when the number of people affected is large and people are quickly affected by their actions. Discretion, the third contingency of power, is the freedom to exercise judgment. Power increases when people have freedom to use their power. The fourth contingency, visibility, is the idea that power increases to the extent that a person’s or work unit’s competencies are known to others.

Social networking involves cultivating social relationships with others to accomplish one’s goals. This activity increases an individual’s social capital, thereby strengthening expert power, referent power, visibility, and possibly centrality. Power has both beneficial and adverse consequences for individuals. On the positive side, empowerment strengthens their well-being and effectiveness. On the negative side, research indicates that when people become more powerful, their perceptual and decision-making skills can suffer.

Influence is any behavior that attempts to alter someone’s attitudes or behavior. The most widely studied influence tactics are silent authority, assertiveness, information control, coalition formation, upward appeal, persuasion, ingratiation and impression management, and exchange. “Soft” influence tactics such as friendly persuasion and subtle ingratiation are more acceptable than “hard” tactics such as upward appeal and assertiveness. However, the most appropriate influence tactic also depends on the influencer’s power base; on whether the person being influenced, compared with the influencer, is higher, lower, or at the same level in the organization; and on personal, organizational, and cultural values regarding influence behavior.

Organizational politics consists of influence tactics that observers perceive to be self-serving behaviors at the expense of others and sometimes contrary to the interests of the entire organization or work unit. Organizational politics is more prevalent when scarce resources are allocated using complex and ambiguous decisions and when the organization tolerates or rewards political behavior. Individuals with a high need for personal power and strong Machiavellian values have a higher propensity to use political tactics.

Organizational politics can be minimized by providing clear rules for resource allocation, establishing a free flow of information, using education and involvement during organizational change, supporting team norms and a corporate culture that discourage dysfunctional politics, and having leaders who role-model organizational citizenship rather than political savvy.

Key Terms

- centrality, p. 306
- coalition, p. 311
- countervailing power, p. 301
- impression management, p. 313
- influence, p. 309
- ingratiation, p. 313
- inoculation effect, p. 312
- legitimate power, p. 302
- Machiavellian values, p. 316
- organizational politics, p. 315
- persuasion, p. 312
- power, p. 300
- referent power, p. 303
- social capital, p. 307
- substitutability, p. 305
- upward appeal, p. 311
Critical Thinking Questions

1. What role does countervailing power play in the power relationship? Give an example of your own encounter with countervailing power at school or work.

2. Several years ago, the Major League Baseball Players Association went on strike in September, just before the World Series started. The players’ contract expired at the beginning of the season (May), but they held off the strike until September when they would lose only one-sixth of their salaries. In contrast, a September strike would hurt the owners financially because they earn a larger portion of their revenue during the playoffs. As one player explained: “If we strike next spring, there’s nothing stopping [the club owners] from letting us go until next June or July because they don’t have that much at stake.” Use your knowledge of the sources and contingencies of power to explain why the baseball players association had more power in negotiations by walking out in September rather than March.

3. You have just been hired as a brand manager of toothpaste for a large consumer products company. Your job mainly involves encouraging the advertising and production groups to promote and manufacture your product more effectively. These departments aren’t under your direct authority, although company procedures indicate that they must complete certain tasks requested by brand managers. Describe the sources of power you can use to ensure that the advertising and production departments will help you make and sell toothpaste more effectively.

4. How does social networking increase a person’s power? What social networking strategies could you initiate now to potentially enhance your future career success?

5. List the eight influence tactics described in this chapter in terms of how they are used by students to influence their course instructors. Which influence tactic is applied most often? Which is applied least often, in your opinion? To what extent is each influence tactic considered legitimate behavior or organizational politics?

6. How do cultural differences affect the following influence factors: (a) silent authority and (b) upward appeal?

7. A few years ago, the CEO of Apple Computer invited Steve Jobs (who was not associated with the company at the time) to serve as a special adviser and raise morale among Apple employees and customers. While doing this, Jobs spent more time advising the CEO on how to cut costs, redraw the organization chart, and hire new people. Before long, most of the top people at Apple were Jobs’s colleagues, who began to systematically evaluate and weed out teams of Apple employees. While publicly supporting Apple’s CEO, Jobs privately criticized him and, in a show of nonconfidence, sold 1.5 million shares of Apple stock he had received. This action caught the attention of Apple’s board of directors, who soon after decided to replace the CEO with Steve Jobs. The CEO claimed Jobs was a conniving backstabber who used political tactics to get his way. Others suggest that Apple would be out of business today if he hadn’t taken over the company. In your opinion, were Steve Jobs’s actions examples of organizational politics? Justify your answer.

8. This book frequently emphasizes that successful companies engage in organizational learning. How do political tactics interfere with organizational learning objectives?

Case Study 10.1 THE RISE AND FALL OF WORLDCOM

Bernie Ebbers built WorldCom, Inc. (now part of Verizon, Inc.) into one of the world’s largest telecommunications firms. Yet he and chief financial officer (CFO) Scott Sullivan have become better known for creating a massive corporate accounting fraud that led to the largest bankruptcy in U.S. history. Two investigative reports and subsequent court cases concluded that WorldCom executives were responsible for billions in fraudulent or unsupported accounting entries. How did this mammoth accounting scandal occur
without anyone raising the alarm? Evidence suggests that Ebbers and Sullivan held considerable power and influence that prevented accounting staff from complaining, or even knowing, about the fraud.

Ebbers’s inner circle held tight control over the flow of all financial information. The geographically dispersed accounting groups were discouraged from sharing information. Ebbers’s group also restricted distribution of company-level financial reports and prevented sensitive reports from being prepared at all. Accountants didn’t even have access to the computer files in which some of the largest fraudulent entries were made. As a result, employees had to rely on Ebbers’s executive team to justify the accounting entries that were requested.

Another reason why employees complied with questionable accounting practices was that CFO Scott Sullivan wielded immense personal power. He was considered a “whiz kid” with impeccable integrity who had won the prestigious “CFO Excellence Award.” Thus, when Sullivan’s office asked staff to make questionable entries, some accountants assumed Sullivan had found an innovative—and legal—accounting loophole. If Sullivan’s influence didn’t work, other executives took a more coercive approach. Employees cited incidents where they were publicly berated for questioning headquarters’ decisions and intimidated if they asked for more information. When one employee at a branch refused to alter an accounting entry, WorldCom’s controller threatened to fly in from WorldCom’s Mississippi headquarters to make the change himself. The employee changed the entry.

Ebbers had similar influence over WorldCom’s board of directors. Sources indicate that his personal charisma and intolerance of dissension produced a passive board that rubber-stamped most of his recommendations. As one report concluded: “The Board of Directors appears to have embraced suggestions by Mr. Ebbers without question or dissent, even under circumstances where its members now readily acknowledge they had significant misgivings regarding his recommended course of action.”

**Discussion Questions**

1. What power bases did Bernie Ebbers and Scott Sullivan rely on to get away with accounting fraud?
2. What influence tactics did Bernie Ebbers and Scott Sullivan use to control employees and the company’s board?


---

**Case Study 10.2 RHONDA CLARK: TAKING CHARGE AT THE SMITH FOUNDATION**

Joseph C. Santora, Essex County College and TST, Inc.

Dr. Rhonda Clark was ecstatic as she hung up the telephone. Bennett Mitchell, chairperson of KLS Executive Search firm, had just informed her that she landed the coveted position of chief executive officer (CEO) at the Smith Foundation, a nonprofit organization whose mission was to fund public...
awareness campaigns and research programs about eye care. Clark knew that she had just pulled off a major coup. Her appointment to this new, challenging position would indeed be the high point in a long, arduous climb to the executive suite. As an organizational outsider—one with no work experience within the hiring organization—she assumed that her appointment as CEO signaled a strong desire by the board to shake up the organizational status quo. However, she heard from a very reliable inside source that the very board that hired her and charged her with the responsibility of transforming the foundation was extremely fragmented. The often-rambunctious board had forced the last five CEOs to resign after very short tenures. Clark’s feeling of exhilaration was rapidly being replaced by cautious optimism. As a new CEO, she pondered the rather thorny question: How could she take charge of the board of directors to ensure the mission of the organization would be accomplished?

**Background**

Charlie Smith, an industrialist and philanthropist, founded the Smith Foundation 40 years ago with a multimillion-dollar endowment. Despite this generous financial start-up capital and additional income derived from several financial investments and major corporate donations, in recent years the foundation’s endowment has been slowly dwindling as a result of rather significant funding awards to academics, community organizations, and smaller, less well-funded foundations. Board members have held some preliminary discussions about developing new innovative strategies to strengthen the balance sheet of the organization. Currently, the foundation operates on an annual budget of slightly less than $1,500,000 (USD).

In the last five years, some foundation board members have begun to abandon many of their fiduciary responsibilities. Over the past few months, several board meetings have been canceled because the meetings lacked a quorum. In general, this 13-member board seemed to drift aimlessly in one direction or another. The board has been operating at only 70 percent capacity for the past two years with nine active board members—five men and four women.

**Challenges**

Dr. Rhonda Clark believed she was the one who could lead the Smith Foundation. She had great academic credentials and management experience that would help her tackle her new position as the foundation head. In the last 30 years, the 54-year old Clark, who holds a PhD in political science and policy analysis from a major U.S. West Coast university, has gained an enviable amount of managerial experience in the nonprofit and public sectors. Past professional experiences included being a graduate school professor, a director of research for a major statewide political office holder, the director of planning in a large metropolitan hospital, and the director of programs at a small foundation.

Immediately upon taking office, Clark was astounded to learn that a small, but active and influential, faction on the board had withdrawn its initial verbal promise to assist her in working closely with the corporate community. Essentially, she was informed that she was solely responsible for all external corporate relations. Clark thought to herself, “I wonder if they hired me because they thought they would get a ‘do-nothing’ female leader. These folks want me to either sink or swim on my own. Perhaps they set me up for failure by giving me a one-year appointment.” She lamented: “I won’t let this happen. I really need to learn about the key decision makers and stakeholders on the board and in the larger community, and fast.”

At the last board meeting, Clark detailed the major elements of her latest proposal. Yet several board members seemed totally unfazed by it. Soon she began to encounter stiff resistance from some male board members. Jim Jackson, in particular, told Clark: “We are disappointed that you failed to win a city contract to conduct a feasibility study to determine if we can erect a facility in another section of town. We’re not certain if you have the right stuff to run this foundation, and we certainly won’t help you to gain financial support for the foundation by using our personal, corporate, or political contacts.” Jackson thought to himself: “We’ve removed CEOs before, we can remove Clark, too.”

After hearing Jackson’s comments, Clark decided to take another tack. She began to focus her attention on making external and internal inroads which
she believed could result in some modest gains for the foundation. For example, she identified and developed a close relationship with a few well-connected city agency executives, persuaded some supporters to nominate her for membership on two very influential boards, and forged a relationship with two key foundation decision makers and political power brokers. She reconfigured the internal structure of the foundation to increase maximum productivity from the staff, and she tightened budgetary controls by changing some fiscal policies and procedures.

Clark also sought the support of Susan Frost, a board member who likely had been instrumental in Clark’s appointment as CEO. Clark said to herself, “If I can develop a strong symbiotic relationship with some female board members, like Sue, to support my plan, then maybe I’ll get some traction.” To do this, Clark held a number of late-evening meetings with Sue and another female board member. They indicated their willingness to help her, but only if she would consider implementing a few of their ideas for the foundation as well as recommending their close friend for a current staff vacancy. Clark knew they were trying to exercise their political influence, yet she believed that everyone could benefit from this quid pro quo relationship. She said to herself, “I guess it’s a matter of you scratch my back, and I scratch yours.” She eagerly agreed to move their agenda along. In a matter of a few weeks, as promised, they began working on a couple of relatively “sympathetic” board members. One day Clark got a very terse but crucial telephone call from Sue. “Several of us support you. Proceed!”

Once she heard this, Clark began to move at lightning speed. She formed a 15-member coalition of community, educational, and quasi-governmental agencies that would apply for a collaborative federal grant to create a public awareness eye campaign for children. Through the dissemination of various media, coalition members would help to inform the community-at-large about various eye diseases that afflict young, school-age children. Shortly afterward, Clark received notification from a federal agency that this multiagency project would be awarded a million-dollar grant. Clark would serve as the administrative and fiscal agent of the grant, and, as a result, she would be able to earmark a considerable amount of the administrative oversight dollars for the foundation’s budget. For her efforts at coordinating this project, Clark received high marks from coalition and community members alike.

Yet, despite this important initial accomplishment, Clark had the unpleasant task of notifying the full board that, due to some unforeseen problems and their lack of support on certain key initiatives, the foundation would still experience a financial deficit. She heard several rumors that her next employment contract would not be renewed by the executive committee of the board. At this point she thought about directly confronting the obstructionists on the board by telling them that they were unreasonable and, in fact, that they were the cause of the foundation’s not recovering during the past year . . . but she hesitated: She had signed on to do a job, and she was unsure if this was the wisest course of action to take at this time.

Despite this latest conflict between her and certain board members, she paused to reflect on what she believed to have been a tumultuous year as CEO.

Discussion Questions
1. Does Clark have any sources of power and any contingencies of power? If so, list and discuss them.
2. To what degree were Clark’s methods of influencing board members the most effective possible under the circumstances presented in the case?
3. Do you think her methods of getting things done at the foundation were ethical? Why or why not?

Note: The names and some managerial actions in this case have been altered to preserve the integrity and anonymity of the organization. This case is intended to be used as a basis for class discussion rather than to illustrate either effective or ineffective handling of a management situation.

Case Study 10.3  SHAKING UP OXFORD

John Hood may be soft-spoken, but the New Zealand–born vice-chancellor of Oxford University shows flashes of the steely determination that first convinced Oxford’s search committee to hire him to give the place a top-to-bottom management overhaul. Hood’s decisive actions have created few friends among the scholars, but he claims he is merely working in the university community’s best interests. “I am here as the servant of the scholars,” says Hood. “One has no power or authority in this job.”

This BusinessWeek case study describes the changes that John Hood is making at Oxford and how academics at the British university are responding to those changes. The article looks at Hood’s influence strategies, the methods used by Oxford’s professors to resist those changes, and some of the politics of change that has occurred. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. John Hood claims that he has no power or authority in his job. Is he correct? What sources of power work for and against him during this change process?

2. What influence tactics has Hood used that are most apparent in this case study?

3. What influence tactics have professors and other stakeholders used to resist Hood’s changes? Would you call any of these influence tactics “organizational politics”?


Team Exercise 10.4  BUDGET DELIBERATIONS

Sharon Card

PURPOSE  This exercise is designed to help you understand some of the power dynamics and influence tactics that occur across hierarchical levels in organizations.

MATERIALS  This activity works best where one small room leads to a larger room, which leads to a larger area.

INSTRUCTIONS  These exercise instructions are based on a class size of about 30 students. The instructor may adjust the size of the first two groups slightly for larger classes. The instructor will organize students as follows: A few (three or four) students are assigned the positions of executives. They are preferably located in a secluded office or corner of a large classroom. Another six to eight students are assigned positions as middle managers. These people will ideally be located in an adjoining room or space, allowing privacy for the executives. The remaining students represent the nonmanagement employees in the organization. They are located in an open area outside the executive and management rooms.

RULES  Members of the executive group are free to enter the space of either the middle-management or nonmanagement groups and to communicate whatever they wish, whenever they wish. Members of the middle-management group may enter the space of the nonmanagement group whenever they wish, but they must request permission to enter the
executive group’s space. The executive group can refuse the middle-management group’s request. Members of the nonmanagement group are not allowed to disturb the top group in any way unless specifically invited by members of the executive group. The nonmanagement group does have the right to request permission to communicate with the middle-management group. The middle-management group can refuse the lower group’s request.

**TASK**  Your organization is in the process of preparing a budget. The challenge is to balance needs with financial resources. Of course, the needs are greater than the resources. The instructor will distribute a budget sheet showing a list of budget requests and their costs. Each group has control over a portion of the budget and must decide how to spend the money over which they have control. Nonmanagement has discretion over a relatively small portion, and the executive group has discretion over the greatest portion. The exercise is finished when the organization has negotiated a satisfactory budget or when the instructor calls timeout. The class will then debrief with the following questions and others the instructor might ask.

**DISCUSSION QUESTIONS**
1. What can we learn from this exercise about power in organizational hierarchies?
2. How is this exercise similar to relations in real organizations?
3. How did students in each group feel about the amount of power they held?
4. How did they exercise their power in relations with the other groups?

**Self-Assessment 10.5**

**GUANXI ORIENTATION SCALE**

Guanxi, which is translated as “interpersonal connections,” is an important element of doing business in China and some other Asian countries with strong Confucian cultural values. Guanxi is based on traditional Confucian values of helping others without expecting future repayment. This instrument estimates your guanxi orientation, that is, the extent to which you accept and apply guanxi values. This self-assessment should be completed alone so that you can rate yourself honestly without concerns of social comparison. Class discussion will focus on the meaning of guanxi and its relevance for organizational power and influence.
Self-Assessment 10.6

MACHIAVELLIANISM SCALE

Machiavellianism is named after Niccolò Machiavelli, the 16th-century Italian philosopher who wrote *The Prince*, a famous treatise about political behavior. Out of Machiavelli’s work emerged this instrument that estimates the degree to which you have a Machiavellian personality. Indicate the extent to which you agree or disagree that each statement in this instrument describes you. Complete each item honestly to get the best estimate of your level of Machiavellianism.

Self-Assessment 10.7

PERCEPTIONS OF POLITICS SCALE (POPS)

Organizations have been called “political arenas”—environments where political tactics are common because decisions are ambiguous and resources are scarce. This instrument estimates the degree to which you believe the school where you attend classes has a politicized culture. The scale consists of several statements that might or might not describe your school. The statements refer to the administration of the school, not the classroom. Please indicate the extent to which you agree or disagree with each statement.

After reading this chapter, if you feel that you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
To reward themselves for a job well done, a team of young employees at Western Technical College like to create funny mock videos or throw a pizza party during office hours. Those events bother some older staff at the La Crosse, Wisconsin, school. This conflict comes as no surprise to Linda Gravett. “We had a sense that there was tension,” says Gravett, a human resource consultant at Xavier University in Cincinnati. Gravett and colleague Robin Throckmorton identified many forms of intergenerational conflict in their recent book on that subject. “This was confirmed in our research. We found there was a lot of generational tension around the use of technology and work ethics.”

Some writers claim that Generation-X and -Y employees (those born after 1964) are not that different from their baby-boomer counterparts (born between 1946 and 1964). For example, some surveys report that both younger and older generations share similar values and needs. However, differences do occur in each generation’s norms and expectations, such as regarding work behavior and attire, and these differences are sometimes interpreted critically by people in the other age group. “As offices go, the editorial suites at Time Inc. are pretty laid back,” claims editor Dan Kadlec. “Yet there’s a limit to what passes for acceptable appearance, and I was sure a recent bunch of college interns had breached it spectacularly with their nose rings, tattoos and low-rise pants. These were bright, ambitious kids. Why the blatant show of disrespect?”

To help minimize these conflicts, Ernst & Young introduced a special program that alerts new hires to multigenerational differences. One topic, “Strategies to Connect with Baby Boomers,” offers the following advice: It is probably not a good time to request time off, even for a volunteer commitment, just after your boss says that the members of his or her team of young staff are “spending too much time text-messaging each other and listening to iPods.”

Technically savvy and ambitious, Generation-X and -Y employees’ attributes and attitudes toward work have the potential to induce generational conflicts in the workplace.
Conflict and Negotiation in the Workplace

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Debate the positive and negative consequences of conflict in the workplace.
2. Distinguish constructive conflict from relationship conflict.
4. Diagram the conflict process model.
5. Identify six structural sources of conflict in organizations.
6. Outline the five conflict-handling styles and discuss the circumstances in which each would be most appropriate.
7. Summarize six structural approaches to managing conflict.
8. Outline four situational influences on negotiations.
9. Describe four skills of effective negotiators.
10. Compare and contrast the three types of third-party dispute resolution.
One of the facts of life is that people hold different points of view. They have unique values hierarchies, develop unique perceptions of reality, and establish different norms about how to act in social settings. At the same time, organizations are living systems that demand dynamic, rather than static, relationships among employees. In other words, employees at Ernst & Young, Western Technical College, Time, and other organizations need to frequently agree on new work arrangements, revise the company’s strategic direction, and renegotiate the allocation of scarce resources required to perform their jobs.

Without identical viewpoints, and with the need to frequently adjust to change, conflict is bound to occur. Conflict is a process in which one party perceives that his or her interests are being opposed or negatively affected by another party. It may occur when one party obstructs or plans to obstruct another’s goals in some way. For example, a baby-boomer manager experiences conflict with Gen-X or Gen-Y employees who spend time text messaging because the manager believes that this practice interferes with her goal of completing departmental deadlines on time. Text-messaging employees experience conflict with their boss because they view this form of communication as a valuable way to network, keep informed, and (contrary to the boss’s opinion) achieve departmental objectives. Conflict is ultimately based on perceptions; it exists whenever one party believes that another might obstruct his or her efforts, whether or not the other party actually intends to do so.

This chapter investigates the dynamics of conflict in organizational settings. We begin by considering the age-old question “Is conflict good or bad?” Next, we describe the conflict process and examine in detail the main factors that cause or amplify conflict. The five styles of handling conflict are then described, followed by a discussion of the structural approaches to conflict management. The last two sections of this chapter introduce two procedures for resolving conflict: negotiation and third-party resolution.

Is Conflict Good or Bad?

For at least the past century, and likely much longer, experts have been debating whether conflict is good or bad for organizational effectiveness. The conflict-is-bad perspective has prevailed for most of that time. Exhibit 11.1(a) illustrates this view; the downward line shows that as the level of conflict increases, it produces more adverse outcomes. According to this perspective, even moderately low levels of disagreement tatter the fabric of workplace relations and sap energy away from productive activities. Conflict with one’s supervisor not only wastes productive time but also violates the hierarchy of command and questions the efficient assignment of authority (in which managers made the decisions and employees followed them).
Although the conflict-is-bad perspective is now considered oversimplistic, numerous studies report that conflict can potentially undermine team cohesion, information sharing, decision making, and employee well-being (increased stress and lower job satisfaction). It also seems to distort perceptions and increase organizational politics. Conflict distracts employees from their work and, in some cases, motivates them to withhold valuable knowledge and other resources. People who experience conflict are less motivated to communicate or try to understand the other party, and this further escalates conflict as each side relies increasingly on distorted perceptions and stereotypes. One survey estimates that 42 percent of a manager’s time is spent dealing with workplace conflict and that conflict triggers most voluntary and involuntary employee turnover.

More than 80 years ago, social worker and political science scholar Mary Parker Follett proposed the then-radical notion that conflict can be beneficial. Her ideas were slow to gain support. By the 1970s, however, the conflict-is-bad perspective had been replaced by the optimal-conflict perspective, which holds that organizations are most effective when employees experience some level of conflict in discussions but that organizations become less effective when they have high levels of conflict. The belief that companies should have neither too little nor too much conflict, which is illustrated by the upside-down U-shaped relationship in Exhibit 11.1(b), remains popular today.

Many studies support Follett’s groundbreaking thesis that a moderate level of conflict is good. One outcome is improved decision making. Conflict energizes people to debate issues and evaluate alternatives more thoroughly. The debate tests the logic of arguments and encourages participants to reexamine their basic assumptions about the problem and its possible solution. Another apparent benefit of moderate conflict is that it prevents organizations from stagnating and becoming nonresponsive to their external environment. This reflects our earlier observation that conflict occurs in organizations because they are living systems. Moderate levels of conflict are inevitable and necessary as employees try to keep the organization responsive to the needs of customers and other stakeholders. A third benefit, which we discussed in the chapter on teams, is that conflict with people outside the team potentially increases cohesion within the team. People are more motivated to work together when faced with an external threat, such as conflict with people outside the team.

The Emerging View: Constructive and Relationship Conflict

The upside-down U-shaped model of conflict was replaced in the 1990s by the perspective that there are two types of conflict with opposing consequences [see Exhibit 11.1(c)].

Exhibit 11.1 Past and Present Perspectives of Conflict

(a) Conflict Is Bad (pre-1970s)

(b) Optimal Conflict (1970s–1990s)

(c) Two Types of Conflict (current)
Constructive conflict occurs when people focus their discussion on the issue while showing respect for people with other points of view. This conflict is called “constructive” because different positions are encouraged so that ideas and recommendations can be clarified, redesigned, and tested for logical soundness. Keeping the debate focused on the issue helps participants reexamine their assumptions and beliefs without triggering the drive to defend and its associated negative emotions and ego-defense mechanism behaviors. Teams and organizations with very low levels of constructive conflict are less effective, but there is also likely an upper limit to the level of intensity of constructive conflict.\(^{10}\)

In contrast to constructive conflict, relationship conflict focuses on people, rather than the issues, as the source of conflict. The parties refer to interpersonal incompatibilities such as “personality clashes” rather than legitimate differences of opinion regarding tasks or decisions. Each party tries to undermine the other’s argument by questioning her or his competency. Attacking a person’s credibility or displaying an aggressive response toward the person triggers defense mechanisms and a competitive orientation. The subject of the verbal attacks becomes less motivated to communicate and share information, making it more difficult for the parties to discover common ground and ultimately resolve the conflict. Instead, they increasingly rely on more distorted perceptions and stereotypes, and this, as we noted earlier, tends to further escalate the conflict. Relationship conflict is sometimes called socioemotional or affective conflict because people experience and react to strong emotional responses during such conflict episodes.

Separating Constructive Conflict from Relationship Conflict  The current perspective that there are two types of conflict leads to the logical conclusion that we should encourage constructive conflict and minimize relationship conflict. This recommendation sounds good in theory, but recent evidence suggests that separating these two types of conflict isn’t easy. Most of us experience some degree of relationship conflict during and after any constructive debate.\(^{11}\) In other words, any attempt to engage in constructive conflict, no matter how calmly and rationally, may still sow the seeds of relationship conflict. The stronger the level of debate and the more the issue is tied to the individual’s self-concept, the higher the chance that the constructive conflict will evolve into (or mix with) relationship conflict. As Connections 11.1 describes, even though Intel staff are taught the fine art of constructive debate, many of them experience relationship conflict.

Fortunately, conflict management experts have identified three strategies that potentially minimize the level of relationship conflict during constructive-conflict episodes:\(^{12}\)

- **Emotional intelligence.** Relationship conflict is less likely to occur, or is less likely to escalate, when team members have high levels of emotional intelligence. Emotionally intelligent employees are better able to regulate their emotions during debate, thus reducing the risk of escalating perceptions of interpersonal hostility. People with high emotional intelligence are also more likely to view a co-worker’s emotional reaction as valuable information about that person’s needs and expectations, rather than as a personal attack.

- **Cohesive team.** Relationship conflict is suppressed when the conflict occurs within a highly cohesive team. The longer people work together, get to know each other, and develop mutual trust, the more latitude they give each other to show emotions without being personally offended. Strong cohesion also allows each person to know about and anticipate the behaviors and emotions of teammates.
Constructive Confrontation inside Intel

Former Goldman Sachs president John Thornton has had his share of executive debates, but even he was surprised by the animated discussion that permeates Intel, the chip maker, where Thornton is a member of the board. “It can be kind of shocking at first,” says Thornton, recalling his first few Intel meetings. “You realize quickly that [Intel managers] practice a form of honesty that borders on brutality.” Intel cofounder and former chairman Andy Grove nurtured this culture of conflict—called constructive confrontation—many years ago when he noticed that meetings generate better ideas when staff actively debate, rather than politely defer to, ideas that others put forward. The practice is so important that new Intel employees are taught the fine art of confrontation through supervised debates and role plays.

Andy Grove emphasizes that conflict is constructive only under specific circumstances. “Constructive confrontation does not mean being loud, unpleasant or rude, and it is not designed to affix blame,” warns Grove. “The essence of it is to attack a problem by speaking up in a businesslike way.” If you target the other person, the benefits of constructive debate disintegrate. But some people claim that Intel’s constructive confrontation never was very constructive. Instead, like John Thornton, some staff also experience a heavy dose of relationship conflict. “I can tell you unequivocally that constructive confrontation was a license for a**holes to be a**holes and express themselves,” says former Intel employee Logan Shrine, who coauthored a book with Bob Coleman on Intel’s changing culture. “Intel’s culture is dysfunctional and anomalous to what’s considered acceptable behavior in any other corporation.”

Another benefit is that cohesion produces a stronger social identity with the group, so team members are motivated to avoid escalating relationship conflict during otherwise emotionally turbulent discussions.

- Supportive team norms. Various team norms can hold relationship conflict at bay during constructive debate. When team norms encourage openness, for instance, team members learn to appreciate honest dialogue without personally reacting to any emotional display during the disagreements. Other norms might discourage team members from displaying negative emotions toward co-workers. Team norms also encourage tactics that diffuse relationship conflict when it first appears. For instance, research has found that teams with low relationship conflict use humor to maintain positive group emotions, thereby offsetting negative feelings team members might develop toward some co-workers during debate.

Conflict Process Model

Now that we have outlined the history of and current knowledge about conflict and its outcomes, let’s look at the model of the conflict process, shown in Exhibit 11.2. This model begins with the sources of conflict, which we will describe in more detail in the next section. At some point, the sources of conflict lead one or both parties to perceive that conflict exists. One (or each) party becomes aware that the other party’s statements and actions are incompatible with his or her own goals. Such perceptions usually interact with emotions experienced about the conflict. Conflict perceptions...
and emotions manifest themselves in the decisions and behaviors of one party toward the other. These conflict episodes may range from subtle nonverbal behaviors to war-like aggression. Particularly when people experience high levels of conflict emotions, they have difficulty finding the words and expressions that communicate effectively without further irritating the relationship. Conflict is also manifested by the style each side uses to resolve the conflict. Some people tend to avoid the conflict, whereas others try to defeat those with opposing views.

Exhibit 11.2 shows arrows looping back from manifest conflict to conflict perceptions and emotions. These arrows illustrate that the conflict process is really a series of episodes that potentially cycle into conflict escalation. It doesn’t take much to start this conflict cycle—just an inappropriate comment, a misunderstanding, or an action that lacks diplomacy. These behaviors cause the other party to perceive that conflict exists. Even if the first party did not intend to demonstrate conflict, the second party’s response may create the perception that conflict exists.

**Learning Objectives**

After reading the next three sections, you should be able to:

5. Identify six structural sources of conflict in organizations.
6. Outline the five conflict-handling styles and discuss the circumstances in which each would be most appropriate.
7. Summarize six structural approaches to managing conflict.

**Structural Sources of Conflict in Organizations**

The conflict model starts with the sources of conflict, so we need to understand these sources to effectively diagnose conflict episodes and subsequently resolve the conflict or occasionally to generate conflict where it is lacking. The six main conditions that...
cause conflict in organizational settings are incompatible goals, differentiation, interdependence, scarce resources, ambiguous rules, and communication problems.

Incompatible Goals

Microsoft Corp. has been highly successful with its host of products and services, yet various sources conclude that the company suffers from vicious infighting across product groups. “Pretty much across the board people are saying that Microsoft is dysfunctional,” concludes one industry analyst. “They are not cooperating across business groups.” One of the major sources of this conflict is that some work units have goals that are incompatible with those of other units. For example, the MSN group had developed desktop search software that would compete against Google Desktop. However, Microsoft’s Windows group opposed release of the MSN software because the Windows group had developed similar software for its Vista operating system. The MSN group also fought against the Office people over MSN’s desire to connect their online calendar with the calendar in Office. The Office group balked because “then MSN could cannibalize Office,” says an employee who recently left Microsoft. “Windows and Office would never let MSN have more budget or more control.”

The battles between the Microsoft MSN and Windows work units illustrate how goal incompatibility—in which the goals of one person or department seem to interfere with another person’s or department’s goals—can be a source of conflict in organizations. MSN’s goal of competing against Google with desktop search software threatened the Windows group’s goals of launching new features in Microsoft Vista. MSN’s goal of providing users with better calendar integration threatened the Microsoft Office group’s product territory, which might undermine its profitability or control over the calendar feature.

Differentiation

Another source of conflict is differentiation—differences among people, departments, and other entities regarding their training, values, beliefs, and experiences. Differentiation can be distinguished from goal incompatibility because two people or departments may agree on a common goal but have profound differences in how to achieve that goal. Consider the classic tension between employees from two companies brought together through a merger. Employees in each organization fight over the “right way” to do things because of their unique experiences in the separate companies. This source of conflict is apparent as Porsche AG takes control of Volkswagen Group. As Global Connections 11.2 describes, VW chairman Ferdinand Piëch and his allies are battling Porsche CEO Wendelin Wiedeking and his executive team because they have substantially different views on how Europe’s largest automaker should be run.

Intergenerational conflicts, which were described in the opening story to this chapter, are also mainly caused by differentiation. Younger and older employees have different needs, different expectations, and different workplace practices, and this sometimes produces conflicting preferences and actions. Recent studies suggest that intergenerational differences occur because people develop social identities around technological developments and other pivotal social events. Information technology also maintains differentiation because without face-to-face experiences, employees have more difficulty forming common mental models and norms. For instance, recent investigations indicate that virtual teams have a high incidence of conflict because technology makes it difficult for them to form common experiences and perspectives.
Conflict Overdrive at VW and Porsche

Volkswagen Group (VW) became a den of internal conflict over the past decade as it acquired several fiefdoms—Audi, Lamborghini, Bentley, Bugatti, Skoda, SEAT—that jealously guarded their brands and continuously rebelled against sharing knowledge. One member of VW’s supervisory board (the German equivalent of a board of directors) commented that managing the company is “like trying to ride a chariot with four or five horses, each of which pulls in a different direction.” Now Porsche AG is entering the fray. The luxury sports car company, which relies on VW for some of its production work, began acquiring stock in VW a few years ago and recently achieved a controlling interest. Porsche CEO Wendelin Wiedeking is aware of VW’s internal rivalries. “If you mix the Porsche guys with the Audi guys and the VW guys you will have trouble,” says Wiedeking. “Each is proud to belong to his own company.”

Yet Wiedeking is stirring up a different type of conflict as Porsche tightens its grip over VW’s supervisory board. Through an unswerving drive for efficient production and astute marketing, Wiedeking and his executive team transformed Porsche into the world’s most profitable and prestigious car company. Wiedeking now wants to apply those practices at VW by closing down inefficient operations and money-losing car lines. “Wiedeking is a Porsche CEO from another corporate culture,” says German auto analyst Christoph Stuermer. “He’s out to maximize profits by cutting costs. And he snubbed everyone, telling off VW management, interfering with their way of doing business.” Ferdinand Dudenhoeffer, director of Germany’s Center of Automotive Research (CAR), agrees. “Porsche is very successful in being lean and profitable. It’s not going to be harmonious.”

Particularly offended by Wiedeking’s plans is VW chairman Ferdinand Piëch, who has a different vision for Europe’s largest automaker. Piëch, whose grandfather developed the VW Beetle, places more emphasis on spectacular engineering than exceptional profits. For example, he continues to support the money-losing Bugatti brand, which VW acquired several years ago when Piëch was CEO. More recently, Piëch championed the Phaeton, VW’s luxury car that broke new ground in innovation (it boasts 100 patents) but has not been a commercial success.

Wiedeking, on the other hand, believes that VW could be more profitable if it stopped producing the Phaeton and Bugatti. “Piëch sees his vision endangered by Wiedeking,” says Dudenhoeffer. “Wiedeking said that there are no holy cows at VW, no more Phaetons, no more Bugattis.” These ideas make Piëch’s blood boil. “Anyone who says that VW should pull the Phaeton doesn’t understand the world,” grumbles Piëch, explaining that luxury cars represent the only segment with double-digit growth.

There is an unusual twist in the conflict involving Piëch, Wiedeking, and Porsche. Piëch is a member of the Porsche family. He is a cousin of Porsche chairman Wolfgang Porsche and owns a 10 percent share of the Porsche company. Piëch began his career at Porsche and became its chief engineer before moving to Audi and later VW. Furthermore, in what many consider a blatant conflict of interest, Piëch supported Porsche’s initial investment in VW. But with Piëch and Wiedeking on a collision course, that initial friendly investment in the partnership has turned into all-out corporate war. “There was always a cease-fire between Piëch and the Porsches, but now it’s war,” claims auto analyst Ferdinand Dudenhoeffer. “This is like Dallas and Dynasty in Wolfsburg (VW’s German headquarters). No company in the world is so self-absorbed with its problems.”

Interdependence

Conflict tends to increase with the level of interdependence. Interdependence exists when team members must share common inputs to their individual tasks, need to interact in the process of executing their work, or receive outcomes (such as rewards) that are partly determined by the performance of others. Higher interdependence
increases the risk of conflict because there is a greater chance that each side will disrupt or interfere with the other side’s goals.  

Other than when they have complete independence, employees tend to have the lowest risk of conflict when working with others in a pooled-interdependence relationship. Pooled interdependence occurs where individuals operate independently except for reliance on a common resource or authority (see Chapter 8). The potential for conflict is higher in sequential interdependence work relationships, such as on an assembly line. The highest risk of conflict tends to occur in reciprocal interdependence situations. With reciprocal interdependence, employees are highly dependent on each other and, consequently, have a higher probability of interfering with each other’s work and personal goals.

**Scarce Resources**

Resource scarcity generates conflict because each person or unit requiring the same resource necessarily undermines others who also need that resource to fulfill their goals. Consider the lively debates among employees at Intel, described earlier in Connections 11.1. These conflict episodes occur partly because there aren’t enough financial, human capital, and other resources for everyone to accomplish her or his goals, so employees need to justify why they should receive the resources. The more resources one project receives, the fewer resources another project will have available to accomplish its goals.

**Ambiguous Rules**

Ambiguous rules—or the complete lack of rules—breed conflict. This occurs because uncertainty increases the risk that one party intends to interfere with the other party’s goals. Ambiguity also encourages political tactics, and, in some cases, employees enter a free-for-all battle to win decisions in their favor. This explains why conflict is more common during mergers and acquisitions. Employees from both companies have conflicting practices and values, and few rules have developed to minimize the maneuvering for power and resources. When clear rules exist, on the other hand, employees know what to expect from each other and have agreed to abide by those rules.

**Communication Problems**

Conflict often occurs due to the lack of opportunity, ability, or motivation to communicate effectively. Let’s look at each of these causes. First, when two parties lack the opportunity to communicate, each tends to rely more on stereotypes to understand the other party in the conflict. Unfortunately, stereotypes are sufficiently subjective that emotions can negatively distort the meaning of an opponent’s actions, thereby escalating perceptions of conflict. Second, some people lack the necessary skills to communicate in a diplomatic, nonconfrontational manner. When one party communicates his or her disagreement arrogantly, opponents are more likely to heighten their perception of the conflict. This may lead the other party to reciprocate with a similar response, which further escalates the conflict.

A third problem is that the perception of conflict reduces the motivation to communicate. Relationship conflict is uncomfortable, so people avoid interacting with others in a conflicting relationship. Unfortunately, less communication can further escalate the conflict because there is less opportunity to empathize with the opponent’s
situation and opponents are more likely to rely on distorted stereotypes of the other party. In fact, conflict tends to further distort these stereotypes through the process of social identity (see Chapter 3). We begin to see competitors less favorably so that our self-concept remains positive during these uncertain times.

Interpersonal Conflict-Handling Styles

The six structural conditions described above set the stage for conflict, and these sources lead to conflict perceptions and emotions that, in turn, motivate people to take some sort of action to address the conflict. Along with pioneering the view that some conflict is beneficial, Mary Parker Follett suggested that there are different conflict-handling styles. The number of styles identified by conflict experts has varied over the years, but most common are variations of the five-category model shown in Exhibit 11.3 and described below:

1. **Problem solving.** Problem solving tries to find a mutually beneficial solution to the disagreement. This is known as the **win-win orientation** because people using this style believe the resources at stake are expandable, rather than

---

**Exhibit 11.3**

Interpersonal Conflict-Handling Styles

---

fixed, if the parties work together to find a creative solution. Information sharing is an important feature of this style because both parties collaborate to identify common ground and potential solutions that satisfy everyone involved.

- **Forcing.** Forcing tries to win the conflict at the other’s expense. People who use this style typically have a *win-lose orientation*—they believe the parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive. Consequently, this style relies on some of the “hard” influence tactics described in Chapter 10, particularly assertiveness, to get one’s own way.

- **Avoiding.** Avoiding tries to smooth over or avoid conflict situations altogether. It represents a low concern for both self and the other party; in other words, avoiders try to suppress thinking about the conflict. For example, some employees will rearrange their work area or tasks to minimize interaction with certain co-workers.

- **Yielding.** Yielding involves giving in completely to the other side’s wishes, or at least cooperating, with little or no attention to your own interests. This style involves making unilateral concessions and unconditional promises, as well as offering help with no expectation of reciprocal help.

- **Compromising.** Compromising involves looking for a position in which you make concessions to some extent. It involves matching the other party’s concessions, making conditional promises or threats, and actively searching for a middle ground between the interests of the two parties.

### Choosing the Best Conflict-Handling Style

Chances are that you have a preferred conflict-handling style. You might have a tendency toward avoiding or yielding because disagreement makes you feel uncomfortable and is inconsistent with your self-concept as someone who likes to get along with everyone. Or perhaps you prefer the compromising and forcing strategies because they reflect your strong need for achievement and for control over your environment. In general, people gravitate toward one or two preferred conflict-handling styles that match their personality, personal and cultural values, and past experience. However, most people recognize that they should use different conflict-handling styles in different situations. In other words, the best style varies with the situation.

Exhibit 11.4 summarizes the main contingencies, as well as problems, in using each conflict-handling style. Problem solving has long been identified as the preferred conflict-handling style where possible because dialogue and clever thinking help people break out of the limited boundaries of their opposing alternatives to find an integrated solution whereby both gain value. In addition, recent studies report that problem solving improves long-term relationships, reduces stress, and minimizes emotional defensiveness and other indications of relationship conflict. However, problem solving is the best choice of conflict handling only when there is some potential for mutual gains, which is more likely to occur when the issue is complex and when the parties have enough trust, openness, and time to share information. If problem solving is used under the wrong conditions, there is an increased risk that the other party will take advantage of the information you have openly shared.
### Exhibit 11.4 Conflict-Handling-Style Contingencies and Problems

<table>
<thead>
<tr>
<th>Conflict-handling style</th>
<th>Preferred style when . . .</th>
<th>Problems with this style</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Problem solving</strong></td>
<td>• Interests are not perfectly opposing (i.e., not pure win-lose).&lt;br&gt;• Parties have trust, openness, and time to share information.&lt;br&gt;• Issues are complex.</td>
<td>• Involves sharing information that the other party might use to his or her advantage.</td>
</tr>
<tr>
<td><strong>Avoiding</strong></td>
<td>• Conflict has become too emotionally charged.&lt;br&gt;• Cost of trying to resolve the conflict outweighs the benefits.</td>
<td>• Doesn’t usually resolve the conflict.&lt;br&gt;• May increase other party’s frustration.</td>
</tr>
<tr>
<td><strong>Forcing</strong></td>
<td>• You have a deep conviction about your position (e.g., believe the other person’s behavior is unethical).&lt;br&gt;• Dispute requires a quick solution.&lt;br&gt;• The other party would take advantage of more cooperative strategies.</td>
<td>• Has highest risk of relationship conflict.&lt;br&gt;• May damage long-term relations, reducing future problem solving.</td>
</tr>
<tr>
<td><strong>Yielding</strong></td>
<td>• Other party has substantially more power.&lt;br&gt;• Issue is much less important to you than to the other party.&lt;br&gt;• Value and logic of your position aren’t as clear.</td>
<td>• Increases other party’s expectations in future conflict episodes.</td>
</tr>
<tr>
<td><strong>Compromising</strong></td>
<td>• Parties have equal power.&lt;br&gt;• Time pressure exists for resolving the conflict.&lt;br&gt;• Parties lack trust and openness for problem solving.</td>
<td>• Results in suboptimal solution when mutual gains are possible.</td>
</tr>
</tbody>
</table>

You might think that avoiding is an ineffective conflict management strategy, but it is actually the best approach when conflict has become emotionally charged or when negotiating has a higher cost than the benefits of conflict resolution.\(^{34}\) At the same time, conflict avoidance is often ineffective because it doesn’t resolve the conflict and may increase the other party’s frustration. The forcing style of conflict resolution is usually inappropriate because research indicates that it generates relationship conflict more quickly or intensely than other conflict-handling styles. However, forcing may be necessary when you know you are correct (e.g., the other party’s position is unethical or based on obviously flawed logic), the dispute requires a quick solution, or the other party would take advantage of a more cooperative conflict-handling style.

The yielding style may be appropriate when the other party has substantially more power, the issue is not as important to you as it is to the other party, and you aren’t confident that your position has the best value or logical consistency. On the other hand, yielding behaviors may give the other side unrealistically high expectations, thereby motivating her or him to seek more from you in the future. In the long run, yielding may
produce more conflict rather than resolve it. The compromising style may be best when there is little hope for mutual gain through problem solving, both parties have equal power, and both are under time pressure to settle their differences. However, we rarely know for certain that mutual gains are not available, so entering a conflict with the compromising style may cause the parties to overlook better solutions.

Cultural and Gender Differences in Conflict-Handling Styles

Cultural differences are more than just a source of conflict. Cultural background also affects the preferred conflict-handling style. Some research suggests that people from collectivist cultures—where people emphasize duty to groups to which they belong—are motivated to maintain harmonious relations and, consequently, are more likely...
than those from low collectivism cultures to manage disagreements through avoidance or problem solving. However, this view may be somewhat simplistic because people in some collectivist cultures are also more likely to publicly shame those whose actions conflict with expectations.  

Some writers suggest that men and women also tend to rely on different conflict-handling styles. Generally, women pay more attention than do men to the relationship between the parties. Consequently, they tend to adopt a compromising or, occasionally, problem-solving style in business settings and are more willing to compromise to protect the relationship. Men tend to be more competitive and take a short-term orientation to the relationship. In low collectivism cultures, men are more likely than women to use the forcing approach to conflict handling. However, we must be cautious about these observations because gender usually has a weak influence on conflict management style.

**Structural Approaches to Conflict Management**

Conflict management styles pertain to how we approach the other party in a conflict situation. But conflict management also involves altering the underlying structural causes of potential conflict. The main structural approaches are emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing task interdependence, increasing resources, and clarifying rules and procedures.

**Emphasizing Superordinate Goals**

One of the oldest recommendations for resolving conflict is to seek and find common goals. In organizational settings, this typically takes the form of a superordinate goal, which is any goal that both conflicting parties value and whose attainment is beyond the resources and effort of either party alone. By increasing commitment to corporatewide goals, employees pay less attention to competing individual or departmental-level goals, thus reducing their perceived conflict with co-workers. They also potentially reduce the problem of differentiation by establishing a common frame of reference. For example, research indicates that the most effective executive teams frame their decisions as superordinate goals that rise above each executive’s departmental or divisional goals.

**Reducing Differentiation**

Another way to minimize dysfunctional conflict is to reduce the differences that produce the conflict in the first place. The more employees think they have common backgrounds or experiences with co-workers, the more motivated they are to coordinate their activities and resolve conflict through constructive discussion with those co-workers. One way to increase this commonality is by creating common experiences. SAP, the German enterprise software company, applied this strategy when it recently acquired Business Objects, a French company with a strong U.S. presence. Conflict is common following many acquisitions because employees at each company have different cultures, experiences, and loyalties. SAP minimized this differentiation by immediately intermingling people from the two organizations. “In the first six months after the acquisition, more than 35 percent of senior managers transferred from SAP while all of the original Business Objects corporate services people are now a part of a global shared services team,” says Business Objects CEO John Schwarz. “We also encourage cross-border, cross-functional teamwork on projects such as major product releases. In this way team members come to depend on each other.”
Chapter 11  Conflict and Negotiation in the Workplace  341

Improving Communication and Understanding
A third way to resolve dysfunctional conflict is to give the conflicting parties more opportunities to communicate and understand each other. This recommendation relates to the contact hypothesis described in Chapter 3. Specifically, the more meaningful interaction we have with someone, the less we rely on stereotypes to understand that person. There are two warnings, however. First, communication and understanding interventions should be applied only after differentiation between the two sides has been reduced or when differentiation is already sufficiently low. If perceived differentiation remains high, attempts to manage conflict through dialogue might escalate rather than reduce relationship conflict. The reason is that when we are forced to interact with people we believe are quite different and in conflict with us, we tend to select information that reinforces that view. Thus, communication and understanding interventions are effective only when differentiation is sufficiently low.

The second warning is that people in collectivist and high power distance cultures are less comfortable with the practice of resolving differences through direct and open communication. As noted earlier, people in Confucian cultures prefer an avoidance conflict management style because it is the most consistent with harmony and face saving. Direct communication is a high-risk strategy because it easily threatens the need to save face and maintain harmony.

Reducing Interdependence
Conflict increases with the level of interdependence, so minimizing dysfunctional conflict might involve reducing the level of interdependence between the parties. If cost-effective, this can occur by dividing the shared resource so that each party has exclusive use at different times. Sequentially or reciprocally interdependent jobs might be combined so that they form a pooled interdependence. For example, rather than having one employee serve customers and another operate the cash register, each employee could handle both customer activities alone. Buffers also help to reduce interdependence between people. Buffers include resources; for instance, more inventory could be added between people who perform sequential tasks. Organizations also use human buffers—people who serve as intermediaries between interdependent people or work units that do not get along through direct interaction.

Increasing Resources
An obvious way to reduce conflict caused by resource scarcity is to increase the amount of resources available. Corporate decision makers might quickly dismiss this solution because of the costs involved. However, they need to carefully compare these costs with the costs of dysfunctional conflict arising out of resource scarcity.

Clarifying Rules and Procedures
Conflicts that arise from ambiguous rules can be minimized by establishing rules and procedures. Armstrong World Industries, Inc., applied this strategy when consultants and information system employees clashed while working together on development of a client-server network. Information system employees at the flooring and building materials company thought they should be in charge, whereas consultants believed they had the senior role. Also, the consultants wanted to work long hours and take Friday off to fly home, whereas Armstrong employees wanted to work regular hours.
The company reduced these conflicts by having both parties agree on specific responsibilities and roles. In addition, two executives were assigned responsibility for establishing more rules if future disagreements arose.\(^7\)

Rules establish changes to the terms of interdependence, such as an employee’s hours of work or a supplier’s fulfillment of an order. In most cases, the parties affected by these rules are involved in the process of deciding these terms of interdependence. Thus, by redefining the terms of interdependence, the strategy of clarifying rules involves negotiation, which we discuss next.

### Learning Objectives

After reading the next two sections, you should be able to:

8. Outline four situational influences on negotiations.
9. Describe four skills of effective negotiators.
10. Compare and contrast the three types of third-party dispute resolution.

### Resolving Conflict through Negotiation

Think back through yesterday’s events. Maybe you had to work out an agreement with other students about what tasks to complete for a team project. Chances are that you shared transportation with someone, so you had to clarify the timing of the ride. Then perhaps there was the question of who made dinner. Each of these daily events created potential conflict, and they were resolved through negotiation. **Negotiation** occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. In other words, people negotiate when they think that discussion can produce a more satisfactory arrangement (at least for them) in their exchange of goods or services.

As you can see, negotiation is not an obscure practice reserved for labor and management bosses when hammering out a collective agreement. Everyone negotiates, every day. Most of the time, you don’t even realize that you are in negotiations. Negotiation is particularly evident in the workplace because employees work interdependently with each other. They negotiate with their supervisors over next month’s work assignments, with customers over the sale and delivery schedules of their product, and with co-workers over when to have lunch. And yes, they occasionally negotiate with each other in labor disputes and workplace agreements.

Some writers suggest that negotiations are more successful when the parties adopt a problem-solving style, whereas others caution that this conflict-handling style is sometimes costly.\(^8\) We know that any win-lose style (forcing, yielding, etc.) is unlikely to produce the optimal solution because the parties have not shared information necessary to discover a mutually satisfactory solution. On the other hand, we must be careful about openly adopting a problem-solving style until mutual trust has been established.

The concern with the problem-solving style is that information is power, so information sharing gives the other party more power to leverage a better deal if the opportunity occurs. Skilled negotiators often cautiously adopt the problem-solving style at the outset by sharing information slowly and determining whether the other side will reciprocate. In this respect, they try to establish trust with the other party.\(^9\) They switch to one of the win-lose styles only when it becomes apparent that a win-win solution is not possible or the other party is unwilling to share information with a cooperative orientation.
Chapter 11  Conflict and Negotiation in the Workplace

Exhibit 11.5  Bargaining-Zone Model of Negotiations

Bargaining-Zone Model of Negotiations
The negotiation process moves each party along a continuum with an area of potential overlap called the *bargaining zone.* Exhibit 11.5 displays one possible bargaining-zone situation. This linear diagram illustrates a purely win-lose situation—one side’s gain will be the other’s loss. However, the bargaining-zone model can also be applied to situations in which both sides potentially gain from the negotiations. As this model illustrates, the parties typically establish three main negotiating points. The *initial-offer point* is the team’s opening offer to the other party. This may be its best expectation or a pie-in-the-sky starting point. The *target point* is the team’s realistic goal or expectation for a final agreement. The *resistance point* is the point beyond which the team will make no further concessions.

The parties begin negotiations by describing their initial-offer point for each item on the agenda. In most cases, the participants know that this is only a starting point that will change as both sides offer concessions. In win-lose situations, neither the target nor the resistance point is revealed to the other party. However, people try to discover the other side’s resistance point because this knowledge helps them determine how much they can gain without breaking off negotiations. When the parties have a win-win orientation, on the other hand, the objective is to find a creative solution that keeps both parties close to their initial-offer points. They hope to find an arrangement by which each side loses relatively little value on some issues and gains significantly more on other issues.

Situational Influences on Negotiations
The effectiveness of negotiating depends on both the situation and the behaviors of the negotiators. Four of the most important situational factors are location, physical setting, time, and audience.
Location  It is easier to negotiate on your own turf because you are familiar with the negotiating environment and are able to maintain comfortable routines.\textsuperscript{51} Also, there is no need to cope with travel-related stress or depend on others for resources during the negotiation. Of course, you can’t walk out of negotiations as easily when on your own turf, but this is usually a minor issue. Considering these strategic benefits of home turf, many negotiators agree to neutral territory. Phone calls, videoconferences, and other forms of information technology potentially avoid territorial issues, but skilled negotiators usually prefer the media richness of face-to-face meetings. Frank Lowy, cofounder of retail property giant Westfield Group, says that telephones are “too cold” for negotiating. “From a voice I don’t get all the cues I need. I go by touch and feel and I need to see the other person.” \textsuperscript{52}

Physical Setting  The physical distance between the parties and formality of the setting can influence their orientation toward each other and the disputed issues. So can the seating arrangements. People who sit face-to-face are more likely to develop a win-lose orientation toward the conflict situation. In contrast, some negotiation groups deliberately intersperse participants around the table to convey a win-win orientation. Others arrange the seating so that both parties face a whiteboard, reflecting the notion that both parties face the same problem or issue.

Time Passage and Deadlines  The more time people invest in negotiations, the stronger is their commitment to reaching an agreement. This increases the motivation to resolve the conflict, but it also fuels the escalation of commitment problems, described in Chapter 7. For example, the more time put into negotiations, the stronger the tendency to make unwarranted concessions so that the negotiations do not fail.

Time deadlines may be useful when they motivate the parties to complete negotiations. However, time pressures are usually a liability in negotiations.\textsuperscript{53} One problem is that time pressure inhibits a problem-solving conflict-handling style because the parties have less time to exchange information or present flexible offers. Negotiators under time pressure also process information less effectively, so they have less creative ability to discover a win-win solution to the conflict. There is also anecdotal evidence that negotiators make excessive concessions and soften their demands more rapidly as the deadline approaches.

Audience Characteristics  Most negotiators have audiences—anyone with a vested interest in the negotiation outcomes, such as executives, other team members, or the general public. Negotiators tend to act differently when their audience observes the negotiation or has detailed information about the process, compared to situations in which the audience sees only the end results.\textsuperscript{54} When the audience has direct surveillance over the proceedings, negotiators tend to be more competitive, less willing to make concessions, and more likely to engage in political tactics against the other party. This “hard-line” behavior shows the audience that the negotiator is working for their interests. With the audience watching, the negotiator also has more interest in saving face.
Negotiator Skills
Negotiator skills play an important role in resolving conflict. Four of the most important skills are setting goals, gathering information, communicating effectively, and making concessions.

Preparation and Goal Setting  Research consistently reports that people have more favorable negotiation results when they prepare for the negotiation and set goals. In particular, negotiators should carefully think through their initial-offer, target, and resistance points. They need to consider alternative strategies in case the negotiation fails. Negotiators also need to check their underlying assumptions, as well as goals and values. Equally important is the need to research what the other party wants from the negotiation. “You have to be prepared every which way about the people, the subject, and your fallback position,” advises Paul Tellier, the former president of Bombardier, Inc. “Before walking into the room for the actual negotiation, I ask my colleagues to throw some curve balls at me,” he says.

Gathering Information  “Seek to understand before you seek to be understood.” This popular philosophy from management guru Stephen Covey applies to effective negotiations. It means that we should spend more time listening closely to the other party and asking for details. One way to improve the information-gathering process is to have a team of people participate in negotiations. Asian companies tend to have large negotiation teams for this purpose. With more information about the opponent’s interests and needs, negotiators are better able to discover low-cost concessions or proposals that will satisfy the other side.

Communicating Effectively  Effective negotiators communicate in a way that maintains effective relationships between the parties. Specifically, they minimize socioemotional conflict by focusing on issues rather than people. Effective negotiators also avoid irritating statements such as “I think you’ll agree that this is a generous offer.” Third, effective negotiators are masters of persuasion. They structure the content of their message so that it is accepted by others, not merely understood.

Making Concessions  Concessions are important because they (1) enable the parties to move toward the area of potential agreement, (2) symbolize each party’s motivation to bargain in good faith, and (3) tell the other party of the relative importance of the negotiating items. However, concessions move the parties toward agreement only under certain conditions. First, concessions need to be labeled—the other party needs to be aware that your action is a concession, that this concession is costly to you, and that it is beneficial to the other party. Second, concessions should be accompanied by an expectation that the other party should reciprocate. In fact, when there is a lack of trust, a concession should be contingent on a specific reciprocal action by the other party. Finally, concessions should be given in installments, not all at once. The rationale is that people experience more positive emotions from two smaller concessions than they would if those concessions were combined into one larger concession. For example, rather than making one concession to complete the project a month earlier than initially offered, you first offer to finish the work three weeks earlier and then later make a concession to complete it an additional week earlier.

How many concessions should you make, and when should you make them? This varies with the other party’s expectations and the level of trust between you
Part Three Team Processes

and the other party. For instance, many Chinese negotiators are wary of people who change their position during the early stages of negotiations. Similarly, some writers warn that Russian negotiators tend to view concessions as a sign of weakness, rather than a sign of trust. Generally, the best strategy is to be moderately tough and give just enough concessions to communicate sincerity and motivation to resolve the conflict. Being too tough can undermine relations between the parties; giving too many concessions implies weakness and encourages the other party to use power and resistance.

Third-Party Conflict Resolution

Most of this chapter has focused on people directly involved in a conflict, yet many disputes in organizational settings are resolved with the assistance of the manager responsible for the feuding parties or of some other third party. Third-party conflict resolution is any attempt by a relatively neutral person to help conflicting parties resolve their differences. There are generally three types of third-party dispute resolution activities: arbitration, inquisition, and mediation. These activities can be classified by their levels of control over the process and control over the decision (see Exhibit 11.6).

- **Arbitration.** Arbitrators have high control over the final decision but low control over the process. Executives engage in this strategy by following previously agreed-on rules of due process, listening to arguments from the disputing employees, and making a binding decision. Arbitration is applied as the final stage of grievances by unionized employees in many countries, but it is also becoming more common in nonunion conflicts.

- **Inquisition.** Inquisitors control all discussion about the conflict. Like arbitrators, they have high decision control because they choose the form of conflict resolution. However, they also have high process control because they choose which information to examine and how to examine it, and they generally decide how the conflict resolution process will be handled.

---

third-party conflict resolution
Any attempt by a relatively neutral person to help conflicting parties resolve their differences.

Exhibit 11.6 Types of Third-Party Intervention

<table>
<thead>
<tr>
<th>Level of process control</th>
<th>Level of decision control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
<tr>
<td>Low</td>
<td>High</td>
</tr>
<tr>
<td>High</td>
<td>High</td>
</tr>
</tbody>
</table>

Mediation                  Inquisition
Arbitration

Chapter 11  Conflict and Negotiation in the Workplace

- **Mediation.** Mediators have high control over the intervention process. In fact, their main purpose is to manage the process and context of interaction between the disputing parties. However, the parties make the final decision about how to resolve their differences. Thus, mediators have little or no control over the conflict resolution decision.

**Choosing the Best Third-Party Intervention Strategy**

Team leaders, executives, and co-workers regularly intervene in disputes between employees and departments. Sometimes they adopt a mediator role; other times they serve as arbitrators. Occasionally, they begin with one approach and then switch to another. However, research suggests that people in positions of authority (e.g., managers) usually adopt an inquisitional approach, whereby they dominate the intervention process as well as make a binding decision. Managers prefer the inquisitorial approach because it is consistent with the decision-oriented nature of managerial jobs, gives them control over the conflict process and outcome, and tends to resolve disputes efficiently.

However, the inquisitional approach to third-party conflict resolution is usually the least effective in organizational settings. One problem is that leaders who take an inquisitorial role tend to collect limited information about the problem, so their imposed decision may produce an ineffective solution to the conflict. Another problem is that employees often view inquisitorial procedures and outcomes as unfair because they have little control over this approach. In particular, the inquisitorial approach potentially violates several practices required to support procedural justice (see Chapter 5).

Which third-party intervention is most appropriate in organizations? The answer partly depends on the situation, such as the type of dispute, the relationship between the manager and employees, and cultural values such as power distance. But generally speaking, for everyday disagreements between two employees, the mediation approach is usually best because it gives employees more responsibility for resolving their own disputes. The third-party representative merely establishes an appropriate context for conflict resolution. Although not as efficient as other strategies, mediation potentially offers the highest level of employee satisfaction with the conflict process and outcomes. When employees cannot resolve their differences through mediation, arbitration seems to work best because the predetermined rules of evidence and other processes create a higher sense of procedural fairness. Moreover, arbitration is preferred where the organization’s goals should take priority over individual goals.

**Alternative Dispute Resolution**  Rather than battle each other in court or external arbitration, the U.S. Air Force and its civilian staff have resolved most workplace conflicts quickly and with improved mutual understanding through alternative dispute resolution (ADR). “The parties, in essence, maintain control over the [ADR] process and its outcome,” explains Air Mobility Command civilian programs branch chief Diana Hendrix. Some Air Force bases retain a mediator to identify issues and explore options with the parties without imposing a solution. Other bases use peer review panels, consisting of four or six union and nonunion employees who examine facts, listen to the parties, and make a final binding decision. But even with these formal third-party systems in place, Hendrix explains that supervisors are the first line of defense in resolving workplace conflict. “Ultimately, it’s about Air Force employees and supervisors resolving conflicts in an efficient and effective manner so they can continue performing the Air Force mission of supporting and defending the United States of America,” she says.
The U.S. Air Force has joined a growing list of organizations that have taken third-party resolution one step further through an alternative dispute resolution (ADR) process (for employees only, also called internal dispute resolution or employee dispute resolution). ADR includes third-party dispute resolution in an orderly sequence. ADR typically begins with a meeting between the employee and employer to clarify and negotiate their differences. If this fails, a mediator is brought in to help the parties reach a mutually agreeable solution. If mediation fails, the parties submit their case to an arbitrator, whose decision may be either binding or voluntarily accepted by the employer. Although most ADR systems rely on professional arbitrators, some firms, such as Eastman Kodak and some U.S. Air Force bases, prefer peer arbitration, which includes a panel of co-workers and managers who are not involved in the dispute.

Whether resolving conflict through third-party dispute resolution or direct dialogue, we need to recognize that many solutions come from the sources of conflict that were identified earlier in this chapter. This may seem obvious, but in the heat of conflict, people often focus on each other rather than the underlying causes. Recognizing conflict sources is the role of effective leadership, which is discussed in the next chapter.
Chapter Summary

Conflict is the process in which one party perceives that his or her interests are being opposed or negatively affected by another party. For many years, conflict was viewed as undesirable and counterproductive. There is evidence that conflict can produce undesirable outcomes such as lower job satisfaction, team cohesion, and knowledge sharing as well as higher organizational politics and turnover. However, experts later formed the opinion that organizations suffer from too little as well as too much conflict. Research reports that moderate conflict can improve decision making, organizational responsiveness to the environment, and team cohesion (when conflict is with sources outside the team).

The current perspective involves distinguishing constructive conflict from relationship conflict. The former focuses on issues and a logical evaluation of ideas, whereas the latter pays attention to interpersonal incompatibilities and flaws. Although the ideal would be to encourage constructive conflict and minimize relationship conflict, relationship conflict tends to emerge in most constructive-conflict episodes. However, relationship conflict is less likely to dominate when the parties are emotionally intelligent, have a cohesive team, and have supportive team norms.

The conflict process model begins with the six structural sources of conflict: incompatible goals, differentiation (different values and beliefs), interdependence, scarce resources, ambiguous rules, and communication problems. These sources lead one or more parties to perceive a conflict and to experience conflict emotions. This, in turn, produces manifest conflict, such as hostile behaviors toward the other side. The conflict process often escalates through a series of episodes.

Organizational behavior experts have identified several conflict-handling styles: problem solving, forcing, avoiding, yielding, and compromising. People who use problem solving have a win-win orientation. Other styles, particularly forcing, assume a win-lose orientation. In general, people gravitate toward one or two preferred conflict-handling styles that match their personality, personal and cultural values, and past experience. However, the best style depends on various characteristics of the situation.

Structural approaches to conflict management include emphasizing superordinate goals, reducing differentiation, improving communication and understanding, reducing interdependence, increasing resources, and clarifying rules and procedures.

Negotiation occurs whenever two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. Negotiations are influenced by several situational factors, including location, physical setting, time passage and deadlines, and audience. Important negotiator behaviors include preparation and goal setting, gathering information, communicating effectively, and making concessions.

Third-party conflict resolution is any attempt by a relatively neutral person to help the parties resolve their differences. The three main forms of third-party dispute resolution are mediation, arbitration, and inquisition. Managers tend to use an inquisition approach, although mediation and arbitration are more appropriate, depending on the situation.

Key Terms

alternative dispute resolution (ADR), p. 348
conflict, p. 328
constructive conflict, p. 330
negotiation, p. 342
relationship conflict, p. 330
third-party conflict resolution, p. 346
win-lose orientation, p. 337
win-win orientation, p. 336

Critical Thinking Questions

1. Distinguish constructive conflict from relationship conflict, and explain how to apply the former with minimal levels of the latter.
2. The chief executive officer of Creative Toys, Inc., read about cooperation in Japanese companies and vowed to bring the same philosophy to the company. The goal is to avoid all conflict so that employees will work cooperatively and be happier at Creative Toys. Discuss the merits and limitations of the CEO’s policy.
3. Conflict among managers emerged soon after a French company acquired a Swedish firm. The Swedes perceived the French management as hierarchical and arrogant, whereas the French thought...
Case Study 11.1  TAMARACK INDUSTRIES

David J. Cherrington, Brigham Young University

Tamarack Industries manufactures motorboats primarily used for waterskiing. During the summer months, a third production line is normally created to help meet the heavy summer demand. This third line is usually created by assigning the experienced workers to all three lines and hiring college students who are home for summer vacation to complete the crews. In the past, however, experienced workers resented having to break up their teams to form a third line. They also resented having to work with a bunch of college kids and complained that the kids were slow and arrogant.

The foreman, Dan Jensen, decided to try a different strategy this summer and have all the college students work on the new line. He asked Mark Allen to supervise the new crew because Mark claimed that he knew everything about boats and could perform every job “with my eyes closed.” Mark was happy to accept the new job and participated in selecting his crew. Mark’s crew was called “the Greek Team” because all the college students were members of a fraternity or sorority named with Greek letters.

Mark spent many hours in training to get his group running at full production. The college students learned quickly, and by the end of June their production rate was up to standard, with an error rate that was only slightly above normal. To simplify the learning process, Dan Jensen assigned the Greek Team long production runs that generally consisted of 30 to 40 identical units. Thus the training period was shortened for approximately one year. What strategies would you recommend to improve mutual understanding and minimize conflict among these troops?

The chief operating officer (COO) has noticed that production employees in the company’s Mexican manufacturing operations are unhappy with some of the production engineering decisions made by engineers in the company’s headquarters in Chicago. At the same time, the engineers complain that production employees aren’t applying their engineering specifications correctly and don’t understand why those specifications were put in place. The COO believes that the best way to resolve this conflict is to have a frank and open discussion between some of the engineers and employees representing the Mexican production crew. This open-dialogue approach worked well recently among managers in the company’s Chicago headquarters, so it should work equally well between the engineers and production staff. On the basis of your knowledge of communication and mutual understanding as a way to resolve conflict, discuss the COO’s proposal.

Describe the inquisitional approach to resolving disputes between employees or work units. Discuss its appropriateness in organizational settings, including the suitability of its use with a multigenerational workforce.

4. This chapter describes three levels of interdependence that exist in interpersonal and intergroup relationships. Identify examples of each level in your work or school activities. How do these three levels affect potential conflict for you?

5. Jane has just been appointed as purchasing manager of Tacoma Technologies Corp. The previous purchasing manager, who recently retired, was known for his “winner-take-all” approach to suppliers. He continually fought for more discounts and was skeptical about any special deals that suppliers would propose. A few suppliers refused to do business with Tacoma Technologies, but senior management was confident that the former purchasing manager’s approach minimized the company’s costs. Jane wants to try a more collaborative approach to working with suppliers. Will her approach work? How should she adopt a more collaborative approach in future negotiations with suppliers?

6. You are a special assistant to the commander-in-chief of a peacekeeping mission to a war-torn part of the world. The unit consists of a few thousand peacekeeping troops from the United States, France, India, and four other countries. The troops will work together for approximately one year. What strategies would you recommend to improve mutual understanding and minimize conflict among these troops?
and errors were reduced. Shorter production runs were assigned to the experienced teams.

By the middle of July, a substantial rivalry had been created between the Greek Team and the older workers. At first, the rivalry was good-natured. But after a few weeks, the older workers became resentful of the remarks made by the college students. The Greek Team often met its production schedules with time to spare at the end of the day for goofing around. It wasn’t uncommon for someone from the Greek Team to go to another line pretending to look for materials just to make demeaning comments. The experienced workers resented having to perform all the shorter production runs and began to retaliate with sabotage. They would sneak over during breaks and hide tools, dent materials, install something crooked, and in other small ways do something that would slow production for the Greek Team.

Dan felt good about his decision to form a separate crew of college students, but when he heard reports of sabotage and rivalry, he became very concerned. Because of complaints from the experienced workers, Dan equalized the production so that all of the crews had similar production runs. The rivalry, however, did not stop. The Greek Team continued to finish early and flaunt their performance in front of the other crews.

One day the Greek Team suspected that one of their assemblies was going to be sabotaged during the lunch break by one of the experienced crews. By skillful deception, they were able to substitute an assembly from the other experienced line for theirs. By the end of the lunch period, the Greek Team was laughing wildly because of their deception, while one experienced crew was very angry with the other one.

Dan Jensen decided that the situation had to be changed and announced that the job assignments between the different crews would be shuffled. The employees were told that when they appeared for work the next morning, the names of the workers assigned to each crew would be posted on the bulletin board. The announcement was not greeted with much enthusiasm, and Mark Allen decided to stay late to try to talk Dan out of his idea. Mark didn’t believe the rivalry was serious enough for this type of action, and he suspected that many of the college students would quit if their team was broken up.

**Discussion Questions**

1. What are the signs (symptoms) of conflict in this case?
2. Use the conflict model to (a) identify the structural causes of conflict and (b) discuss the escalation of conflict described in this case.
3. If you were Dan Jensen, what action would you take in this situation?

**Sources:** Reprinted with permission of David Chemington, Brigham Young University.

---

**Case Study 11.2 THE NEW HEAT AT FORD**

*Soon after Alan Mulally became Ford Motor Co.’s new chief executive, he and two senior engineers endured a grueling critique by *Consumer Reports* magazine’s automobile testing staff of the company’s current lineup of vehicles. After a couple of hours on the firing line, Ford’s engineers started interrupting the testers in attempts to defend their products. Sensing the building conflict, Mulally handed the two engineers pads and pens. “You know what? Let’s just listen and take notes,” he said. This episode, and many others, illustrated that Ford has become a troubled organization where people are more focused on fighting each other than on learning from disagreement.*

This *BusinessWeek* case study describes several conflict-related events that Mulally has experienced or created since his arrival at Ford. It also provides Ford’s history of generating or avoiding conflict episodes. Read the full text of this *BusinessWeek* article at [www.mhhe.com/mcshane5e](http://www.mhhe.com/mcshane5e) and prepare for the discussion questions below.
Discussion Questions

1. Identify the main conditions at Ford described in this case study that seem to have generated dysfunctional conflict.

2. What has Mulally done to reduce or remove these sources of conflict? In what ways has he encouraged or created more conflict?

3. The opening paragraphs of this case study describe a conflict incident involving Consumer Reports staff and two senior Ford engineers. Discuss this incident in terms of the conflict model. Was Mulally’s intervention in this incident a good idea? Why or why not?


Class Exercise 11.3 THE CONTINGENCIES OF CONFLICT HANDLING

Gerard A. Callanan and David F. Perri, West Chester University of Pennsylvania

PURPOSE This exercise is designed to help you understand the contingencies of applying conflict-handling styles in organizational settings.

INSTRUCTIONS 1. Participants will read each of the five scenarios presented below and select the most appropriate response from among the five alternatives. Each scenario has a correct response for that situation.

2. (Optional) The instructor may ask each student to complete the Dutch Test for Conflict Handling self-assessment in this chapter (Self-Assessment 11.5) or a similar instrument. This instrument will provide an estimate of your preferred conflict-handling style.

3. As a class, participants give their feedback on the responses to each of the scenarios, with the instructor guiding discussion on the contextual factors embodied in each scenario. For each scenario, the class should identify the response selected by the majority. In addition, participants will discuss how they decided on the choices they made and the contextual factors they took into account in making their selections.

4. (Optional) Students will compare their responses to the five scenarios with their results from the conflict-handling self-assessment. Discussion will focus on the extent to which each person’s preferred conflict-handling style influenced her or his alternatives in this activity and on the implications of this style preference for managing conflict in organizations.

SCENARIO 1

SETTING: You are a manager of a division in the accounting department of a large eastern U.S. bank. Nine exempt-level analysts and six nonexempt clerical staff report to you. Recently, one of your analysts, Jane Wilson, has sought the bank’s approval for tuition reimbursement for the cost of an evening MBA program specializing in organizational behavior. The bank normally encourages employees to seek advanced degrees on a part-time basis. Indeed, through your encouragement, nearly all of the members of your staff are pursuing additional schoolwork. You consult the bank’s policy manual and discover that two approvals are necessary for reimbursement—yours and that of the manager of training and development, Kathy Gordon. Further, the manual states that approval for reimbursement will only be granted if the coursework is “reasonably job related.” Based on your review of the matter, you decide to approve Jane’s request for reimbursement. However, Kathy Gordon rejects it outright by claiming that coursework in organizational behavior is not related to an accounting analyst position. She states that the bank will only reimburse the analyst for a degree in either accounting or finance. In your opinion, however, the interpersonal skills and insights to be gained from a degree in organizational behavior are job-related and
can also benefit the employee in future assignments. The analyst job requires interaction with a variety of individuals at different levels in the organization, and it is important that interpersonal and communication skills be strong.

After further discussion it becomes clear that you and Kathy Gordon have opposite views on the matter. Since both of you are at the same organization level and have equal status, it appears that you are at an impasse. Although the goal of reimbursement is important, you are faced with other pressing demands on your time. In addition, the conflict has diverted the attention of your work group away from its primary responsibilities. Because the school term is about to begin, it is essential that you and Kathy Gordon reach a timely agreement to enable Jane to pursue her coursework.

**ACTION ALTERNATIVES FOR SCENARIO 2:**

Please indicate your first (1) and second (2) choices from among the following alternatives by writing the appropriate number in the space provided.

<table>
<thead>
<tr>
<th>Action alternative</th>
<th>Ranking (1st and 2nd)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. You go along with Kathy Gordon’s view and advise Jane Wilson to select either accounting or finance as a major for her MBA.</td>
<td></td>
</tr>
<tr>
<td>2. You decide to withdraw from the situation completely and tell Jane to work it out with Kathy Gordon on her own.</td>
<td></td>
</tr>
<tr>
<td>3. You decide to take the matter to those in higher management levels and argue forcefully for your point of view. You do everything in your power to ensure that a decision will be made in your favor.</td>
<td></td>
</tr>
<tr>
<td>4. You decide to meet Kathy Gordon halfway in order to reach an agreement. You advise Jane to pursue her MBA in accounting or finance, but also recommend she minor in organizational behavior by taking electives in that field.</td>
<td></td>
</tr>
<tr>
<td>5. You decide to work more closely with Kathy Gordon by attempting to get a clear as well as flexible policy written that reflects both of your views. Of course, this will require a significant amount of your time.</td>
<td></td>
</tr>
</tbody>
</table>
### Action alternative Ranking (1st and 2d)

<table>
<thead>
<tr>
<th>Action alternative</th>
<th>Ranking (1st and 2d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. You conclude that the whole problem is too complex an issue for you to handle right now. You put it on the “back burner” and decide to reconsider the problem at a later date.</td>
<td></td>
</tr>
<tr>
<td>2. You believe that your view outweighs the perspective of the EEO officer. You decide to argue your position more vigorously and hope that your stance will sway the EEO officer to agree with your view.</td>
<td></td>
</tr>
<tr>
<td>3. You decide to accept the EEO officer’s view. You agree to use less stringent selection criteria and thereby hire more minority employees.</td>
<td></td>
</tr>
<tr>
<td>4. You give in to the EEO officer somewhat by agreeing to relax your standards a little bit. This would allow slightly more minority hiring (but not enough to satisfy the EEO goal) and could cause a small reduction in the overall performance of your division.</td>
<td></td>
</tr>
<tr>
<td>5. You try to reach a consensus that addresses each of your concerns. You agree to work harder at hiring more minority applicants and request that the EEO officer agree to help find the most qualified minority candidates available.</td>
<td></td>
</tr>
</tbody>
</table>

### SCENARIO 3

**SETTING:** You are the manager in charge of the financial reporting section of a large insurance company. It is the responsibility of your group to make periodic written and oral reports to senior management regarding the company’s financial performance. The company’s senior management has come to rely on your quick and accurate dissemination of financial data as a way to make vital decisions in a timely fashion. This has given you a relatively high degree of organizational influence. You rely on various operating departments to supply you with financial information according to a preestablished reporting schedule.

In two days, you must make your quarterly presentation to the company’s board of directors. However, the claims department has failed to supply you with several key pieces of information that are critical to your presentation. You check the reporting schedule and realize that you should have had the information two days ago. When you call Bill Jones, the claims department manager, he informs you that he cannot possibly have the data to you within the next two days. He states that other pressing work has a higher priority. Although you explain the critical need for these data, he is unwilling to change his position. You believe that your presentation is vital to the company’s welfare and explain this to Bill Jones. Although Bill has less status than you, he has been known to take advantage of individuals who are unwilling or unable to push their point of view. With your presentation less than two days away, it is critical that you receive information from the claims department within the next 24 hours.

**ACTION ALTERNATIVES FOR SCENARIO 3:** Please indicate your first (1) and second (2) choices from among the following alternatives by writing the appropriate number in the space provided.

### Action alternative Ranking (1st and 2d)

<table>
<thead>
<tr>
<th>Action alternative</th>
<th>Ranking (1st and 2d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Accept the explanation from Bill Jones and try to get by without the figures by using your best judgment as to what they would be.</td>
<td></td>
</tr>
<tr>
<td>2. Tell Bill Jones that unless you have the data from his department on your desk by tomorrow morning, you will be forced to go over his head to compel him to give you the numbers.</td>
<td></td>
</tr>
<tr>
<td>3. Meet Bill Jones halfway by agreeing to receive part of the needed figures and using your own judgment on the others.</td>
<td></td>
</tr>
<tr>
<td>4. Try to get your presentation postponed until a later date, if possible.</td>
<td></td>
</tr>
<tr>
<td>5. Forget about the short-term need for information and try to achieve a longer-term solution, such as adjusting the reporting schedule to better accommodate your mutual needs.</td>
<td></td>
</tr>
</tbody>
</table>
SCENARIO 4

SETTING: You are the production manager of a medium-sized building products company. You control a production line that runs on a three-shift basis. Recently, Ted Smith, the materials handling manager, asked you to accept a different packaging of the raw materials for the production process than what has been customary. He states that new machinery he has installed makes it much easier to provide the material in 100-pound sacks instead of the 50-pound bags that you currently receive. Ted further explains that the provision of the material in the 50-pound bags would put an immense strain on his operation, and he therefore has a critical need for you to accept the change. You know that accepting materials in the new packaging will cause some minor disruption in your production process but should not cause long-term problems for any of the three shifts. However, you are a little annoyed by the proposed change because Ted did not consult with you before he installed the new equipment. In the past, you and he have been open in your communication. You do not think that this failure to consult you represents a change in your relationship.

Because you work closely with Ted, it is essential that you maintain the harmonious and stable working relationship that you have built over the past few years. In addition, you may need some help from him in the future, since you already know that your operation will have special material requirements in about two months. You also know that Ted has influence at higher levels of the organization.

ACTION ALTERNATIVES FOR SCENARIO 4:
Please indicate your first (1) and second (2) choices from among the following alternatives by writing the appropriate number in the space provided.

<table>
<thead>
<tr>
<th>Action alternative</th>
<th>Ranking (1st and 2d)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Agree to accept the raw material in the different format.</td>
<td></td>
</tr>
<tr>
<td>2. Refuse to accept the material in the new format because it would cause a disruption in your operation.</td>
<td></td>
</tr>
<tr>
<td>3. Propose a solution where you accept material in the new format during the first shift but not during the second and third.</td>
<td></td>
</tr>
<tr>
<td>4. Tell Ted Smith that you do not wish to deal with the issue at this time but that you will consider his request and get back to him at a later date.</td>
<td></td>
</tr>
<tr>
<td>5. Tell Ted Smith of your concern regarding his failure to consult with you before installing new equipment. Inform him that you wish to find longer-term solutions to the conflict between you and him.</td>
<td></td>
</tr>
</tbody>
</table>

SCENARIO 5

SETTING: You are employed as supervisor of the compensation and benefits section in the human resources department of a medium-sized pharmaceutical company. Your staff of three clerks is responsible for maintaining contacts with the various benefits providers and answering related questions from the company’s employees. Your section shares secretarial, word processing, and copier resources with the training and development section of the department. Recently, a disagreement has arisen between you and Beth Hanson, the training and development supervisor, over when the secretarial staff should take their lunches. Beth would like the secretarial staff to take their lunches an hour later to coincide with the time most of her people go to lunch. You know that the secretaries do not want to change their lunchtimes. Further, the current time is more convenient for your staff.

At this time, you are hard-pressed to deal with the situation. You have an important meeting with the provider of dental insurance in two days. It is critical that you are well prepared for this meeting, and these other tasks are a distraction.

ACTION ALTERNATIVES FOR SCENARIO 5:
Please indicate your first (1) and second (2) choices from among the following alternatives by writing the appropriate number in the space provided.
### Team Exercise 11.4 UGLI ORANGE ROLE PLAY

**PURPOSE** This exercise is designed to help you understand the dynamics of interpersonal and intergroup conflict as well as the effectiveness of negotiation strategies under specific conditions.

**MATERIALS** The instructor will distribute information on roles for Dr. Roland, Dr. Jones, and a few observers. Ideally, each negotiation should occur in a private area away from other negotiations.

**INSTRUCTIONS**

1. The instructor will divide the class into an even number of teams of three people each, with one participant left over for each team formed (e.g., six observers if there are six teams). One-half of the teams will take the role of Dr. Roland, and the other half will be Dr. Jones. The instructor will distribute information about the roles after these teams have been formed.

2. Members within each team are given 10 minutes (or some other time limit stated by the instructor) to learn their roles and decide on a negotiating strategy.

3. After reading their roles and discussing strategy, each Dr. Jones team is matched with a Dr. Roland team to conduct negotiations. Observers will receive observation forms from the instructor, and two observers will be assigned to watch the paired teams during prenegotiations and subsequent negotiations.

4. As soon as Roland and Jones reach agreement or at the end of the time allotted for the negotiation (whichever comes first), the Roland and Jones teams report to the instructor for further instruction.

5. At the end of the exercise, the class will congregate to discuss the negotiations. Observers, negotiators, and instructors will then discuss their observations and experiences and the implications for conflict management and negotiation.

**Source:** This exercise was developed by Robert J. House, Wharton Business School, University of Pennsylvania. A similar incident is also attributed to earlier writing by R. R. Blake and J. S. Mouton.
Self-Assessment 11.5

THE DUTCH TEST FOR CONFLICT HANDLING

PURPOSE  This self-assessment is designed to help you identify your preferred conflict-management style.

INSTRUCTIONS  Read each of the statements below and circle the response that you believe best reflects your position regarding each statement. Then use the scoring key in Appendix B at the end of the book to calculate your results for each conflict-management style. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the different conflict-management styles and the situations in which each is most appropriate.

When I have a conflict at work, I do the following:

<table>
<thead>
<tr>
<th></th>
<th>Not at all ▼</th>
<th>Very much ▼</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. I give in to the wishes of the other party.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2. I try to realize a middle-of-the-road solution.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>3. I push my own point of view.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>4. I examine issues until I find a solution that really satisfies me and the other party.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>5. I avoid confrontation about our differences.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>6. I concur with the other party.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>7. I emphasize that we have to find a compromise solution.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>8. I search for gains.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>9. I stand for my own and other's goals and interests.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>10. I avoid differences of opinion as much as possible.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>11. I try to accommodate the other party.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>12. I insist that we both give in a little.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>13. I fight for a good outcome for myself.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>14. I examine ideas from both sides to find a mutually optimal solution.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>15. I try to make differences seem less severe.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>16. I adapt to the parties’ goals and interests.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>17. I strive whenever possible toward a 50-50 compromise.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>18. I do everything to win.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>19. I work out a solution that serves my own and the other's interests as well as possible.</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>20. I try to avoid a confrontation with the other.</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>

When Anne Sweeney took the reins of the ABC television network a few years ago, pundits said she was accepting the toughest job in the industry. The network was floundering in fourth place; only two of its programs were in the top 20; several new high-potential programs fizzled; employee morale was as low as the network’s ratings. Sweeney successfully built the Disney, Nickelodeon, and FX cable networks, but many observers wondered whether anyone could lead ABC television out of its deep hole. Yet in less than four years under Sweeney, ABC was competing for the top spot with popular programs such as *Desperate Housewives*, *Lost*, and *Grey’s Anatomy*.

How did this remarkable turnaround occur? Sweeney credits ABC’s managers and creative talent, but these people point to Sweeney’s leadership as the key factor that unleashed their potential. Disney Channel Entertainment president Rich Ross suggests that Sweeney avoids micromanaging her staff but applies her analytic skill to challenge managers to think through their ideas. “[She] asks the tough questions. . . . It trains you to anticipate it,” says Ross. Fred Silverman agrees: “[News Corporation founder] Rupert Murdoch was once quoted as saying she has a steel fist in a velvet glove,” says the famed television producer and executive. “There’s great resolve and strength there.”

Others emphasize Sweeney’s supportive leadership style. “She has been incredibly supportive through all the ups and downs of rebuilding a network schedule, which made it possible for us to achieve so much so fast,” says ABC Entertainment president Stephen McPherson. Albert Cheng echoes this view: “Anne makes it a point to engage with everyone,” says the Disney Digital Media executive vice president. “She’s very concerned about the people who work for her.”

Still others say that Sweeney’s leadership strength is her ability to engage staff in a vision of the future. “Anne draws upon her optimism and her grace in keeping her focus firmly on the future—the future of our own organization and the future of the entire industry,” says ABC News president David Westin. “In short, none of us could wish for a better leader, through whatever may come our way.”
Leadership in Organizational Settings

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Define leadership and shared leadership.
2. List the main competencies of effective leaders and discuss the limitations of the competency perspective of leadership.
3. Describe the people-oriented and task-oriented leadership styles.
4. Outline the path-goal theory of leadership.
5. Summarize leadership substitutes theory.
6. Distinguish transformational leadership from transactional and charismatic leadership.
7. Describe the four elements of transformational leadership.
8. Describe the implicit leadership perspective.
9. Discuss similarities and differences in the leadership styles of women and men.
What Is Leadership?

What makes someone an effective leader? This question has challenged great thinkers for most of written history, and it is the focus of this chapter. The opening vignette, which described the leadership of Anne Sweeney, cochair of Disney Media Networks and president of Disney-ABC Television Group, offers a few clues. Sweeney’s leadership is viewed from several perspectives, all of which are important. The opening vignette also reveals that leadership is no longer yesteryear’s image of the command-and-control boss. Although Sweeney steps in when the situation requires, followers say her success as a leader comes, in part, from trusting them to do their jobs without micromanagement. Also notice that Sweeney’s leadership is a contrast to the heroic leadership model; she routinely directs the spotlight of success toward her staff rather than herself.

A few years ago, 54 leadership experts from 38 countries reached a consensus that leadership is about influencing, motivating, and enabling others to contribute toward the effectiveness and success of the organizations of which they are members. Leaders apply various forms of influence—particularly persuasion and related tactics that build commitment—to ensure that followers have the motivation and role clarity to achieve specified goals. Leaders also arrange the work environment—such as allocating resources and altering communication patterns—so that employees can achieve organizational objectives more easily.

Shared Leadership

Leadership isn’t restricted to the executive suite. Anyone in the organization may be a leader in various ways and at various times. This view is known as shared leadership or the leaderful organization. From this emerging view, leadership is plural, not singular. It doesn’t operate out of one formally assigned position or role. Instead, a team or work unit may have several leaders at the same time. One team member might champion the introduction of new technology, while a co-worker keeps the work unit focused on key performance indicators. Some organizations, such as SEMCO SA and W. L. Gore & Associates, depend on shared leadership because there are no formal leaders. Anyone can be a leader, if he or she has an idea or vision that other employees are eager to follow.

Shared leadership flourishes in organizations where the formal leaders are willing to delegate power and encourage employees to take initiative and risks without fear of failure (i.e., a learning orientation culture). Shared leadership also calls for a collaborative rather than internally competitive culture because employees take on shared leadership roles when co-workers support them for their initiative. Furthermore, shared leadership lacks formal authority, so it operates best when employees learn to influence others through their enthusiasm, logical analysis, and involvement of co-workers in their idea or vision.

Consider, for example, the emergence of shared leadership at Rolls-Royce Engine Services in Oakland, California. As part of its employee engagement initiative, the
Chapter 12  Leadership in Organizational Settings

Shared Leadership at W. L. Gore & Associates  W. L. Gore & Associates has no formal (called vertical) leaders. Instead, the company’s 7,000 associates work with champions of projects and other initiatives because they are willing to follow them. “There is no positional power,” explains a Gore team leader. “You are only a leader if teams decide to respect and follow you.” Diane Davidson discovered this extreme version of shared leadership when the newly hired apparel industry sales executive asked her “starting sponsor” to identify her boss. The sponsor replied that she had no boss and eventually advised her to “stop using the B-word.” Davidson initially thought the company must have formal managers who downplayed their position, but she soon realized that Gore really is a shared leadership organization. “Your team is your boss, because you don’t want to let them down,” says Davidson. “Everyone’s your boss, and no one’s your boss.” In fact, when Gore employees are asked in annual surveys “Are you a leader?” more than 50 percent of them answer “Yes.”

Leadership is one of the most researched, and possibly the most complex, topics in organizational behavior. This has resulted in an enormous volume of leadership literature, most of which can be organized into five perspectives: competency, behavioral, contingency, transformational, and implicit. Although some of these perspectives are currently more popular than others, each helps us to more fully understand the complex issue of leadership. This chapter explores each of these five perspectives of leadership. In the final section, we also consider cross-cultural and gender issues in organizational leadership.

Competency Perspective of Leadership

Since the beginning of recorded civilization, people have been interested in the personal characteristics that distinguish great leaders from the rest of us. In the 6th century BCE, the Chinese philosopher Lao-tzu described effective leaders as selfless, honest, fair, and hardworking. The Greek philosopher Plato claimed that great leaders have wisdom and a superior capacity for logical thinking. For the past century, hundreds of leadership studies have tried to empirically identify the traits of effective leaders. However, a major review in the late 1940s concluded that no consistent list of traits could be distilled from this research. This conclusion was revised a decade later, suggesting that a few traits are associated with effective leaders. These paltry findings caused many scholars to give up their search for personal characteristics that distinguish effective leaders.

aircraft engine repair facility involved employees directly with clients, encouraged weekly huddles for information sharing, and accepted employee requests for less micromanagement. Employees not only experienced higher levels of engagement and empowerment; they also accepted more leadership responsibilities. “I saw people around me, all front-line employees, who were leaders,” says a machine programmer at the Rolls-Royce Oakland plant. “They weren’t actually leading the company, but they were people you would listen to and follow. We didn’t have titles, but people had respect for what we did.”

Leadership is one of the most researched, and possibly the most complex, topics in organizational behavior. This has resulted in an enormous volume of leadership literature, most of which can be organized into five perspectives: competency, behavioral, contingency, transformational, and implicit. Although some of these perspectives are currently more popular than others, each helps us to more fully understand the complex issue of leadership. This chapter explores each of these five perspectives of leadership. In the final section, we also consider cross-cultural and gender issues in organizational leadership.
Over the past two decades, leadership researchers and consultants have returned to the notion that effective leaders possess specific personal characteristics. The earlier research was apparently plagued by methodological problems, lack of theoretical foundation, and inconsistent definitions of leadership. The emerging work has identified several leadership competencies, that is, skills, knowledge, aptitudes, and other personal characteristics that lead to superior performance (see Chapter 2). The main categories of leadership competencies are listed in Exhibit 12.1 and described below:

- **Personality.** Most of the Big Five personality dimensions (see Chapter 2) are associated with effective leadership to some extent, but the strongest predictors are high levels of extroversion (outgoing, talkative, sociable, and assertive) and conscientiousness (careful, dependable, and self-disciplined). With high extroversion, effective leaders are comfortable having an influential role in social settings. With higher conscientiousness, effective leaders set higher personal goals for themselves and are more motivated to pursue those goals.

- **Self-concept.** Successful leaders have a positive self-evaluation, including high self-esteem, self-efficacy, and internal locus of control (see Chapter 2). They are confident in their leadership skills and ability to achieve objectives. These leaders also have a complex, internally consistent, and clear self-concept. They know themselves and act consistently with that self-concept. These characteristics are essential for authentic leadership, which refers to how well leaders know themselves (have a clear self-concept) and act consistently with that self-concept (such as being consistent with their personal values).

- **Drive.** Related to their high conscientiousness and positive self-concept, successful leaders have a high need for achievement (see Chapter 5). This drive represents the inner motivation that leaders possess to pursue their goals and encourage others to move forward with theirs. Drive inspires inquisitiveness, an action orientation, and boldness to take the organization or team into uncharted waters. In fact, Larry Bossidy, the former CEO of Honeywell and Allied Signal, says that drive is so important for leadership that “if you have to choose between someone with a staggering IQ . . . and someone with a lower IQ who is absolutely determined to succeed, you’ll always do better with the second person.”

- **Integrity.** Integrity involves truthfulness and consistency of words and actions, qualities that are related to honesty and ethicality. Leaders have a high moral capacity to judge dilemmas on the basis of sound values and to act accordingly. Notice that integrity is ultimately based on the leader’s values, which provide an anchor for consistency. Several large-scale studies have reported that integrity and honesty are the most important characteristics of effective leaders. Unfortunately, numerous surveys report that employees don’t trust their leaders and don’t think they have integrity. For example, only 2 percent of Americans have a great deal of trust in the people who run big companies; 30 percent say they don’t trust these leaders at all!

- **Leadership motivation.** Effective leaders are motivated to lead others. They have a strong need for socialized power, meaning that they want power as a means to accomplish organizational objectives and similar good deeds. This contrasts with a need for personalized power, which is the desire to have power for personal gain or for the thrill one might experience from wielding power over others (see Chapter 5). Leadership motivation is also necessary because, even in collegial firms, leaders are in contests for positions further up the hierarchy. Effective leaders thrive rather than wither in the face of this competition.
Knowledge of the business. Effective leaders possess tacit and explicit knowledge of the business environment in which they operate.

Cognitive and practical intelligence. Leaders have above-average cognitive ability to process enormous amounts of information. Leaders aren’t necessarily geniuses; rather, they have a superior ability to analyze a variety of complex alternatives and opportunities. Furthermore, leaders have practical intelligence; they are able to use their knowledge of the business to solve real-world problems by adapting to, shaping, or selecting appropriate environments. Unlike cognitive intelligence, which is assessed by performance on clearly defined problems with sufficient information and usually one best answer, practical intelligence is assessed by performance in real-world settings, where problems are poorly defined, information is missing, and more than one solution may be plausible. 19

Emotional intelligence. Effective leaders have a high level of emotional intelligence. 20 They are able to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in themselves and others (see Chapter 4).

Competency Perspective Limitations and Practical Implications

Although the competency perspective is gaining popularity (again), it has a few limitations. 21 First, it assumes that all effective leaders have the same personal characteristics that are equally important in all situations. This is probably a false assumption; leadership is far too complex to have a universal list of traits that apply to every condition. Some competencies might not be important all the time. Second, alternative
combinations of competencies may be equally successful; two people with different sets of competencies might be equally good leaders. Third, the competency perspective views leadership as something within a person, yet experts emphasize that leadership is relational. People are effective leaders because of their favorable relationships with followers, so effective leaders cannot be identified without considering the quality of these relationships.

As we will learn later in this chapter, several leadership researchers have also warned that some personal characteristics might influence only our perception that someone is a leader, not whether the individual really makes a difference to the organization’s success. People who exhibit self-confidence, extroversion, and other traits are called leaders because they fit our prototype of an effective leader. Or we might see a successful person, call that person a leader, and then attribute unobservable traits that we consider essential for great leaders.

The competency perspective of leadership does not necessarily imply that leadership is a talent acquired at birth rather than developed throughout life. On the contrary, competencies indicate only leadership potential, not leadership performance. People with these characteristics become effective leaders only after they have developed and mastered the necessary leadership behaviors. People with somewhat lower leadership competencies may become very effective leaders because they have leveraged their potential more fully.

**Learning Objectives**

After reading the next two sections, you should be able to:

3. Describe the people-oriented and task-oriented leadership styles.

4. Outline the path-goal theory of leadership.

5. Summarize leadership substitutes theory.

**Behavioral Perspective of Leadership**

In the 1940s and 1950s, leadership experts at several universities launched an intensive research investigation to answer the question “What behaviors make leaders effective?” Questionnaires were administered to subordinates, asking them to rate their supervisors on a large number of behaviors. This study distilled two clusters of leadership behaviors from literally thousands of leadership behavior items.

One cluster represents people-oriented behaviors. This cluster includes behaviors such as showing mutual trust and respect for subordinates, demonstrating a genuine concern for their needs, and having a desire to look out for their welfare. Leaders with a strong people-oriented style listen to employee suggestions, do personal favors for employees, support their interests when required, and treat employees as equals.

The other cluster represents a task-oriented leadership style and includes behaviors that define and structure work roles. Task-oriented leaders assign employees to specific tasks, clarify their work duties and procedures, ensure that they follow company rules, and push them to reach their performance capacity. They establish stretch goals and challenge employees to push beyond those high standards.

**Choosing Task- versus People-Oriented Leadership**

Should leaders be task-oriented or people-oriented? This is a difficult question to answer because each style has its advantages and disadvantages. Recent evidence suggests that both styles are positively associated with leader effectiveness, but differences are often apparent only in very high or very low levels of each style. Generally, absenteeism,
grievances, turnover, and job dissatisfaction are higher among employees who work with supervisors with very low levels of people-oriented leadership. Job performance is lower among employees who work for supervisors with low levels of task-oriented leadership. Research suggests that university students value task-oriented instructors because they want clear objectives and well-prepared lectures that abide by the unit’s objectives.

One problem with the behavioral leadership perspective is that the two categories are broad generalizations that mask specific behaviors within each category. For instance, task-oriented leadership includes planning work activities, clarifying roles, and monitoring operations and performance. Each of these clusters of activities are fairly distinct and likely have different effects on employee well-being and performance. A second concern is that the behavioral approach assumes that high levels of both styles are best in all situations. In reality, the best leadership style depends on the situation. On a positive note, the behavioral perspective lays the foundation for two of the main leadership styles—people-oriented and task-oriented—found in many contemporary leadership theories. These contemporary theories adopt a contingency perspective, which is described next.

Contingency Perspective of Leadership

The contingency perspective of leadership is based on the idea that the most appropriate leadership style depends on the situation. Most (although not all) contingency leadership theories assume that effective leaders must be both insightful and flexible. They must be able to adapt their behaviors and styles to the immediate situation. This isn’t easy to do, however. Leaders typically have a preferred style. It takes considerable effort for leaders to choose and enact different styles to match the situation. As we noted earlier, leaders must have high emotional intelligence so they can diagnose the circumstances and match their behaviors accordingly.

Path-Goal Theory of Leadership

Several contingency theories have been proposed over the years, but path-goal leadership theory has withstood scientific critique better than the others. Indeed, one recent study found that the path-goal theory explained more about effective leadership than did another popular perspective of leadership (transformational, which we describe later in this chapter). Path-goal leadership theory has its roots in the expectancy theory of motivation (see Chapter 5). Early research incorporated expectancy theory into the study of how leader behaviors influence employee perceptions of expectancies (paths) between employee effort and performance (goals). Out of this early work was born path-goal theory as a contingency leadership model.

Path-goal theory states that effective leaders ensure that employees who perform their jobs well receive more valued rewards than those who perform poorly. Effective leaders also provide the information, support, and other resources necessary to help employees complete their tasks. In other words, path-goal theory advocates servant leadership. Servant leaders do not view leadership as a position of power; rather, they are coaches, stewards, and facilitators. Leadership is an obligation to understand employee needs and to facilitate their work performance. Servant leaders ask, “How can I help you?” rather than expect employees to serve them. “The role of the leader is to create environments where others can do great work—and then to get out of the way,” suggests Microsoft executive Steve Vamos. Similarly, when Financial Planning Association president Jim Barnash was recently asked about his leadership style, he replied: “I try to live a servant-leader’s life, which means being more interested in your needs than my needs.”

---

**path-goal leadership theory**
A contingency theory of leadership based on the expectancy theory of motivation that relates several leadership styles to specific employee and situational contingencies.

**servant leadership**
The view that leaders serve followers, rather than vice versa; leaders help employees fulfill their needs and are coaches, stewards, and facilitators of employee performance.
Path-Goal Leadership Styles  Exhibit 12.2 presents the path-goal theory of leadership. This model specifically highlights four leadership styles and several contingency factors leading to three indicators of leader effectiveness. The four leadership styles are:

- **Directive.** This leadership style consists of clarifying behaviors that provide a psychological structure for subordinates. The leader clarifies performance goals, the means to reach those goals, and the standards against which performance will be judged. It also includes judicious use of rewards and disciplinary actions. Directive leadership is the same as task-oriented leadership, described earlier, and echoes our discussion in Chapter 2 on the importance of clear role perceptions in employee performance.

- **Supportive.** In this style, the leader’s behaviors provide psychological support for subordinates. The leader is friendly and approachable; makes the work more pleasant; treats employees with equal respect; and shows concern for the status, needs, and well-being of employees. Supportive leadership is the same as people-oriented leadership, described earlier, and reflects the benefits of social support to help employees cope with stressful situations.

- **Participative.** Participative leadership behaviors encourage and facilitate subordinate involvement in decisions beyond their normal work activities. The leader consults with employees, asks for their suggestions, and takes these ideas into serious consideration before making a decision. Participative leadership relates to involving employees in decisions.

- **Achievement-oriented.** This leadership style emphasizes behaviors that encourage employees to reach their peak performance. The leader sets challenging goals, expects employees to perform at their highest level, continuously seeks improvement in employee performance, and shows a high degree of confidence that employees will assume responsibility and accomplish challenging goals. Achievement-oriented leadership applies goal-setting theory as well as positive expectations in self-fulfilling prophecy.
The path-goal model contends that effective leaders are capable of selecting the most appropriate behavioral style (or styles) for each situation. Leaders might simultaneously use two or more styles. In the opening vignette to this chapter, for example, Disney-ABC executive Anne Sweeney was applauded for her supportive as well as achievement-oriented leadership styles. Furthermore, she is both supportive and participative in situations where these leadership styles are most appropriate.

Contingencies of Path-Goal Theory As a contingency theory, path-goal theory states that each of the four leadership styles will be effective in some situations but not in others. The path-goal leadership model specifies two sets of situational variables that moderate the relationship between a leader’s style and effectiveness: (1) employee characteristics and (2) characteristics of the employee’s work environment. Several contingencies have already been studied within the path-goal framework, and the model is open for more variables in the future. However, only four contingencies are reviewed here (see Exhibit 12.3).

- **Skill and experience.** A combination of directive and supportive leadership is best for employees who are (or perceive themselves to be) inexperienced and unskilled. Directive leadership gives subordinates information about how to accomplish the task, whereas supportive leadership helps them cope with the uncertainties of unfamiliar work situations. Directive leadership is detrimental when employees are skilled and experienced because it introduces too much supervisory control.

- **Locus of control.** Recall from Chapter 2 that people with an internal locus of control believe that they have control over their work environment. Consequently, these employees prefer participative and achievement-oriented leadership styles and may become frustrated with a directive style. In contrast,
people with an external locus of control believe that their performance is due more to luck and fate, so they tend to be more satisfied with directive and supportive leadership.

- Task structure. Leaders should adopt the directive style when the task is nonroutine, because this style minimizes role ambiguity that tends to occur in complex work situations (particularly for inexperienced employees). The directive style is ineffective when employees have routine and simple tasks because the manager’s guidance serves no purpose and may be viewed as unnecessarily close control. Employees in highly routine and simple jobs may require supportive leadership to help them cope with the tedious nature of the work and lack of control over the pace of work. Participative leadership is preferred for employees performing nonroutine tasks because the lack of rules and procedures gives them more discretion to achieve challenging goals. The participative style is ineffective for employees in routine tasks because they lack discretion over their work.

- Team dynamics. Cohesive teams with performance-oriented norms act as a substitute for most leader interventions. High team cohesion substitutes for supportive leadership, whereas performance-oriented team norms substitute for directive and possibly achievement-oriented leadership. Thus, when team cohesiveness is low, leaders should use the supportive style. Leaders should apply a directive style to counteract team norms that oppose the team’s formal objectives. For example, the team leader may need to use legitimate power if team members have developed a norm to “take it easy” rather than get a project completed on time.

Path-goal theory has received more research support than other contingency leadership models, but the evidence is far from complete. A few contingencies (e.g., task structure) have limited research support. Other contingencies and leadership styles in the path-goal leadership model haven’t been investigated at all (as noted by the question marks in Exhibit 12.3). Another concern is that as path-goal theory expands, the model may become too complex for practical use. Few people would be able to remember all the contingencies and the appropriate leadership styles for those contingencies. In spite of these limitations, path-goal theory remains a relatively robust contingency leadership theory.

**Other Contingency Theories**

At the beginning of this chapter we noted that numerous leadership theories have developed over the years. Most of them are found in the contingency perspective of...
leadership. Some overlap with the path-goal model in terms of leadership styles, but most use simpler and more abstract contingencies. We will very briefly mention only two here because of their popularity and historical significance to the field.

**Situational Leadership Theory**  One of the most popular contingency theories among practitioners is the situational leadership theory (SLT) also called the life-cycle theory of leadership, developed by Paul Hersey and Ken Blanchard. SLT suggests that effective leaders vary their style with the “readiness” of followers. (An earlier version of the model called this “maturity.”) Readiness refers to the employee’s or work team’s ability and willingness to accomplish a specific task. Ability refers to the extent to which the follower has the skills and knowledge to perform the task without the leader’s guidance. Willingness refers to the follower’s motivation and commitment to perform the assigned task. The model compresses these distinct concepts into a single situational condition.

The situational leadership model also identifies four leadership styles—telling, selling, participating, and delegating—that Hersey and Blanchard distinguish in terms of the amount of directive and supportive behavior provided. For example, “telling” has high task behavior and low supportive behavior. The situational leadership model has four quadrants, with each quadrant showing the leadership style that is most appropriate under different circumstances.

In spite of its popularity, several studies and at least three reviews have concluded that the situational leadership model lacks empirical support. Only one part of the model apparently works, namely, that leaders should use “telling” (i.e., directive style) when employees lack motivation and ability. (Recall that this is also documented in path-goal theory.) The model’s elegant simplicity is attractive and entertaining, but most parts don’t represent reality very well.

**Fiedler’s Contingency Model**  Fiedler’s contingency model, developed by Fred Fiedler and his associates, is the earliest contingency theory of leadership. According to this model, leader effectiveness depends on whether the person’s natural leadership style is appropriately matched to the situation. The theory examines two leadership styles that essentially correspond to the previously described people-oriented and task-oriented styles. Unfortunately, Fiedler’s model relies on a questionnaire that does not measure either leadership style very well.

Fiedler’s model suggests that the best leadership style depends on the level of situational control, that is, the degree of power and influence that the leader possesses in a particular situation. Situational control is affected by three factors in the following order of importance: leader-member relations, task structure, and position power. Leader-member relations refers to how much employees trust and respect the leader and are willing to follow his or her guidance. Task structure refers to the clarity or ambiguity of operating procedures. Position power is the extent to which the leader possesses legitimate, reward, and coercive power over subordinates. These three contingencies form the eight possible combinations of situation favorableness from the leader’s viewpoint. Good leader-member relations, high task structure, and strong position power create the most favorable situation for the leader because he or she has the most power and influence under these conditions.

Fiedler has gained considerable respect for pioneering the first contingency theory of leadership. However, his theory has fared less well. As mentioned, the leadership-style scale used by Fiedler has been widely criticized. There is also no scientific justification for placing the three situational control factors in a hierarchy. Moreover, the concept of
leader-member relations is really an indicator of leader effectiveness (as in path-goal theory) rather than a situational factor. Finally, the theory considers only two leadership styles, whereas other models present a more complex and realistic array of behavior options. These concerns explain why the theory has limited empirical support.  

Changing the Situation to Match the Leader’s Natural Style  
Fiedler’s contingency model may have become a historical footnote, but it does make an important and lasting contribution by suggesting that leadership style is related to the individual’s personality and, consequently, is relatively stable over time. Leaders might be able to alter their style temporarily, but they tend to use a preferred style in the long term. More recent scholars have also proposed that leadership styles are “hardwired” more than most contingency leadership theories assume.  

If leadership style is influenced by a person’s personality, organizations should engineer the situation to fit the leader’s dominant style, rather than expect leaders to change their style with the situation. A directive leader might be assigned inexperienced employees who need direction rather than seasoned people who work less effectively under a directive style. Alternatively, companies might transfer supervisors to workplaces where their dominant style fits best. For instance, directive leaders might be parachuted into work teams with counterproductive norms, whereas leaders who prefer a supportive style should be sent to departments in which employees face work pressures and other stressors.  

Leadership Substitutes  
So far, we have looked at theories that recommend using different leadership styles in various situations. But one theory, called leadership substitutes, identifies conditions that either limit the leader’s ability to influence subordinates or make a particular leadership style unnecessary. The literature identifies several conditions that possibly substitute for task-oriented or people-oriented leadership. For example, performance-based reward systems keep employees directed toward organizational goals, so they might replace or reduce the need for task-oriented leadership. Task-oriented leadership is also less important when employees are skilled and experienced. These propositions are similar to path-goal leadership theory; namely, directive leadership is unnecessary—and may be detrimental—when employees are skilled or experienced.  

Some research suggests that effective leaders help team members learn to lead themselves through leadership substitutes; in other words, co-workers substitute for leadership in high-involvement team structures. Co-workers instruct new employees, thereby providing directive leadership. They also provide social support, which reduces stress among fellow employees. Teams with norms that support organizational goals may substitute for achievement-oriented leadership, because employees encourage (or pressure) co-workers to stretch their performance levels.  

Self-leadership—the process of influencing oneself to establish the self-direction and self-motivation needed to perform a task (see Chapter 6)—is another possible leadership substitute. Employees with high self-leadership set their own goals, reinforce their own behavior, maintain positive thought processes, and monitor their own performance, thereby managing both personal motivation and abilities. As employees become more proficient in self-leadership, they presumably require less supervision to keep them focused and energized toward organizational objectives.  

The leadership substitutes model has intuitive appeal, but the evidence so far is mixed. Some studies show that a few substitutes do replace the need for task- or
people-oriented leadership, but others do not. The difficulties of statistically testing for leadership substitutes may account for some problems, but a few writers contend that the limited support is evidence that leadership plays a critical role regardless of the situation. At this point, we can conclude that a few conditions such as self-directed work teams, self-leadership, and reward systems might reduce the importance of task- or people-oriented leadership but probably won’t completely replace leaders in these roles.

Learning Objectives

After reading this section, you should be able to:
6. Distinguish transformational leadership from transactional and charismatic leadership.
7. Describe the four elements of transformational leadership.

Transformational Perspective of Leadership

In the opening vignette to this chapter, ABC News president David Westin described his boss, Disney-ABC executive Anne Sweeney, as an excellent leader because she focuses on the future of the company and the industry. In fact, Sweeney is considered an entrepreneurial visionary who experiments with new channels through which the television industry delivers content. Under Sweeney’s leadership, ABC was the first network to sign up shows for iTunes. It was also an innovator in online content, including delivering ad-supported free streaming programs on the Internet. In fact, Sweeney embodies the company’s unofficial motto: Create what’s next.

Through her vision, communication, and actions, Anne Sweeney is transforming ABC as well as the television industry. In other words, she practices transformational leadership. Transformational leaders such as Anne Sweeney, Herb Kelleher (Southwest Airlines), A. G. Lafley (Procter & Gamble), Carlos Ghosn (Renault/Nissan), and Richard Branson (Virgin) dot the corporate landscape. These leaders are agents of change. They create, communicate, and model a shared vision for the team or organization, and they inspire followers to strive for that vision.

Transformational versus Transactional Leadership

Transformational leadership differs from transactional leadership. The leadership literature offers a confusing array of definitions for transactional leadership, but we shall define it as helping organizations achieve their current objectives more efficiently, such as by linking job performance to valued rewards and ensuring that employees have the resources needed to get the job done. The contingency and behavioral theories described earlier adopt the transactional perspective because they focus on leader behaviors that improve employee performance and satisfaction. Transactional leadership is considered by some writers as “managing” or “doing things right” because leaders concentrate on improving employee performance and well-being. In contrast, transformational leadership is about “leading”—changing the organization’s strategies and culture so that they have a better fit with the surrounding environment. Transformational leaders are change agents who energize and direct employees to a new set of corporate values and behaviors.

Organizations require both transactional and transformational leadership. Trans-
environment. Unfortunately, too many leaders get trapped in the daily managerial activities that represent transactional leadership.\textsuperscript{54} They lose touch with the transformational aspect of effective leadership. Without transformational leaders, organizations stagnate and eventually become seriously misaligned with their environments.

**Transformational versus Charismatic Leadership**

Another topic that has generated some confusion and controversy is the distinction between transformational and charismatic leadership.\textsuperscript{55} Many researchers either use the words interchangeably, as if they have the same meaning, or view charismatic leadership as an essential ingredient of transformational leadership. Others take this view further by suggesting that charismatic leadership is the highest degree of transformational leadership.

However, the emerging view, which this book adopts, comes from a third group of experts who contend that charisma is distinct from transformational leadership. These academics point out that charisma is a personal trait or relational quality that provides referent power over followers, whereas transformational leadership is a set of behaviors that people use to lead the change process.\textsuperscript{56} Charismatic leaders might be transformational leaders; indeed, their personal power through charisma is a tool to change the behavior of followers. However, some research points out that charismatic or “heroic” leaders easily build allegiance in followers but do not necessarily change the organization. Other research suggests that charismatic leaders produce dependent followers, whereas transformational leaders have the opposite effect—they build follower empowerment, which tends to reduce dependence on the leader. For example, one study reported a negative relationship between charismatic leadership and the self-efficacy of followers.\textsuperscript{57}

The main point here is that transformational leaders are not necessarily charismatic. Alan G. Lafley, the CEO of Procter & Gamble, is not known for being charismatic, but he has transformed the household goods company like no leader in recent memory. Similarly, IBM CEO Sam Palmisano speaks with humility yet continues to drive IBM’s success. “I don’t have much curb appeal,” Palmisano says of his minimal charisma, adding that IBM has more than 300,000 brilliant people to drive the organization. “I just try to lead them and get them to come together around a common point of...
view,” he explains. In other words, Palmisano and Lafley lead by applying transformational leadership behaviors.

Elements of Transformational Leadership

There are several descriptions of transformational leadership, but most include the following four elements: Create a strategic vision, communicate the vision, model the vision, and build commitment toward the vision (see Exhibit 12.4).

Create a Strategic Vision  Transformational leaders establish a vision of the company’s future state that engages employees to achieve objectives they didn’t think possible. These leaders shape a strategic vision of a realistic and attractive future that bonds employees together and focuses their energy toward a superordinate organizational goal. A shared strategic vision represents the substance of transformational leadership. It reflects a future for the company or work unit that is ultimately accepted and valued by organizational members. “In essence, leadership is about dreaming the impossible and helping followers achieve the same,” says Nandan Nilekani, CEO of India’s information technology giant, Infosys. “Moreover, the dream has to be built on sound and context-invariant values to sustain the enthusiasm and energy of people over a long time.”

Strategic vision creates a “higher purpose” or superordinate goal that energizes and unifies employees. A strategic vision might originate with the leader, but it is just as likely to emerge from employees, clients, suppliers, or other stakeholders. A shared strategic vision plays an important role in organizational effectiveness. Visions offer the motivational benefits of goal setting, but they are compelling future states that bond employees and motivate them to strive for those objectives. Visions are typically described in a way that distinguishes them from the current situation yet makes the goal both appealing and achievable.

Communicate the Vision  If vision is the substance of transformational leadership, communicating that vision is the process. CEOs say that the most important
leadership quality is being able to build and share their vision for the organization. “Part of a leader’s role is to set the vision for the company and to communicate that vision to staff to get their buy-in,” explains Dave Anderson, president of WorkSafeBC (the Workers’ Compensation Board of British Columbia, Canada).  

Transformational leaders communicate meaning and elevate the importance of the visionary goal to employees. They frame messages around a grand purpose with emotional appeal that captivates employees and other corporate stakeholders. Framing helps transformational leaders establish a common mental model so that the group or organization will act collectively toward the desirable goal. Transformational leaders bring their visions to life through symbols, metaphors, stories, and other vehicles that transcend plain language. Metaphors borrow images of other experiences, thereby creating richer meaning of the vision that has not yet been experienced.

**Model the Vision** Transformational leaders not only talk about a vision; they enact it. They “walk the talk” by stepping outside the executive suite and doing things that symbolize the vision. For example, when Anne Sweeney became president of Disney-ABC Television Group, she put much effort into communicating her vision of the future and ensuring that her actions were consistent with her words. “There was a lot of uncertainty about who this new team was, what they were going to be about and how the company would be managed,” she recalls. “My job was to let people know what my management philosophy was and to not just talk the talk, but walk the walk.”

Leaders walk the talk through significant events such as visiting customers, moving their offices closer to employees, and holding ceremonies to destroy outdated policy manuals. However, they also alter mundane activities—meeting agendas, dress codes, executive schedules—so that the activities are more consistent with the vision and its underlying values. Modeling the vision is important because doing so legitimates and demonstrates what the vision looks like in practice. “As an executive, you’re always being watched by employees, and everything you say gets magnified—so you teach a lot by how you conduct yourself,” advises Carl Bass, CEO of California software company Autodesk.

Modeling the vision is also important because it builds employee trust in the leader. The greater the consistency between the leader’s words and actions, the more employees will believe in and be willing to follow the leader. In fact, one survey reported that leading by example is the most important characteristic of a leader. “There are lots of people who talk a good story, but very few deliver one,” warns Peter Farrell, founder and chairman of San Diego–based ResMed. “You’ve got to mean what you say, say what you mean, and be consistent.”

**Build Commitment toward the Vision** Transforming a vision into reality requires employee commitment. Transformational leaders build this commitment in several ways. Their words, symbols, and stories build a contagious enthusiasm that energizes people to adopt the vision as their own. Leaders demonstrate a “can do” attitude by enacting their vision and staying on course. Their persistence and consistency reflect an image of honesty, trust, and integrity. Finally, leaders build commitment by involving employees in the process of shaping the organization’s vision.

**Evaluating the Transformational Leadership Perspective** Transformational leaders do make a difference. Subordinates are more satisfied and have higher affective organizational commitment under transformational leaders. They also perform their jobs better, engage in more organizational citizenship behaviors,
leadership in organizational settings

and make better or more creative decisions. One study of bank branches reported that organizational commitment and financial performance seemed to increase where the branch manager completed a transformational leadership training program.\textsuperscript{69}

Transformational leadership is currently the most popular leadership perspective, but it faces a number of challenges. One problem is that some writers engage in circular logic by defining transformational leadership by the leader’s success.\textsuperscript{70} They suggest that leaders are transformational when they successfully bring about change, rather than when they engage in certain behaviors we call transformational. This circular definition makes it impossible to determine whether transformational leadership is effective. Another concern is that transformational leadership is usually described as a universal rather than contingency-oriented model. Only very recently have writers begun to explore the idea that transformational leadership is more valuable in some situations than others.\textsuperscript{71} For instance, transformational leadership is probably more appropriate when organizations need to adapt than when environmental conditions are stable. Preliminary evidence suggests that the transformational leadership perspective is relevant across cultures. However, there may be specific elements of transformational leadership, such as the way visions are formed and communicated, that are more appropriate in North America than in other cultures.

### Implicit Leadership Perspective

The competency, behavior, contingency, and transformational leadership perspectives make the basic assumption that leaders “make a difference.” Certainly, there is evidence that senior executives do influence organizational performance. However, leadership also involves followers’ perceptions about the characteristics and influence of people they call leaders. This perceptual perspective of leadership is collectively called \textit{implicit leadership theory}.\textsuperscript{72}

#### Prototypes of Effective Leaders

Implicit leadership theory consists of two related concepts. The main part of this theory states that everyone has \textit{leadership prototypes}—preconceived beliefs about the features and behaviors of effective leaders. These prototypes, which develop through socialization within the family and society,\textsuperscript{73} shape our expectations and acceptance of others as leaders, and this in turn affects our willingness to serve as followers. In other words, we are more willing to allow someone to influence us as a leader if that person looks and acts like our prototype of a leader. For example, one recent study established that inherited personality characteristics significantly influence the perception that someone is a leader in a leaderless situation.\textsuperscript{74} Such leadership prototypes not only support a person’s role as leader; they also form or influence our perception of the leader’s effectiveness. If the leader looks like and acts consistently with our prototype, we are more likely to believe that the leader is effective.\textsuperscript{75} This prototype comparison process occurs because people have an inherent need to quickly evaluate individuals as leaders, yet leadership effectiveness is often ambiguous and might not be apparent for a long time.
The Romance of Leadership

Along with relying on implicit prototypes of effective leaders, followers tend to distort their perception of the influence that leaders have on the environment. This “romance of leadership” effect exists because in most cultures people want to believe that leaders make a difference. Consider the experience of Ricardo Semler, the charismatic CEO of Brazilian conglomerate SEMCO SA:

At the company, no matter what you do, people will naturally create and nurture a charismatic figure,” Semler suggests. “The charismatic figure, on the other hand, feeds this; it doesn’t just happen, and it is very difficult to check your ego at the door. The people at SEMCO don’t look and act like me. They are not yes-men by any means. What is left, however, is a certain feeling that has to do with the cult of personality. They credit me with successes that are not my own, and they don’t debit me my mistakes. They give undue importance to what I say, and I think that doesn’t go away.

There are two basic reasons why people inflate their perceptions of the leader’s influence over the environment. First, leadership is a useful way for us to simplify life events. It is easier to explain organizational successes and failures in terms of the leader’s ability than by analyzing a complex array of other forces. Second, there is a strong tendency in the United States and other Western cultures to believe that life events are generated more from people than from uncontrollable natural forces. This illusion of control is satisfied by believing that events result from the rational actions of leaders. In other words, employees feel better believing that leaders make a difference, so they actively look for evidence that this is so.

One way that followers support their perceptions that leaders make a difference is through fundamental attribution error (see Chapter 3). Research has found that (at least in Western cultures) leaders are given credit or blame for the company’s success or failure because employees do not readily see the external forces that also influence these events. Leaders reinforce this belief by taking credit for organizational successes.

The implicit leadership perspective provides valuable advice to improve leadership acceptance. It highlights the fact that leadership is a perception of followers as much as the actual behaviors and formal roles of people calling themselves leaders. Potential leaders must be sensitive to this fact, understand what followers expect, and act accordingly. Individuals who do not make an effort to fit leadership prototypes will have more difficulty bringing about necessary organizational change.

Cross-Cultural and Gender Issues in Leadership

Along with the five perspectives of leadership presented throughout this chapter, cultural values and practices affect what leaders do. Culture shapes the leader’s values and norms, which influence his or her decisions and actions. Cultural values also shape the expectations that followers have of their leaders. An executive who acts inconsistently with cultural expectations is more likely to be perceived as an ineffective leader. Furthermore, leaders who deviate from those values may experience various forms of influence to get them to conform to the leadership norms and expectations of the society. In other words, implicit leadership theory, described in the previous section of this chapter, explains differences in leadership practices across cultures.

Over the past few years, 150 researchers from dozens of countries have worked together on Project GLOBE (Global Leadership and Organizational Behavior...
Effectiveness) to identify the effects of cultural values on leadership. The project organized countries into 10 regional clusters, of which the United States, Great Britain, and similar countries are grouped into the “Anglo” cluster. The results of this massive investigation suggest that some features of leadership are universal and some differ across cultures. Specifically, the GLOBE project reports that “charismatic visionary” is a universally recognized concept and that middle managers around the world believe that it is characteristic of effective leaders.

Charismatic visionary represents a cluster of concepts including visionary, inspirational, performance orientation, integrity, and decisiveness. In contrast, participative leadership is perceived as characteristic of effective leadership in low power distance cultures but less so in high power distance cultures. For instance, one study reported that Mexican employees expect managers to make decisions affecting their work. Mexico is a high power distance culture, so followers expect leaders to apply their authority rather than delegate their power most of the time. In summary, there are similarities and differences in the concept and preferred practice of leadership across cultures.

With respect to gender, studies in field settings have generally found that male and female leaders do not differ in their levels of task-oriented or people-oriented leadership. The main explanation is that real-world jobs require similar behavior from male and female job incumbents. However, women do adopt a participative leadership approach. This approach is characterized by consultation, flexibility, and an openness to diverse perspectives.

**Microsoft Germany’s Gender Leadership Boom** Europe’s population is shrinking and aging, two trends that worried Achim Berg (second from left in photo) when he was recently hired as CEO of Microsoft Germany. Fortunately, in a country where men still overwhelmingly dominate the executive suite, the former Deutsche Telekom executive has a straightforward solution: Hire more female managers and create a work environment that motivates them to stay. Berg now has five women on the 12-person management board and a growing pool of junior female staff members working their way into leadership positions. Berg also welcomes the gender balance because it brings more diverse leadership styles. “Women have a different management style,” Berg claims. Dorothee Belz, Microsoft Germany’s director of legal and corporate affairs, agrees. Women, she suggests, look at issues differently and are more willing than men to discuss problems. Berg says that working with more female colleagues has also altered his own leadership style; it has become more consultative, with less forcefulness on “speed and quick results.” He has also noticed less politics in executive meetings. “It seems that there is a noticeable decline in territorial behavior. But perhaps we’d be better off consulting a zoologist,” says Berg, laughing.
Leadership is defined as the ability to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members. Leaders use influence to motivate followers and arrange the work environment so that they do the job more effectively. Leaders exist throughout the organization, not just in the executive suite.

The competency perspective tries to identify the characteristics of effective leaders. Recent writing suggests that leaders have specific personality characteristics, positive self-concept, drive, integrity, leadership motivation, knowledge of the business, cognitive and practical intelligence, and emotional intelligence. The behavioral perspective of leadership identifies two clusters of leader behavior, people-oriented and task-oriented. People-oriented behaviors include showing mutual trust and respect for subordinates, demonstrating a genuine concern for their needs, and having a desire to look out for their welfare. Task-oriented behaviors include assigning employees to specific tasks, clarifying their work duties and procedures, ensuring they follow company rules, and pushing them to reach their performance capacity.

The contingency perspective of leadership takes the view that effective leaders diagnose the situation and adapt their style to fit that situation. The path-goal model is the prominent contingency theory that identifies four leadership styles—directive, supportive, participative, and achievement-oriented—and several contingencies relating to the characteristics of the employee and of the situation.

Two other contingency leadership theories include the situational leadership theory and Fiedler’s contingency theory. Research support is quite weak for both theories. However, a lasting element of Fiedler’s theory is the idea that leaders have natural styles and, consequently, companies need to change the leaders’ environments to suit their style. Leadership substitutes theory identifies contingencies that either limit the leader’s ability to influence subordinates or make a particular leadership style unnecessary.

Transformational leaders create a strategic vision, communicate that vision through framing and use of metaphors, model the vision by ‘walking the talk’ and acting consistently, and build commitment toward the vision. This contrasts with transactional leadership, which involves linking job performance to valued rewards and ensuring that employees have the resources needed to get the job done. The contingency and behavioral perspectives adopt the transactional view of leadership.

According to the implicit leadership perspective, people have leadership prototypes, which they use to evaluate the leader’s effectiveness. Furthermore, people form a romance of leadership, they want to believe that leaders make a difference, so they engage in fundamental attribution error and other perceptual distortions to support this belief in the leader’s impact.

Cultural values also influence the leader’s personal values, which in turn influence his or her leadership practices. Women generally do not differ from men in the degree of people-oriented or task-oriented leadership. However, female leaders more often adopt a participative style. Research also suggests that people evaluate female leaders on the basis of gender stereotypes, which may result in higher or lower ratings.

Chapter Summary

Leadership is defined as the ability to influence, motivate, and enable others to contribute toward the effectiveness and success of the organizations of which they are members. Leaders use influence to motivate followers and arrange the work environment so that they do the job more effectively. Leaders exist throughout the organization, not just in the executive suite.

The competency perspective tries to identify the characteristics of effective leaders. Recent writing suggests that leaders have specific personality characteristics, positive self-concept, drive, integrity, leadership motivation, knowledge of the business, cognitive and practical intelligence, and emotional intelligence. The behavioral perspective of leadership identifies two clusters of leader behavior, people-oriented and task-oriented. People-oriented behaviors include showing mutual trust and respect for subordinates, demonstrating a genuine concern for their needs, and having a desire to look out for their welfare. Task-oriented behaviors include assigning employees to specific tasks, clarifying their work duties and procedures, ensuring they follow company rules, and pushing them to reach their performance capacity.

The contingency perspective of leadership takes the view that effective leaders diagnose the situation and adapt their style to fit that situation. The path-goal model is the prominent contingency theory that identifies four leadership styles—directive, supportive, participative, and achievement-oriented—and several contingencies relating to the characteristics of the employee and of the situation.

Two other contingency leadership theories include the situational leadership theory and Fiedler’s contingency theory. Research support is quite weak for both theories. However, a lasting element of Fiedler’s theory is the idea that leaders have natural styles and, consequently, companies need to change the leaders’ environments to suit their style. Leadership substitutes theory identifies contingencies that either limit the leader’s ability to influence subordinates or make a particular leadership style unnecessary.

Transformational leaders create a strategic vision, communicate that vision through framing and use of metaphors, model the vision by ‘walking the talk’ and acting consistently, and build commitment toward the vision. This contrasts with transactional leadership, which involves linking job performance to valued rewards and ensuring that employees have the resources needed to get the job done. The contingency and behavioral perspectives adopt the transactional view of leadership.

According to the implicit leadership perspective, people have leadership prototypes, which they use to evaluate the leader’s effectiveness. Furthermore, people form a romance of leadership, they want to believe that leaders make a difference, so they engage in fundamental attribution error and other perceptual distortions to support this belief in the leader’s impact.

Cultural values also influence the leader’s personal values, which in turn influence his or her leadership practices. Women generally do not differ from men in the degree of people-oriented or task-oriented leadership. However, female leaders more often adopt a participative style. Research also suggests that people evaluate female leaders on the basis of gender stereotypes, which may result in higher or lower ratings.
**Key Terms**

- Fiedler's contingency model, p. 369
- implicit leadership theory, p. 375
- leadership, p. 360
- leadership substitutes, p. 370
- path-goal leadership theory, p. 365
- servant leadership, p. 365
- shared leadership, p. 360
- situational leadership theory, p. 369
- transactional leadership, p. 371
- transformational leadership, p. 371

**Critical Thinking Questions**

1. Why is it important for top executives to value and support leadership demonstrated at all levels of the organization?

2. Find two newspaper ads for management or executive positions. What leadership competencies are mentioned in these ads? If you were on the selection panel, what methods would you use to identify these competencies in job applicants?

3. Consider your favorite teacher. What people-oriented and task-oriented leadership behaviors did he or she use effectively? In general, do you think students prefer an instructor who is more people-oriented or task-oriented? Explain your preference.

4. Your employees are skilled and experienced customer service representatives who perform nonroutine tasks, such as solving unique customer problems or meeting special needs with the company’s equipment. Use path-goal theory to identify the most appropriate leadership style(s) you should use in this situation. Be sure to fully explain your answer, and discuss why other styles are inappropriate.

5. Transformational leadership is the most popular perspective of leadership. However, it is far from perfect. Discuss the limitations of transformational leadership.

6. This chapter distinguished charismatic leadership from transformational leadership. Yet charisma is identified by most employees and managers as a characteristic of effective leaders. Why is charisma commonly related to leadership? In your opinion, are the best leaders charismatic? Why or why not?

7. Identify a current political leader (e.g., president, governor, mayor) and his or her recent accomplishments. Now, using the implicit leadership perspective, think of ways that these accomplishments of the leader may be overstated. In other words, explain why they may be due to factors other than the leader.

8. You hear two people debating the merits of women as leaders. One person claims that women make better leaders than do men because women are more sensitive to their employees’ needs and involve them in organizational decisions. The other person counters that although these leadership styles may be increasingly important, most women have trouble gaining acceptance as leaders when they face tough situations in which a more autocratic style is required. Discuss the accuracy of the comments made in this discussion.

---

**Case Study 12.1 PROFITEL INC.**

As a formerly government-owned telephone monopoly, Profitel enjoyed many decades of minimal competition. Even today, as a publicly traded enterprise, the company’s almost exclusive control over telephone copper wiring across the country keeps its profit margins above 40 percent. Competitors in telephone and DSL broadband continue to rely on Profitel’s wholesale business, which generates substantially more profit than similar wholesale services in many other countries. However, Profitel has stiff competition in the cellular (mobile) telephone business, and other emerging technologies (voice-over-Internet)
threaten Profitel's dominance. Because of these threats, Profitel's board of directors decided to hire an outsider as the new chief executive.

Although several qualified candidates expressed an interest in Profitel's top job, the board selected Lars Peeters, who had been CEO for six years of a publicly traded European telephone company, followed by a brief stint as CEO of a cellular telephone company in the United States until it was acquired by a larger firm. Profitel's board couldn't believe its good fortune; Peeters brought extensive industry knowledge and global experience, a high-octane energy level, self-confidence, decisiveness, and a congenial yet strongly persuasive interpersonal style. He also had a unique "presence," which caused people to pay attention and respect his leadership. The board was also impressed with Peeters's strategy to bolster Profitel's profit margins. This included investing heavily in the latest wireless broadband technology (for both cellular telephone and computer Internet) before competitors could gain a foothold, cutting costs through layoffs and reduction of peripheral services, and putting pressure on the government to deregulate Profitel's traditional and emerging businesses. When Peeters described his strategy to the board, one board member commented that this was the same strategy Peeters used in his previous two CEO postings. Peeters dismissed the comment, saying that each situation is unique.

Peeters lived up to his reputation as a decisive executive. Almost immediately after taking the CEO job at Profitel, he hired two executives from the European company where he had previously worked. Together, over the next two years, they cut the workforce by 5 percent and rolled out the new wireless broadband technology for cell phones and Internet. Costs increased somewhat due to downsizing expenses and the wireless technology rollout. Profitel's wireless broadband subscriber list grew quickly because, in spite of its very high prices, the technology faced limited competition and Profitel was pushing customers off the older technology to the new network. Profitel's customer satisfaction ratings fell, however. A national consumer satisfaction research group reported that Profitel's broadband offered the country's worst value. Employee morale also declined due to layoffs and the company's public image problems. Some industry experts also noted that Profitel selected its wireless technology without evaluating the alternative emerging wireless technology, which had been gaining ground in other countries. Peeters's aggressive campaign against government regulation also had unintended consequences. Rather than achieving less regulation, criticizing the government and its telecommunications regulator made Profitel look even more arrogant in the eyes of both customers and government leaders.

Profitel's board was troubled by the company's lackluster share price, which had declined 20 percent since Peeters was hired. Some board members also worried that the company had bet on the wrong wireless technology and that subscription levels would fall far below the number necessary to achieve the profits stated in Peeters's strategic plan. This concern came closer to reality when a foreign-owned competitor won a $1 billion government contract to improve broadband services in regional areas of the country. Profitel's proposal for that regional broadband upgrade had specified high prices and limited corporate investment, but Peeters had been confident Profitel would be awarded the contract because of its market dominance and existing infrastructure with the new wireless network. When the government decided otherwise, Profitel's board fired Peeters along with the two executives he had hired from the European company. Now, the board had to figure out what went wrong and how to avoid this problem in the future.

Discussion Questions
1. Which perspective of leadership best explains the problems experienced in this case? Analyze the case using concepts discussed in that leadership perspective.
2. What can organizations do to minimize the leadership problems discussed above?

© 2008 Steven L. McShane.
Case Study 12.2 MACK ATTACK

John J. Mack, who had left Morgan Stanley four years earlier, was back as CEO, replacing Philip J. Purcell, who had resigned weeks earlier after mounting criticism that he was mismanaging the once-mighty investment bank. Whereas Purcell was a top-down strategist and tended to hole up in his office, Mack is drawing on his skills as a salesman and operator to make Morgan Stanley as nimble and dynamic as possible. He also hired key people to help him put the new culture in place.

This BusinessWeek case study examines the leadership of Morgan Stanley CEO John J. Mack. It describes his actions to change the investment bank’s culture and to redirect decision making so that it is more aggressive rather than timid. Read through this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. On the basis of the information in this case study, describe the competencies that seem strongest in John Mack.
2. To what extent has John Mack exhibited transformational leadership behaviors to shift Morgan Stanley’s culture and decision making?


Team Exercise 12.3 LEADERSHIP DIAGNOSTIC ANALYSIS

PURPOSE To help students learn about the different path-goal leadership styles and understand when to apply each style.

INSTRUCTIONS

1. Students individually write down two incidents in which someone was an effective manager or leader over them. The leader and situation can be from work, a sports team, a student work group, or any other setting where leadership might emerge. For example, students might describe how their supervisor in a summer job pushed them to reach higher performance goals than they would have done otherwise. Each incident should state the actual behaviors that the leader used, not just general statements (e.g., “My boss sat down with me and we agreed on specific targets and deadlines; then he said several times over the next few weeks that I was capable of reaching those goals.”) Each incident requires only two or three sentences.

2. After everyone has written his or her two incidents, the instructor will form small groups (typically, four or five students). Each team will answer the following questions for each incident presented in that team:
   a. Which path-goal theory leadership style(s)—directive, supportive, participative, or achievement-oriented—did the leader apply in this incident?
   b. Ask the person who wrote the incident about the conditions that made this leadership style (or these styles, if more than one was used) appropriate in this situation? The team should list these contingency factors clearly and, where possible, connect them to the contingencies described in path-goal theory. (Note: The team might identify path-goal leadership contingencies that are not described in the book. These, too, should be noted and discussed.)

3. After the teams have diagnosed the incidents, each team will describe to the entire class the most interesting incident as well as the team’s diagnosis of that incident. Other teams will critique the diagnosis. Any leadership contingencies not mentioned in the textbook should also be presented and discussed.
Self-Assessment 12.4

WHAT IS YOUR BOSS’S PREFERRED LEADERSHIP STYLE?

PURPOSE  This assessment is designed to help you understand two important dimensions of leadership and identify which of these dimensions is more prominent in your supervisor, team leader, or coach or in another person to whom you are accountable.

INSTRUCTIONS  Read each of the statements below and circle the response that you believe best describes your supervisor. You may substitute for “supervisor” anyone else to whom you are accountable, such as a team leader, CEO, course instructor, or sports coach. Then use the scoring key in Appendix B at the end of the book to calculate the results for each leadership dimension. After completing this assessment, be prepared to discuss in class the distinctions between these leadership dimensions.

<table>
<thead>
<tr>
<th>Leadership Dimensions Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>My Supervisor . . .</strong></td>
</tr>
<tr>
<td>1. Focuses attention on irregularities, mistakes, exceptions, and deviations from what is expected of me.</td>
</tr>
<tr>
<td>2. Engages in words and deeds that enhance his or her image of competence.</td>
</tr>
<tr>
<td>3. Monitors performance for errors needing correction.</td>
</tr>
<tr>
<td>4. Serves as a role model for me.</td>
</tr>
<tr>
<td>5. Points out what I will receive if I do what is required.</td>
</tr>
<tr>
<td>6. Instills pride in being associated with him or her.</td>
</tr>
<tr>
<td>7. Keeps careful track of mistakes.</td>
</tr>
<tr>
<td>8. Can be trusted to help me overcome any obstacle.</td>
</tr>
<tr>
<td>9. Tells me what to do to be rewarded for my efforts.</td>
</tr>
<tr>
<td>10. Makes me aware of strongly held values, ideals, and aspirations that are shared in common.</td>
</tr>
<tr>
<td>11. Is alert for failure to meet standards.</td>
</tr>
<tr>
<td>12. Mobilizes a collective sense of mission.</td>
</tr>
<tr>
<td>13. Works out agreements with me on what I will receive if I do what needs to be done.</td>
</tr>
<tr>
<td>14. Articulates a vision of future opportunities.</td>
</tr>
<tr>
<td>15. Talks about special rewards for good work.</td>
</tr>
<tr>
<td>16. Talks optimistically about the future.</td>
</tr>
</tbody>
</table>


After reading this chapter, if you feel that you need additional information, see [www mhhe com/mcshane5e](http://www.mhhe.com/mcshane5e) for more in-depth information and interactivities that correspond to this chapter.
Part Four
Organizational Processes

Chapter 13  Organizational Structure
Chapter 14  Organizational Culture
Chapter 15  Organizational Change
BioWare Corp. was created by three medical doctors who had a passion for developing electronic games. They had some experience in interactive medical education, but starting a company to make commercial games was another matter. Two of the physicians, Ray Muzyka and Greg Zeschuk, became joint chief executive officers of the new company, while the third partner returned to medical practice two years after BioWare was launched. The company was initially organized into a simple team structure in which everyone worked together to create its first game, *Shattered Steel*.

During the development of *Shattered Steel*, Muzyka and Zeschuk started a second game project, called *Baldur’s Gate*. The question was, what organizational structure would best support this company for the future? BioWare could simply have two teams working independently on the two games. However, a multiteam structure would duplicate resources, possibly undermine information sharing among people with the same expertise across teams, and weaken employee loyalty to the overall company.

Alternatively, the game developer could create departments around the various specializations, including art, programming, audio, quality assurance, and design. This would allow employees with similar technical expertise to share information and create new ideas within their specialization. However, employees would not have the same level of teamwork or commitment to the final product as they would in a team-based project structure.¹
LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Describe three types of coordination in organizational structures.
2. Justify the optimal span of control in a given situation.
3. Discuss the advantages and disadvantages of centralization and formalization.
4. Distinguish organic from mechanistic organizational structures.
5. Identify and evaluate the six pure types of departmentalization.
6. Describe three variations of divisional structure and explain which one should be adopted in a particular situation.
7. Diagram the matrix structure and discuss its advantages and disadvantages.
8. Compare and contrast network structures with other forms of departmentalization.
9. Identify four characteristics of external environments and discuss the preferred organizational structure for each environment.
10. Summarize the influence of organizational size, technology, and strategy on organizational structure.
What organizational structure will work best for BioWare? We’ll find out in this chapter. **Organizational structure** refers to the division of labor as well as the patterns of coordination, communication, workflow, and formal power that direct organizational activities. The chapter begins by introducing the two fundamental processes in organizational structure: division of labor and coordination. This is followed by a detailed investigation of the four main elements of organizational structure: span of control, centralization, formalization, and departmentalization. The latter part of this chapter examines the contingencies of organizational design, including external environment, organizational size, technology, and strategy.

Throughout this chapter, we hope to show that an organization’s structure is much more than an organizational chart diagramming which employees report to which managers. Organizational structure includes reporting relationships, but it also relates to job design, information flow, work standards and rules, team dynamics, and power relationships. Organizational structures are frequently used as tools for organizational change because they establish new communication patterns and align employee behavior with the corporate vision. For example, when Charles Schwab & Co. experienced financial trouble not long ago, founder Charles Schwab (who returned as CEO) held a two-day marathon session in which the company’s top executives were asked to redraw the organizational chart in a way that would make the company simpler, more decentralized, and refocused on the customer. Every executive in the room, including those whose jobs would be erased from the new structure, was asked for his or her input. The point we want to emphasize here is that organizational structure reconfigures power, communication patterns, and possibly the company’s culture in the long term. As such, altering the organization’s structure is an important component of an executive’s toolkit for organizational change.

### Division of Labor and Coordination

All organizational structures include two fundamental requirements: the division of labor into distinct tasks and the coordination of that labor so that employees are able to accomplish common goals. Organizations are groups of people who work interdependently toward some purpose. To efficiently accomplish their goals, these groups typically divide the work into manageable chunks, particularly when there are many different tasks to perform. They also introduce various coordinating mechanisms to ensure that everyone is working effectively toward the same objectives.

#### Division of Labor

**Division of labor** refers to the subdivision of work into separate jobs assigned to different people. Subdivided work leads to job specialization, because each job now includes a narrow subset of the tasks necessary to complete the product or service. To produce its first electronic game, BioWare’s cofounders divided the work among a dozen or more employees. Some people were responsible for programming; others

---

**Learning Objectives**

After reading the next two sections, you should be able to:

1. Describe three types of coordination in organizational structures.
2. Justify the optimal span of control in a given situation.
3. Discuss the advantages and disadvantages of centralization and formalization.
4. Distinguish organic from mechanistic organizational structures.
completed the artwork; still others developed the game’s sound effects; and so forth. Today’s electronic games are so sophisticated that a project may extend for more than a year and involve several dozen people with highly specialized expertise. As companies get larger, this horizontal division of labor is usually accompanied by vertical division of labor: Some people are assigned the task of supervising employees, others are responsible for managing those supervisors, and so on.

Why do companies divide the work required to build an electronic game into several jobs? As you learned earlier in this book, job specialization increases work efficiency.\(^5\) Job incumbents can master their tasks quickly because work cycles are shorter. Less time is wasted changing from one task to another. Training costs are reduced because employees require fewer physical and mental skills to accomplish the assigned work. Finally, job specialization makes it easier to match people with specific aptitudes or skills to the jobs for which they are best suited. Although one person working alone might be able to design an electronic game, doing so would take much longer than having the game designed by a team of specialists. Also, an individual who produces superb animation might deliver only mediocre software coding, whereas a highly skilled team of people would have higher quality across all areas of work.

### Coordinating Work Activities

When people divide work among themselves, they require coordinating mechanisms to ensure that everyone works in concert. Coordination is so closely connected to division of labor that the optimal level of specialization is limited by the feasibility of coordinating the work. In other words, an organization should divide work among many people only to the extent that those people can coordinate with each other. Otherwise, individual effort is wasted due to misalignment, duplication, and mistiming of tasks. Coordination also tends to become more expensive and difficult as the division of labor increases, so companies specialize jobs only to the point where it isn’t too costly or challenging to coordinate the people in those jobs.\(^7\)

Every organization—from the two-person corner convenience store to the largest corporate entity—uses one or more of the following coordinating mechanisms:\(^8\) informal communication, formal hierarchy, and standardization (see Exhibit 13.1). These

**Exhibit 13.1  Coordinating Mechanisms in Organizations**

<table>
<thead>
<tr>
<th>Form of coordination</th>
<th>Description</th>
<th>Subtypes/strategies</th>
</tr>
</thead>
</table>
| Informal communication | Sharing information on mutual tasks; forming common mental models to synchronize work activities | • Direct communication  
• Liaison roles  
• Integrator roles  
• Temporary teams |
| Formal hierarchy | Assigning legitimate power to individuals, who then use this power to direct work processes and allocate resources | • Direct supervision  
• Formal communication channels |
| Standardization | Creating routine patterns of behavior or output | • Standardized skills  
• Standardized processes  
• Standardized output |

forms of coordination align the work of staff within the same department as well as across work units. These coordinating mechanisms are also critical when several organizations work together, such as in joint ventures and humanitarian aid programs.9

Coordination through Informal Communication Informal communication is a coordinating mechanism in all organizations. It includes sharing information on mutual tasks as well as forming common mental models so that employees synchronize work activities using the same mental road map.10 Informal communication is vital in non-routine and ambiguous situations because employees can exchange a large volume of information through face-to-face communication and other media-rich channels.

Coordination through informal communication is easiest in small firms, such as Bio-Ware when it was a start-up firm, although information technologies have further leveraged this coordinating mechanism in large organizations.11 Companies employing thousands of people also support informal communication by keeping each production site small. Magna International, the global auto-parts manufacturer, keeps its plants to a maximum size of around 200 employees. Magna’s leaders believe that employees have difficulty remembering each other’s names in plants that are any larger, a situation that makes informal communication more difficult as a coordinating mechanism.12

Larger organizations also encourage coordination through informal communication by assigning liaison roles to employees, who are expected to communicate and share information with co-workers in other work units. Where coordination is required among several work units, companies create integrator roles. These people are responsible for coordinating a work process by encouraging employees in each work unit to share information and informally coordinate work activities. Integrators do not have authority over the people involved in that process, so they must rely on persuasion and commitment. Brand managers at Procter & Gamble have integrator roles because they coordinate work among marketing, production, and design groups.13

Another way that larger organizations encourage coordination through informal communication is by organizing employees from several departments into temporary teams. This strategy occurs through concurrent engineering in the product or service development process. Traditional product development is a sequential arrangement. For example, the marketing department might develop a product strategy, which is passed “over the wall” to design engineers, whose design work is then passed on to manufacturing engineers to figure out a cost-efficient production process and to the purchasing department to source raw materials. This serial process can be cumbersome because its main coordinating mechanism is formal hierarchical communication.

In contrast, concurrent engineering involves forming a cross-functional project team of people from these specialized departments to engage in product development simultaneously. By being assigned to a team, rather than working within their usual specialized departments, employees are given the mandate and opportunity to coordinate with each other using informal communication. As soon as the design engineer begins to form the product specifications, representatives from manufacturing, engineering, marketing, purchasing, and other departments can offer feedback as well as begin their contribution to the process. This coordination usually occurs through information technology, but it also includes plenty of face-to-face communication when the concurrent-engineering team members are located together in the same physical space. Face-to-face communication is a particularly information-rich medium, which allows team members to work on various stages of product development (marketing, design, manufacturing, purchasing, etc.) at the same time. The result: Chrysler, Toyota, Harley-Davidson, and many other organizations have found
that the concurrent-engineering process tends to produce higher-quality products
with dramatically less development time than does the traditional arrangement.  

**Coordination through Formal Hierarchy**  Informal communication is the most
flexible form of coordination, but it can become chaotic as the number of interdepen-
dencies among employees increases. Consequently, as organizations grow, they rely
increasingly on a second coordinating mechanism: formal hierarchy. Hierarchy
assigns legitimate power to individuals, who then use this power to direct work
processes and allocate resources. In other words, work is coordinated through direct
supervision—the chain of command.

The formal hierarchy has traditionally been applauded as the optimal coordinating
mechanism for large organizations. A century ago, administrative management scholars
argued that organizations are most effective when managers exercise their authority and
employees receive orders from only one supervisor. Coordination should occur through
the chain of command; that is, up the hierarchy and across to the other work unit. Any
organization with a formal structure coordinates work to some extent through this ar-
range ment. For instance, project leaders at BioWare are responsible for ensuring that
employees on their computer game project remain on schedule and that their respective
tasks are compatible with tasks completed by other team members. The formal hierarchy
also coordinates work among executives through the division of organizational activities.
If the organization is divided into geographic areas, the structure gives the regional
group leaders legitimate power over executives responsible for production, customer
service, and other activities in those areas. If the organization is divided into product
groups, the heads of those groups have the right to coordinate work across regions.

The formal hierarchy can be efficient for simple and routine situations, but it is not as
agile for coordination in complex and novel situations. Communicating through the
chain of command is rarely as fast or accurate as direct communication between em-
ployees. For instance, we noted earlier that product development—typically a complex
and novel activity—tends to occur more quickly and produce higher-quality results when
people coordinate mainly through informal communication rather than formal hierar-
chy. Another concern with formal hierarchy is that managers are able to closely super-
vise only a limited number of employees. As the business grows, the number of
supervisors and layers of management must increase, resulting in a costly bureaucracy.
Finally, today’s workforce is less tolerant of rigid structures. For instance, Wegmans Food
Market is one of the best places to work, partly because the Rochester, New York–based
grocery chain minimizes formal hierarchy as a coordinating mechanism.

**Coordination through Standardization**  Standard-
ization, the third means of coordination, involves creating
routine patterns of behavior or output. This coordinating
mechanism takes three distinct forms:

- **Standardized processes.** Quality and consistency of
  a product or service can often be improved by
  standardizing work activities through job descrip-
  tions and procedures. This coordinating mecha-
  nism is feasible when the work is routine (such as
  mass production) or simple (such as making piz-
  zas), but it is less effective in nonroutine and
  complex work such as product design.
Standardized outputs. This form of standardization involves ensuring that individuals and work units have clearly defined goals and output measures (e.g., customer satisfaction, production efficiency). For instance, to coordinate the work of salespeople, companies assign sales targets rather than specific behaviors.

Standardized skills. When work activities are too complex to standardize through processes or goals, companies often coordinate work effort by extensively training employees or hiring people who have learned precise role behaviors from educational programs. This form of coordination is used in hospital operating rooms. Surgeons, nurses, and other operating room professionals coordinate their work more through training than through goals or company rules.

Division of labor and coordination of work represent the two fundamental ingredients of all organizations. But how work is divided, which coordinating mechanisms are emphasized, who makes decisions, and other issues are related to the four elements of organizational structure.

Elements of Organizational Structure

Every company is configured in terms of four basic elements of organizational structure. This section introduces three of them: span of control, centralization, and formalization. The fourth element—departmentalization—is presented in the next section.

Span of Control

Span of control (also called span of management) refers to the number of people directly reporting to the next level in the hierarchy. A narrow span of control exists when very few people report directly to a manager, whereas a wide span exists when a manager has many direct reports. A century ago, French engineer and management scholar Henri Fayol strongly recommended a relatively narrow span of control, typically no more than 20 employees per supervisor and 6 supervisors per manager. Fayol championed formal hierarchy as the primary coordinating mechanism, so he believed that supervisors should closely monitor and coach employees. His views were similar to those of Napoleon and other military leaders, who declared that somewhere between 3 and 10 subordinates is the optimal span of control. These prescriptions were based on the belief that managers simply could not monitor and control any more subordinates closely enough.

Today, we know better. The best-performing manufacturing plants currently have an average of 38 production employees per supervisor. What’s the secret here? Did Fayol, Napoleon, and others miscalculate the optimal span of control? The answer is that those sympathetic to hierarchical control believed that employees should perform the physical tasks, whereas supervisors and other management personnel should make the decisions and monitor employees to make sure they performed their tasks. In contrast, the best-performing manufacturing operations today rely on self-directed teams, so direct supervision (formal hierarchy) is supplemented with other coordinating mechanisms. Self-directed teams coordinate mainly through informal communication and specialized knowledge, so formal hierarchy plays a minor role. Many firms that employ doctors, lawyers, and other professionals have a larger span of control because these staff members coordinate their work mainly through standardized skills. For example, more than two dozen people report directly to Cindy Zollinger, president of Boston-based litigation-consulting firm Cornerstone Research. Zollinger explains that this large number of direct reports is possible.
because she leads professional staff who don’t require close supervision. “They largely run themselves,” Zollinger explains. “I help them in dealing with obstacles they face, or in making the most of opportunities that they find.”

A second factor influencing the best span of control is whether employees perform routine tasks. A wider span of control is possible when employees perform routine jobs, because there is less frequent need for direction or advice from supervisors. A narrow span of control is necessary when employees perform novel or complex tasks, because these employees tend to require more supervisory decisions and coaching. This principle is illustrated in a survey of American property and casualty insurers. The average span of control in commercial-policy processing departments is around 15 employees per supervisor, whereas the span of control is 6.1 in claims service and 5.5 in commercial underwriting. Staff members in the latter two departments perform more technical work, so they have more novel and complex tasks. Commercial-policy processing, on the other hand, is like production work, where tasks are routine and have few exceptions.

A third influence on span of control is the degree of interdependence among employees within the department or team. Generally, a narrow span of control is necessary where employees perform highly interdependent work with others. More supervision is required for highly interdependent jobs because employees tend to experience more conflict with each other, which requires more of a manager’s time to resolve. Also, employees are less clear on their personal work performance in highly interdependent tasks, so supervisors spend more time providing coaching and feedback.

Tall versus Flat Structures

Span of control is interconnected with organizational size (number of employees) and the number of layers in the organizational hierarchy. Consider two companies with the same number of employees. If Company A has a wider span of control (more direct reports per manager) than Company B, then Company A must have fewer layers of management (i.e., a flatter structure) than does Company B. The reason for this relationship is that a company with a wider span of control necessarily has more employees per supervisor, more supervisors for each middle manager, and so on. This larger number of direct reports, compared to a
company with a narrower span of control, is possible only by removing layers of management. The interconnection of span of control, organizational size (number of employees), and number of management layers also means that as companies employ more people, they must widen the span of control, build a taller hierarchy, or both. Most companies end up building taller structures because they rely on direct supervision to some extent as a coordinating mechanism and there are limits to how many people each manager can coordinate.

Unfortunately, building a taller hierarchy (more layers of management) creates problems. First, tall structures have higher overhead costs because most layers of hierarchy consist of managers rather than employees who actually make the product or supply the service. Second, senior managers in tall structures often receive lower-quality and less timely information from the external environment because information from frontline employees is transmitted slowly or not at all up the hierarchy. Also, the more layers of management through which information must pass, the higher the probability that managers will filter out information that does not put them in a positive light. Finally, tall hierarchies tend to undermine employee empowerment and engagement because they focus power around managers rather than employees. 24

These problems have prompted leaders to “delayer”—remove one or more levels in the organizational hierarchy. 25 Soon after Mark Hurd was hired as CEO of HP (Hewlett-Packard), he stripped the high-technology company’s 11 layers of hierarchy down to 8 layers. He argued that this action reduced costs and would make HP more nimble. BASF’s European Seal Sands plant went even further when it was dramatically restructured around self-directed teams. “Seven levels of management have been cut basically to two,” says a BASF executive. 26

Although many companies enjoy reduced costs and more empowered employees when they delayer the organizational hierarchy, some organizational experts warn that there are also negative long-term consequences of cutting out too much middle management. 27 These include undermining necessary managerial functions, increasing workload and stress among management, and restricting managerial career development:

- **Undermines managerial functions.** Critics of delayering point out that all companies need managers to guide work activities, coach subordinates, and manage company growth. Furthermore, managers are needed to make quick decisions and represent a source of appeal over conflicts. These valuable functions are underserved when the span of control becomes too wide.

- **Increases workload and stress.** Delayering increases the number of direct reports per manager and thus significantly increases management workload and corresponding levels of stress. Managers partly reduce the workload by learning to give subordinates more autonomy rather than micromanaging them. However, this role adjustment itself is stressful (same responsibility, but less authority or control), and many companies increase the span of control beyond the point at which many managers are capable of coaching or leading their direct reports.

- **Restricts managerial career development.** Delayering results in fewer managerial jobs, so companies have less maneuverability to develop managerial skills. Promotions are also riskier because they involve a larger jump in responsibility in flatter, compared to taller, hierarchies. Furthermore, having fewer promotion opportunities means that managers experience more career plateauing, which reduces their motivation and loyalty. Chopping back managerial career structures also sends a signal that managers are no longer valued. 28 Delayering has
had an adverse effect on morale, productivity and performance,” argues a senior executive in the Australian federal government. “Disenfranchising middle management creates negative perceptions and lower commitment to the organization with consequent reluctance to accept responsibility.”

Centralization and Decentralization

Centralization and decentralization are a second element to consider when designing an organizational structure. **Centralization** means that formal decision-making authority is held by a small group of people, typically those at the top of the organizational hierarchy. Most organizations begin with centralized structures, as the founder makes most of the decisions and tries to direct the business toward his or her vision. As organizations grow, however, they diversify and their environments become more complex. Senior executives aren’t able to process all the decisions that significantly influence the business. Consequently, larger organizations typically **decentralize;** that is, they disperse decision authority and power throughout the organization.

The optimal level of centralization or decentralization depends on several contingencies that we will examine later in this chapter. However, we also need to keep in mind that different degrees of decentralization can occur simultaneously in different parts of an organization. Nestlé, the Swiss-based food company, has decentralized marketing decisions to remain responsive to local markets, but it has centralized production, logistics, and supply chain management activities to improve cost efficiencies and avoid having too much complexity across the organization. “If you are too decentralized, you can become too complicated—you get too much complexity in your production system,” explains a Nestlé executive.

Likewise, 7-Eleven relies on both centralization and decentralization in different parts of the organization. The convenience store chain leverages buying power and efficiencies by centralizing decisions about information technology and supplier purchasing. At the same time, it decentralizes local inventory decisions to store managers so that they can adapt quickly to changing circumstances at the local level. Along with receiving ongoing product training and guidance from regional consultants, store managers have the best information about their customers and can respond quickly to local market needs. “We could never predict a busload of football players on a Friday night, but the store manager can,” explains a 7-Eleven executive.

Formalization

**Formalization** is the degree to which organizations standardize behavior through rules, procedures, formal training, and related mechanisms. In other words, companies become more formalized as they increasingly rely on various forms of standardization to coordinate work. McDonald’s Restaurants and most other efficient fast-food chains typically have a high degree of formalization because they rely on standardization of work processes as a coordinating mechanism. Employees have precisely defined roles, right down to how much mustard should be dispensed, how many pickles should be applied, and how long each hamburger should be cooked.

Older companies tend to become more formalized because work activities become routinized, making them easier to document into standardized practices. Larger companies also tend to have more formalization because direct supervision and informal communication among employees do not operate as easily when large numbers of people are involved. External influences, such as government safety legislation and strict accounting rules, also encourage formalization.
Formalization may increase efficiency and compliance, but it can also create problems. Rules and procedures reduce organizational flexibility, so employees follow prescribed behaviors even when the situation clearly calls for a customized response. High levels of formalization tend to undermine organizational learning and creativity. Some work rules become so convoluted that organizational efficiency would decline if they were actually followed as prescribed. Formalization is also a source of job dissatisfaction and work stress. Finally, rules and procedures have been known to take on a life of their own in some organizations. They become the focus of attention rather than the organization’s ultimate objectives of producing a product or service and serving its dominant stakeholders.

The challenge that companies face as they get larger and older is to avoid too much formalization. Yahoo seems to be a case in point. A decade ago, the world’s most popular Web portal site was a creative hotspot among Web-based companies. Through strategic acquisitions (Flickr, del.icio.us, Yahoo! 360, etc.), the company continues to launch new services, but observers and former staff say that internal innovations have been hampered by creeping bureaucracy. “In a small company [the attitude] is, ‘Hey, let’s launch it and let’s see if the users like it,’” says a senior Yahoo staffer who recently moved to a smaller firm. “There was a time a few years ago where Yahoo had more of that mentality. But as companies get bigger and bigger, many of them reach a point where they can’t do that as quickly.” Another former Yahoo employee is more blunt: “If you are on the Internet, you have to be fast and you have to take risks. The organizational structure that Yahoo has is completely antithetical to the industry they are in.”

Mechanistic versus Organic Structures

We discussed span of control, centralization, and formalization together because they cluster around two broader organizational forms: mechanistic and organic structures. A mechanistic structure is characterized by a narrow span of control and

Growing an Organic TAXI

Award-winning TAXI, whose clients include Blue Shield of California, New York Life Insurance, and Molson Coors, is a rising star in the competitive world of creative marketing. One of TAXI’s secrets to success has been an organic structure, in contrast to its major competitors, which have more rigid mechanistic hierarchies. “[O]ther advertising firms] operated on a 19th-century model of many secular departments trying to integrate everything ad hoc. Most cultures were so layered that a great idea was easily crushed,” explains TAXI cofounder Paul Lavoie (bottom right in this photo with a few staff from TAXI’s New York City office). “We needed a flexible infrastructure, able to move with the pace of change. TAXI started lean and nimble, and remains so today.” But as it gained popularity, TAXI faced the challenge of accommodating growth (30 to 40 percent per year) without evolving into yet another mechanistic firm. Its solution was to duplicate itself across several cities, with each unit maintaining an organic structure that actively collaborates with other offices. The company also maintains an organic structure by keeping each business unit relatively small. For example, when its office in Toronto, Canada, reached 150 staff members, TAXI opened a second office in that city, called TAXI 2.
high degree of formalization and centralization. Mechanistic structures have many rules and procedures, limited decision making at lower levels, tall hierarchies of people in specialized roles, and vertical rather than horizontal communication flows. Tasks are rigidly defined and are altered only when sanctioned by higher authorities. Companies with an organic structure have the opposite characteristics. They operate with a wide span of control, decentralized decision making, and little formalization. Tasks are fluid, adjusting to new situations and organizational needs.

As a general rule, mechanistic structures operate better in stable environments because they rely on efficiency and routine behaviors, whereas organic structures work better in rapidly changing (i.e., dynamic) environments because they are more flexible and responsive to the changes. Organic structures are also more compatible with organizational learning, high-performance workplaces, and quality management because they emphasize information sharing and an empowered workforce rather than hierarchy and status. However, the advantages of organic structures, rather than mechanistic structures, in dynamic environments occur only when employees have developed well-established roles and expertise. Without these conditions, employees are unable to coordinate effectively with each other, resulting in errors and gross inefficiencies.

Start-up companies often face this problem, known as the liability of newness. Newness makes start-up firms more organic—they tend to be smaller organizations with few rules and considerable delegation of authority. However, employees in new organizations often lack industry experience, and their teams have not developed sufficiently for peak performance. As a result, the organic structures of new companies cannot compensate for the poorer coordination and significantly lower efficiencies caused by the lack of structure from past experience and team mental models. Fortunately, companies can minimize the liability of newness by launching businesses with existing teams of people or with industry veterans guiding the novices. Nitro Group is an example. The upstart ad agency was founded in Shanghai in 2002 and expanded quickly to London, New York, Sydney, and other centers. Each of these offices is highly organic, with fairly young staff, yet each local office is able to draw on the expertise of several experienced staff members to assist with specific accounts. Thus, Nitro enjoys an organic structure yet has the foundations of well-established roles and expertise to deliver the service.

Learning Objectives

After reading this section, you should be able to:

5. Identify and evaluate the six pure types of departmentalization.
6. Describe three variations of divisional structure and explain which one should be adopted in a particular situation.
7. Diagram the matrix structure and discuss its advantages and disadvantages.
8. Compare and contrast network structures with other forms of departmentalization.

Forms of Departmentalization

Span of control, centralization, and formalization are important elements of organizational structure, but most people think about organizational charts when the discussion of organizational structure arises. The organizational chart represents the fourth element in the structuring of organizations, called departmentalization. Departmentalization specifies how employees and their activities are grouped together. It is a
fundamental strategy for coordinating organizational activities because it influences organizational behavior in the following ways:  

- **Departmentalization** establishes the chain of command—the system of common supervision among positions and units within the organization. It frames the membership of formal work teams and typically determines which positions and units must share resources. Thus, departmentalization establishes interdependencies among employees and subunits.  

- **Departmentalization** focuses people around common mental models or ways of thinking, such as serving clients, developing products, or supporting a particular skill set. This focus is typically anchored around the common budgets and measures of performance assigned to employees within each departmental unit.  

- **Departmentalization** encourages coordination through informal communication among people and subunits. With common supervision and resources, members within each configuration typically work near each other, so they can use frequent and informal interaction to get the work done.

There are almost as many organizational charts as there are businesses, but the six most common pure types of departmentalization are simple, functional, divisional, team-based, matrix, and network.

### Simple Structure

Most companies begin with a simple structure. They employ only a few people and typically offer only one distinct product or service. There is minimal hierarchy—usually just employees reporting to the owners. Employees perform broadly defined roles because there are insufficient economies of scale to assign them to specialized jobs. The simple structure is highly flexible and minimizes the walls that form between employees in other structures. However, the simple structure usually depends on the owner’s direct supervision to coordinate work activities, so it is very difficult to operate as the company grows and becomes more complex.

### Functional Structure

Growing organizations usually introduce a functional structure at some level of the hierarchy or at some time in their history. A functional structure organizes employees around specific knowledge or other resources. The opening vignette to this chapter described how the cofounders of BioWare contemplated the functional structure for the electronic game company. Specifically, they considered the possibility of creating departments around the various specializations, including art, programming, audio, quality assurance, and design.

**Evaluating the Functional Structure** The functional structure creates specialized pools of talent that typically serve everyone in the organization. This provides more economies of scale than are possible if functional specialists are spread over different parts of the organization. It increases employee identity with the specialization or profession. Direct supervision is easier in functional structures because managers oversee people with common issues and expertise.

The functional structure also has limitations. Grouping employees around their skills tends to focus attention on those skills and related professional needs rather than
on the company’s product, service, or client needs. Unless people are transferred from one function to the next, they might not develop a broader understanding of the business. Compared with other structures, the functional structure usually produces higher dysfunctional conflict and poorer coordination in serving clients or developing products. These problems occur because employees need to work with co-workers in other departments to complete organizational tasks yet they have different subgoals and mental models of ideal work. Together, these problems require substantial formal controls and coordination when people are organized around functions.

### Divisional Structure

The **divisional structure** (sometimes called the *multidivisional* or *M-form* structure) groups employees around geographic areas, outputs (products or services), or clients. Exhibit 13.2 illustrates these three variations of divisional structure. The **geographic divisional structure** organizes employees around distinct regions of the country or world. Exhibit 13.2 (a) illustrates a geographic divisional structure recently adopted by Barrick Gold Corporation, the world’s largest gold-mining company. The **product/service divisional structure** organizes employees around distinct outputs. Exhibit 13.2 (b) illustrates a simplified version of this type of structure at Philips. The Dutch electronics company divides its workforce mainly into three divisions: health care products, lighting products, **Commissioner (chief executive)**

- Wages and investments (individual taxpayers)
- Small businesses and self-employed
- Large and midsize businesses
- Tax-exempt and government entities

Note: Diagram (a) shows the global geographic divisional structure of Barrick Gold Corp.; diagram (b) is similar to the product divisions at Philips; diagram (c) is similar to the customer-focused structure at the U.S. Internal Revenue Service.
and consumer products. The *client divisional structure* organizes employees around specific customer groups. Exhibit 13.2 (c) illustrates a customer-focused divisional structure similar to one adopted by the U.S. Internal Revenue Service.\(^{43}\)

Which form of divisional structure should large organizations adopt? The answer depends mainly on the primary source of environmental diversity or uncertainty.\(^{44}\) Suppose an organization has one type of product sold to people across the country. If customer needs vary across regions, or if state governments impose different regulations on the product, then a geographic structure would be best to be more vigilant of this diversity. On the other hand, if the company sells several types of products across the country and customer preferences and government regulations are similar everywhere, then a product structure would likely work best.

Coca-Cola, Nestlé, and many other food and beverage companies are organized mainly around geographic regions because consumer tastes and preferred marketing strategies vary considerably around the world. Even though McDonald’s makes the same Big Mac throughout the world, the company has more fish products in Hong Kong and more vegetarian products in India, in line with traditional diets in those

---

**A More Customer-Facing Caterpillar** For decades, Caterpillar, Inc., the world’s largest manufacturer of construction and mining equipment, enjoyed a cozy dominance in the North American marketplace, resulting in an insular culture focused on fiefdoms of expertise rather than customers or cost efficiency. Reflecting this culture, Caterpillar operated with a functional structure, organizing employees around engineering, marketing, manufacturing, and other business processes with almost no communication across these units. The vice presidents of these departments were so powerful that one CEO described them as “the kingpins of decisions.” Several years ago, more agile competitors from Japan and elsewhere threatened Caterpillar’s future. Fortunately, the company reacted quickly enough to remain in business. One of its first actions was to jettison the old corporate structure in favor of a divisional structure that paid more attention to customers and efficiency. The new structure essentially demoted the functional vice presidents, who now report to the product and marketing people who previously reported to them.\(^{45}\)
countries. Philips, on the other hand, is organized around products because consumer preferences around the world are similar within each product group. Hospitals from Geneva, Switzerland, to Santiago, Chile, buy similar medical equipment from Philips, whereas the manufacturing and marketing of these products are quite different from Philips’ consumer electronics business.

The Globally Integrated Enterprise Many companies are moving away from structures that organize people around geographic clusters. One reason is that clients can purchase products online and communicate with businesses from almost anywhere in the world, so local representation is less critical. Reduced geographic variation is another reason for the shift away from geographic structures; freer trade has reduced government intervention, and consumer preferences for many products and services are becoming more similar (converging) around the world. The third reason is that large companies increasingly have global business customers who demand one global point of purchase, not one in every country or region.

This shift away from geographic and toward product or client-based divisional structures reflects the trend toward the **globally integrated enterprise**. As the label implies, a globally integrated enterprise connects work processes around the world, rather than replicating them within each country or region. This type of organization typically organizes people around product or client divisions. Even functional units—production, marketing, design, human resources, and so on—serve the company worldwide rather than within specific geographic clusters. These functions are sensitive to cultural and market differences and have local representation to support that sensitivity, but local representatives are associates of a global function rather than a local subsidiary copied across several regions. Indeed, a globally integrated enterprise is marked by a dramatic increase in virtual teamwork, because employees are assigned global projects and ongoing responsibilities for work units that transcend geographic boundaries.

The globally integrated enterprise no longer orchestrates its business from a single headquarters in one “home” country. Instead, its divisional and functional operations are led from where the work is concentrated, and this concentration depends on economics (cost of labor, infrastructure, etc.), expertise, and openness (trade, capital flow, knowledge sharing, etc.). For example, IBM has moved toward the globally integrated enterprise structure by locating its global data centers in Colorado, Web site management in Ireland, back-office finance in Brazil, software in India, and procurement in China. IBM’s vice president of worldwide engineering, responsible for procurement, recently moved from Armonk, New York, to China, where the procurement center is located. “These people are not leading teams focused on China or India or Brazil or Ireland—or Colorado or Vermont,” says IBM CEO Sam Palmisano. “They are leading integrated global operations.”

Evaluating the Divisional Structure The divisional form is a building-block structure; it accommodates growth relatively easily and focuses employee attention on products or customers rather than tasks. Different products, services, or clients can be accommodated by sprouting new divisions. These advantages are offset by a number of limitations. First, the divisional structure tends to duplicate resources, such as production equipment and engineering or information technology expertise. Also, unless the division is quite large, resources are not used as efficiently as they are in functional structures where resources are pooled across the entire organization. The divisional structure also creates silos of knowledge. Expertise is spread across several autonomous business units, and this reduces the ability and perhaps motivation of the people in one
division to share their knowledge with counterparts in other divisions. In contrast, a functional structure groups experts together, thereby supporting knowledge sharing.

Finally, the preferred divisional structure depends on the company’s primary source of environmental diversity or uncertainty. This principle seems to be applied easily enough at Coca-Cola, McDonald’s, and Philips, but many global organizations experience diversity and uncertainty in terms of geography, product, and clients. Consequently, some organizations revise their structures back and forth or create complex structures that attempt to give all three dimensions equal status. This waffling and complexity generates further complications, because organizational structure decisions shift power and status among executives. If the company switches from a geographic to product structure, people who lead the geographic fiefdoms suddenly get demoted under the product chiefs. In short, leaders of global organizations struggle to find the best divisional structure, often with the result that one or more executives leave and those who remain experience frustration.

Team-Based Structure

The opening story to this chapter introduced the organizational structure dilemma that BioWare’s cofounders faced when they decided to rapidly expand operations. One of the structural forms they considered was based entirely on teams. This team-based structure would have BioWare employees organized around several projects, each with its own autonomous team. Generally, a team-based organizational structure is built around self-directed teams that complete an entire piece of work, such as manufacturing a product or developing an electronic game. This type of structure is usually organic. There is a wide span of control because teams operate with minimal supervision. In extreme situations, there is no formal leader, just someone selected by other team members to help coordinate the work and liaise with top management. Team structures are highly decentralized because almost all day-to-day decisions are made by team members rather than someone further up the organizational hierarchy. Finally, many team-based structures have low formalization because teams are given relatively few rules about how to organize their work. Instead, executives assign quality and quantity output targets and often productivity improvement goals to each team. Teams are then encouraged to use available resources and their own initiative to achieve those objectives.

Team-based structures are usually found within the manufacturing or service operations of larger divisional structures. For example, several GE Aircraft Engines plants are organized as team-based structures, but these plants operate within GE’s larger divisional structure. However, a small number of firms apply the team-based structure from top to bottom, including W. L. Gore & Associates and Semco SA, where almost all associates work in teams.

Evaluating the Team-Based Structure

The team-based organization represents an increasingly popular structure because it is usually more flexible and responsive to the environment. It tends to reduce costs because teams have less reliance on formal hierarchy (direct supervision). A cross-functional team structure improves communication and cooperation across traditional boundaries. With greater autonomy, this structure also allows quicker and more informed decision making. For this reason, some hospitals have shifted from functional departments to cross-functional teams. Teams composed of nurses, radiologists, anesthetists, a pharmacology representative, possibly social workers, a rehabilitation therapist, and other specialists communicate and coordinate more efficiently, thereby reducing delays and errors.
Against these benefits, the team-based structure can be costly to maintain due to the need for ongoing interpersonal skill training. Teamwork potentially takes more time to coordinate than formal hierarchy during the early stages of team development. Employees may experience more stress due to increased ambiguity in their roles. Team leaders also experience more stress due to increased conflict, loss of functional power, and unclear career progression ladders. In addition, team structures suffer from duplication of resources and potential competition (and lack of resource sharing) across teams.\footnote{52}

Matrix Structure

Throughout this chapter we have referred to the dilemma that Ray Muzyka and Greg Zeschuk faced regarding the best choice of an organizational structure for BioWare. The electronic game developer could adopt a functional structure, but this might not generate an optimal level of teamwork or commitment to the final product. Alternatively, BioWare’s employees could be organized into a team-based structure. But having several teams would duplicate resources and possibly undermine resource sharing among people with the same expertise across teams.

After carefully weighing the various organizational structure options, Muzyka and Zeschuk adopted a matrix structure to gain the benefits of both a functional structure and a project-based (team) structure. BioWare’s matrix structure, which is similar to the diagram in Exhibit 13.3, is organized around both functions (art, audio, programming,
etc.) and team-based game development projects. Employees are assigned to a cross-functional team responsible for a specific game project, yet they also belong to a permanent functional unit from which they are reassigned when their work is completed on a particular project. \(^5^3\) Muzyka and Zeschuk say the matrix structure encourages employees to think in terms of the final product yet keeps them organized around their expertise to encourage knowledge sharing. “The matrix structure also supports our overall company culture where BioWare is the team, and everyone is always willing to help each other whether they are on the same project or not,” they add. BioWare’s matrix structure has proved to be a good choice, particularly as the company (which recently became an independent division of Electronic Arts) has grown to almost 400 employees working on more than a half-dozen game projects in Austin, Texas, and Edmonton, Canada.

BioWare’s structure, in which project teams overlap with functional departments, is just one form of matrix structure. Another variation, which is common in large global firms, is to have geography on one axis and products/services or client groups on the other. Procter & Gamble recently moved toward this type of global matrix structure with geographic divisions (called “market development organizations”) on one axis and “global business units,” representing global brands, on the other axis. Previously, P&G had a geographic divisional structure, which gave too much power to country managers and not enough power or priority to globalizing its major brands (e.g., Pantene, Tide, Pringles). P&G’s leaders believe that the new matrix structure will balance this power, thereby supporting its philosophy of thinking globally and acting locally. \(^5^4\)

Evaluating the Matrix Structure  The matrix structure usually makes very good use of resources and expertise, making it ideal for project-based organizations with fluctuating workloads. When properly managed, it improves communication efficiency, project flexibility, and innovation, compared to purely functional or divisional designs. It focuses employees on serving clients or creating products yet keeps people organized around their specialization, so knowledge sharing improves and resources are used more efficiently. The matrix structure is also a logical choice when, as in the case of Procter & Gamble, two different dimensions (regions and products) are equally important. Structures determine executive power and what is important; the matrix structure works when two different dimensions deserve equal attention.

In spite of these advantages, the matrix structure has several well-known problems. \(^5^5\) One concern is that it increases conflict among managers who equally share power. Employees working at the matrix level have two bosses and, consequently, two sets of priorities that aren’t always aligned with each other. Project leaders might squabble with functional leaders regarding the assignment of specific employees to projects as well as regarding the employee’s technical competence. For example, Citigroup, Inc., recently adopted a geographic-product matrix structure and appears to be already experiencing dysfunctional conflict between the regional and product group executives. \(^3^0\) Aware of these potential conflicts, BioWare holds several “synchronization meetings” each year involving all department directors (art, design, audio, etc.), producers (i.e., game project leaders), and the human resource manager. These meetings sort out differences and ensure that staff members are properly assigned to each game project.

Another challenge is that the existence of two bosses can dilute accountability. In a functional or divisional structure, one manager is responsible for everything, even the most unexpected issues. But in a matrix structure, the unusual problems don’t
get resolved because neither manager takes ownership of them. Mark Hurd was so concerned about accountability that he replaced Hewlett-Packard’s matrix structure soon after becoming CEO. “The more accountable I can make you, the easier it is for you to show you’re a great performer,” Hurd declared. “The more I use a matrix, the easier I make it to blame someone else.” The combination of dysfunctional conflict and ambiguous accountability in matrix structures also explains why some employees experience more stress and some managers are less satisfied with their work arrangements.

**Network Structure**

BMW and Mercedes aren’t eager to let you know this, but some of their vehicles designed and constructed with Germanic precision are neither designed nor constructed by them or in Germany. Much of BMW’s X3, for example, was designed

---

**Losing Data in the Matrix**

Soon after Britain’s Inland Revenue and Customs/Excise departments merged to become HM Revenue & Customs (HMRC), the combined department experienced a series of errors that violated individual privacy rights. The most serious of these incidents occurred when HMRC staff somehow lost two computer disks containing confidential details of 25 million child welfare claimants. The UK government’s investigation into the security lapse concluded that along with resulting from poor security procedures, the error was partly due to “muddled accountabilities” created by the matrix organizational structure under which the new department operated. The investigator’s initial briefing stated that the matrix structure and numerous departments made it “difficult to relate roles and responsibilities amongst senior management to accountability.” In fact, responsibility for data security was assigned to no less than five departments, each of which reported to different director generals. The final report concluded that “[HMRC] is not suited to the so-called ‘constructive friction’ matrix type organization [that was] in place at the time of the data loss.” HMRC has since changed to a more traditional, single-command organizational structure.
by Magna Steyr in Austria. Magna also manufactured the vehicle in Austria until BMW transferred this work to its plant in South Carolina. The contract manufacturer also builds Mercedes's off-road G-class vehicle. Both BMW and Mercedes are hub organizations that own and market their respective brands, whereas Magna and other suppliers are spokes around the hub that provide production, engineering, and other services that get the auto firms' luxury products to customers.60

BMW, Mercedes, and many other organizations are moving toward a network structure as they design and build a product or serve a client through an alliance of several organizations.61 As Exhibit 13.4 illustrates, this collaborative structure typically consists of several satellite organizations beehived around a hub or core firm. The core firm orchestrates the network process and provides one or two other core competencies, such as marketing or product development. In our example, BMW or Mercedes is the hub that provides marketing and management, whereas other firms perform many other functions. The core firm might be the main contact with customers, but most of the product or service delivery and support activities are farmed out to satellite organizations located anywhere in the world. Extranets (Web-based networks with partners) and other technologies ensure that information flows easily and openly between the core firm and its array of satellites.62

One of the main forces pushing toward a network structure is the recognition that an organization has only a few core competencies. A core competency is a knowledge base that resides throughout the organization and provides a strategic advantage. As companies discover their core competency, they “unbundle” noncritical tasks to other organizations that have a core competency at performing those tasks. For instance, BMW decided long ago that its core competency is not facilities management, so it outsourced this function at its British engine plant to Dalkia, which specializes in facility maintenance and energy management.63
Companies are also more likely to form network structures when technology is changing quickly and production processes are complex or varied. Many firms cannot keep up with the hyperfast changes in information technology, so they have outsourced their entire information system departments to IBM, EDS, and other firms that specialize in information system services. Similarly, many high-technology firms form networks with Flextronics, Celestica, and other electronic equipment manufacturers that have expertise in diverse production processes.

Evaluating the Network Structure For several years, organizational behavior theorists have argued that organizational leaders must develop a metaphor of organizations as plasmalike organisms rather than rigid machines. Network structures come close to the organism metaphor because they offer the flexibility to realign their structure with changing environmental requirements. If customers demand a new product or service, the core firm forms new alliances with other firms offering the appropriate resources. For example, by working with Magna International, BMW was probably able to develop and launch the X3 vehicle much sooner than would have been the case if it had performed these tasks on its own. When BMW needs a different type of manufacturing, it isn’t saddled with nonessential facilities and resources. Network structures also offer efficiencies because the core firm becomes globally competitive as it shops worldwide for subcontractors with the best people and the best technology at the best price. Indeed, the pressures of global competition have made network structures more vital, and computer-based information technology has made them possible.

A potential disadvantage of network structures is that they expose the core firm to market forces. Other companies may bid up the price for subcontractors, whereas the short-term cost would be lower if the company hired its own employees to perform the same function. Another problem is that although information technology makes worldwide communication much easier, it will never replace the degree of control organizations have when manufacturing, marketing, and other functions are in-house. The core firm can use arm’s-length incentives and contract provisions to maintain the subcontractor’s quality, but these actions are relatively crude compared to maintaining the quality of work performed by in-house employees.

Contingencies of Organizational Design

Most organizational behavior theories and concepts have contingencies: Ideas that work well in one situation might not work as well in another situation. This contingency approach is certainly relevant when choosing the most appropriate organizational structure. In this section, we introduce four contingencies of organizational design: external environment, size, technology, and strategy. Before doing so, however, we need to warn you that this discussion is necessarily simplified because of an unresolved debate among organizational structure experts. The debate centers on the question of whether specific contingencies can be associated with specific elements of structure (centralization, formalization, etc.) or whether we need to examine configurations of
contingencies with broad typologies of organizational structure (such as organic versus mechanistic). Some writers further suggest that more than two different structural typologies might work equally well in a particular situational configuration. With these caveats in mind, let’s examine the four main contingencies of organizational structure.

**External Environment**
The best structure for an organization depends on its external environment. The external environment includes anything outside the organization, including most stakeholders (e.g., clients, suppliers, government), resources (e.g., raw materials, human resources, information, finances), and competitors. Four characteristics of external environments influence the type of organizational structure best suited to a particular situation: dynamism, complexity, diversity, and hostility.  

**Dynamic versus Stable Environments** Dynamic environments have a high rate of change, leading to novel situations and a lack of identifiable patterns. Organic structures are better suited to this type of environment so that the organization can adapt more quickly to changes, but only if employees are experienced and coordinate well in teamwork. In contrast, stable environments are characterized by regular cycles of activity and steady changes in supply and demand for inputs and outputs. Events are more predictable, enabling the firm to apply rules and procedures. Mechanistic structures are more efficient when the environment is predictable, so they tend to work better than organic structures.

**Complex versus Simple Environments** Complex environments have many elements, whereas simple environments have few things to monitor. As an example, a major university library operates in a more complex environment than a small-town public library. The university library’s clients require several types of services—book borrowing, online full-text databases, research centers, course reserve collections, and so on. A small-town public library has fewer of these demands placed on it. The more complex the environment, the more decentralized the organization should become. Decentralization is a logical response to complexity because decisions are pushed down to people and subunits with the necessary information to make informed choices.

**Diverse versus Integrated Environments** Organizations located in diverse environments have a greater variety of products or services, clients, and regions. In contrast, an integrated environment has only one client, product, and geographic area. The more diversified the environment, the more the firm needs to use a divisional structure aligned with that diversity. If it sells a single product around the world, a geographic divisional structure would align best with the firm’s geographic diversity, for example.

**Hostile versus Munificent Environments** Firms located in a hostile environment face resource scarcity and more competition in the marketplace. Hostile environments are typically dynamic ones because they reduce the predictability of access to resources and demand for outputs. Organic structures tend to be best in hostile environments. However, when the environment is extremely hostile—such as a severe shortage of supplies or lower market share—organizations tend to temporarily centralize so that decisions can be made more quickly and executives feel more comfortable being in control. Ironically, centralization may result in lower-quality decisions during organizational crises, because top management has less information, particularly when the environment is complex.
Chapter 13  Organizational Structure

Organizational Size

Larger organizations should have different structures from smaller organizations. As the number of employees increases, job specialization increases due to a greater division of labor. The greater division of labor requires more elaborate coordinating mechanisms. Thus, larger firms make greater use of standardization (particularly work processes and outcomes) to coordinate work activities. These coordinating mechanisms create an administrative hierarchy and greater formalization. Historically, larger organizations make less use of informal communication as a coordinating mechanism. However, emerging information technologies and increased emphasis on empowerment have caused informal communication to regain its importance in large firms.

Larger organizations also tend to be more decentralized. Executives have neither sufficient time nor expertise to process all the decisions that significantly influence the business as it grows. Therefore, decision-making authority is pushed down to lower levels, where incumbents are able to cope with the narrower range of issues under their control.

Technology

Technology is another factor to consider when designing the best organizational structure for the situation. Technology refers to the mechanisms or processes by which an organization turns out its product or service. One technological contingency is variability—the number of exceptions to standard procedure that tend to occur. In

Being Big and Small All at Once  Johnson & Johnson (J&J) may be best known for Band-Aids and baby powder, but the New Jersey–based company is really a conglomerate of 250 businesses in 57 countries that manufacture and/or market prescription medicines (accounting for 40 percent of its total business), medical devices and diagnostics (the largest such business in the world), and personal care products (toothbrushes, skin creams, shampoos, etc.). Successful companies decentralize when operating in complex and diversified environments, and J&J is no exception. “J&J is probably the reference company for being decentralized,” says William Weldon, J&J’s chairman and CEO. Weldon points out that the company’s decentralized structure allows it to be more sensitive and responsive to each unique culture and business setting. “The men and women who run our businesses around the world usually are people who grew up in those markets, understand those markets, and develop themselves in those markets,” Weldon explains. Decentralization of a large organization has other advantages. “We are big and we are small all at once,” says J&J’s Web site. “Each of our operating companies functions as its own small business . . . [yet] they also have access to the know-how and resources of a Fortune 50 company. It’s like having dozens of strategic partners at their fingertips.”

Organizational Size

Larger organizations should have different structures from smaller organizations. As the number of employees increases, job specialization increases due to a greater division of labor. The greater division of labor requires more elaborate coordinating mechanisms. Thus, larger firms make greater use of standardization (particularly work processes and outcomes) to coordinate work activities. These coordinating mechanisms create an administrative hierarchy and greater formalization. Historically, larger organizations make less use of informal communication as a coordinating mechanism. However, emerging information technologies and increased emphasis on empowerment have caused informal communication to regain its importance in large firms.

Larger organizations also tend to be more decentralized. Executives have neither sufficient time nor expertise to process all the decisions that significantly influence the business as it grows. Therefore, decision-making authority is pushed down to lower levels, where incumbents are able to cope with the narrower range of issues under their control.

Technology

Technology is another factor to consider when designing the best organizational structure for the situation. Technology refers to the mechanisms or processes by which an organization turns out its product or service. One technological contingency is variability—the number of exceptions to standard procedure that tend to occur. In

Being Big and Small All at Once  Johnson & Johnson (J&J) may be best known for Band-Aids and baby powder, but the New Jersey–based company is really a conglomerate of 250 businesses in 57 countries that manufacture and/or market prescription medicines (accounting for 40 percent of its total business), medical devices and diagnostics (the largest such business in the world), and personal care products (toothbrushes, skin creams, shampoos, etc.). Successful companies decentralize when operating in complex and diversified environments, and J&J is no exception. “J&J is probably the reference company for being decentralized,” says William Weldon, J&J’s chairman and CEO. Weldon points out that the company’s decentralized structure allows it to be more sensitive and responsive to each unique culture and business setting. “The men and women who run our businesses around the world usually are people who grew up in those markets, understand those markets, and develop themselves in those markets,” Weldon explains. Decentralization of a large organization has other advantages. “We are big and we are small all at once,” says J&J’s Web site. “Each of our operating companies functions as its own small business . . . [yet] they also have access to the know-how and resources of a Fortune 50 company. It’s like having dozens of strategic partners at their fingertips.”

Organizational Size

Larger organizations should have different structures from smaller organizations. As the number of employees increases, job specialization increases due to a greater division of labor. The greater division of labor requires more elaborate coordinating mechanisms. Thus, larger firms make greater use of standardization (particularly work processes and outcomes) to coordinate work activities. These coordinating mechanisms create an administrative hierarchy and greater formalization. Historically, larger organizations make less use of informal communication as a coordinating mechanism. However, emerging information technologies and increased emphasis on empowerment have caused informal communication to regain its importance in large firms.

Larger organizations also tend to be more decentralized. Executives have neither sufficient time nor expertise to process all the decisions that significantly influence the business as it grows. Therefore, decision-making authority is pushed down to lower levels, where incumbents are able to cope with the narrower range of issues under their control.

Technology

Technology is another factor to consider when designing the best organizational structure for the situation. Technology refers to the mechanisms or processes by which an organization turns out its product or service. One technological contingency is variability—the number of exceptions to standard procedure that tend to occur. In
work processes with low variability, jobs are routine and follow standard operating procedures. Another contingency is analyzability—the predictability or difficulty of the required work. The less analyzable the work, the more it requires experts with sufficient discretion to address the work challenges. An organic, rather than a mechanistic, structure should be introduced where employees perform tasks with high variety and low analyzability, such as in a research setting. The reason is that employees face unique situations with little opportunity for repetition. In contrast, a mechanistic structure is preferred where the technology has low variability and high analyzability, such as an assembly line. The work is routine and highly predictable, an ideal situation for a mechanistic structure to operate efficiently.

Organizational Strategy

**Organizational strategy** refers to the way the organization positions itself in its setting in relation to its stakeholders, given the organization’s resources, capabilities, and mission. In other words, strategy represents the decisions and actions applied to achieve the organization’s goals. Although size, technology, and environment influence the optimal organizational structure, these contingencies do not necessarily determine structure. Instead, corporate leaders formulate and implement strategies that shape both the characteristics of these contingencies as well as the organization’s resulting structure.

This concept is summed up with the simple phrase “Structure follows strategy.” Organizational leaders decide how large to grow and which technologies to use. They take steps to define and manipulate their environments, rather than let the organization’s fate be entirely determined by external influences. Furthermore, organizational structures don’t evolve as a natural response to these contingencies. Instead, they result from organizational decisions. Thus, organizational strategy influences both the contingencies of structure and the structure itself. If a company’s strategy is to compete through innovation, a more organic structure would be preferred because it is easier for employees to share knowledge and be creative. If a company chooses a low-cost strategy, a mechanistic structure is preferred because it maximizes production and service efficiency. Overall, it is now apparent that organizational structure is influenced by size, technology, and environment, but the organization’s strategy may reshape these elements and loosen their connection to organizational structure.

Chapter Summary

Organizational structure is the division of labor as well as the patterns of coordination, communication, workflow, and formal power that direct organizational activities. All organizational structures divide labor into distinct tasks and coordinate that labor to accomplish common goals. The primary means of coordination are informal communication, formal hierarchy, and standardization.

The four basic elements of organizational structure are span of control, centralization, formalization, and departmentalization. The optimal span of control—the number of people directly reporting to the next level in the hierarchy—depends on the presence of coordinating mechanisms other than formal hierarchy, as well as on whether employees perform routine tasks and how much interdependence there is among employees within the department.

Centralization occurs when formal decision authority is held by a small group of people, typically senior executives. Many companies decentralize as they become larger and more complex, but some sections of the company may remain centralized while other
sections decentralize. Formalization is the degree to which organizations standardize behavior through rules, procedures, formal training, and related mechanisms. Companies become more formalized as they get older and larger. Formalization tends to reduce organizational flexibility, organizational learning, creativity, and job satisfaction.

Span of control, centralization, and formalization cluster into mechanistic and organic structures. Mechanistic structures are characterized by a narrow span of control and a high degree of formalization and centralization. Companies with an organic structure have the opposite characteristics.

Departmentalization specifies how employees and their activities are grouped together. It establishes the chain of command, focuses people around common mental models, and encourages coordination through informal communication among people and subunits. A functional structure organizes employees around specific knowledge or other resources. This fosters greater specialization and improves direct supervision, but it weakens the focus on serving clients or developing products.

A divisional structure groups employees around geographic areas, clients, or outputs. This structure accommodates growth and focuses employee attention on products or customers rather than tasks. However, this structure duplicates resources and creates silos of knowledge. Team-based structures are very flat, with low formalization, and organize self-directed teams around work processes rather than functional specialties. The matrix structure combines two structures to leverage the benefits of both types of structure. However, this approach requires more coordination than functional or pure divisional structures, may dilute accountability, and increases conflict. A network structure is an alliance of several organizations for the purpose of creating a product or serving a client.

The best organizational structure depends on the firm’s external environment, size, technology, and strategy. The optimal structure depends on whether the environment is dynamic or stable, complex or simple, diverse or integrated, and hostile or munificent. As organizations increase in size, they become more decentralized and more formalized. The work unit’s technology—including variety of work and analyzability of problems—influences whether to adopt an organic or mechanistic structure. These contingencies influence but do not necessarily determine structure. Instead, corporate leaders formulate and implement strategies that shape both the characteristics of these contingencies as well as the organization’s resulting structure.

Key Terms

- centralization, p. 393
- concurrent engineering, p. 388
- divisional structure, p. 397
- formalization, p. 393
- functional structure, p. 396
- globally integrated enterprise, p. 399
- matrix structure, p. 401
- mechanistic structure, p. 394
- network structure, p. 404
- organic structure, p. 395
- organizational strategy, p. 408
- organizational structure, p. 386
- span of control, p. 390
- team-based structure, p. 400

Critical Thinking Questions

1. TAXI and Nitro, two creative advertising companies described in this chapter, have organic, team-based structures. What coordinating mechanism likely dominates in this type of organizational structure? Describe the extent and form in which the other two types of coordination might be apparent at TAXI and Nitro.

2. Think about the business school or other organizational unit whose classes you are currently attending. What is the dominant coordinating mechanism used to guide or control the instructor? Why is this coordinating mechanism used the most here?

3. Administrative theorists concluded many decades ago that the most effective organizations have a narrow span of control. Yet today’s top-performing manufacturing firms have a wide span of control. Why is this possible? Under what circumstances, if any, should manufacturing firms have a narrow span of control?

4. Leaders of large organizations struggle to identify the best level and types of centralization and decentralization. What should companies consider when determining the degree of decentralization?
Case Study 13.1  MACY’S GETS PERSONAL

Macy’s, Inc., wants to get more personal with its customers. The world’s largest department store is responding to declining sales by introducing a new organizational structure in which local districts and stores have more autonomy to personalize merchandise and marketing for customers in that area. This change is part of its “My Macy’s” strategy developed a year earlier, which is aimed at getting customers to feel a personal connection to the Macy’s outlets in their area by ensuring that those stores provide merchandise assortments, size ranges, marketing programs, and shopping experiences that are more closely aligned to local needs.

“Improving sales and earnings performance requires innovation in engaging our customer more effectively in every store, as well as reducing total costs,” explains Macy’s CEO Terry J. Lundgren. “We believe the right answer is to reallocate our resources to place more emphasis and talent at the local market level to differentiate Macy’s stores, serve customers, and drive business. In essence, we plan to drive sales growth by improving our knowledge at the local level and then acting quickly on that knowledge. In addition, we believe our new strategies will speed up decision making and simplify the process of working with our vendors.”

Macy’s new organizational structure consists of 20 districts spread across three regions (East, South, and West). District managers and their small staff of store merchandisers and planners will be responsible for an average of 10 stores rather than 16 to 18 stores in the previous structure. This narrower span of control gives district staff and management the opportunity to work more closely with each store. The district managers, who report to regional heads, will also have more autonomy to make decisions regarding space allocation, service levels, and visual merchandising within each store.

The district store merchandisers will liaise with Macy’s central buying executives to understand and act on the merchandise needs of local customers. The district planners will provide market-specific intelligence to division planning offices. The company is introducing new systems technology to help the district and store management more accurately stock local stores with items, brands, garment sizes, and colors preferred by customers who shop at those specific locations. District offices will also receive resources to participate in local events. The new structure will result in about 250 people in district offices, double the previous number at that level. Meanwhile, Macy’s is laying off more than 2,000 employees, many of them from regional offices where many decisions were previously made.

Macy’s new organizational structure and marketing strategy is something of an about-face. Over the past
Even with these concerns, Macy’s CEO is upbeat about the reorganization. “I’m pretty excited about the new structure,” says Lundgren. “It’s about growing sales. It’s about trying to be more locally in tune with customer preferences. It’s about giving our team a small span of control, so they really get educated about what the product needs are for that local consumer.”

Discussion Questions

1. What changes has Macy’s introduced in terms of the four elements of organizational structure?
2. What contingencies suggest that Macy’s new organizational structure is appropriate for its environment?
3. What problems do you think Macy’s might experience with the new organizational structure? What factors suggest that the new organizational structure may face problems?


Case Study 13.2 MORE THAN COSMETIC CHANGES AT AVON

After several years of stellar growth and earnings, Avon Products Inc. suddenly experienced declining sales around the world. CEO Andrea Jung, who led the company through its good years, now had to become a turnaround expert. “I’d never done anything like that before,” admits Jung. “My first reaction was: ‘I get it. I see the numbers, but I just don’t know if I, or we, have the stomach for it.” One of Jung’s strategies was to reorganize Avon so that it would be more nimble and responsive to the market.

This BusinessWeek case study describes how Avon CEO Andrea Jung introduced a new organizational structure and made other changes to return the cosmetics company to profitability and growth. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions below.

Discussion Questions

1. What organizational structure problems did Avon experience prior to the reorganization?
2. What changes did Andrea Jung make to Avon’s organizational structure? In your opinion, were these structural changes appropriate? Why or why not?
3. This case study also refers to problems and improvements in managerial decision making. In what way(s) does decision making relate to organizational structure here?

Team Exercise 13.3  THE CLUB ED EXERCISE

Cheryl Harvey and Kim Morouney, Wilfred Laurier University

PURPOSE  This exercise is designed to help you understand the issues to consider when designing organizations at various stages of growth.

MATERIALS  Each student team should have enough overhead transparencies or flip-chart sheets to display several organizational charts.

INSTRUCTIONS  Each team discusses the scenario presented. The first scenario is presented below. The instructor will facilitate discussion and notify teams when to begin the next step. The exercise and debriefing require approximately 90 minutes, although fewer scenarios can reduce the time somewhat.

1. Students are placed in teams (typically four or five people).
2. After reading Scenario 1 presented below, each team will design an organizational chart (departmentalization) that is most appropriate for the situation. Students should be able to describe the type of structure drawn and explain why it is appropriate. The structure should be drawn on an overhead transparency or flip chart for others to see during later class discussion. The instructor will set a fixed time (e.g., 15 minutes) to complete this task.

Scenario 1.  Determined never to shovel snow again, you are establishing a new resort business on a small Caribbean island. The resort is under construction and is scheduled to open one year from now. You decide it is time to draw up an organizational chart for this new venture, called Club Ed.

3. At the end of the time allowed, the instructor will present Scenario 2, and each team will be asked to draw another organizational chart to suit that situation. Again, students should be able to describe the type of structure drawn and explain why it is appropriate.
4. At the end of the time allowed, the instructor will present Scenario 3, and each team will be asked to draw another organizational chart to suit that situation.
5. Depending on the time available, the instructor might present a fourth scenario. The class will gather to present their designs for each scenario. During each presentation, teams should describe the type of structure drawn and explain why it is appropriate.

Source: Reprinted with permission of Cheryl Harvey, Wilfrid Laurier University.

Self-Assessment 13.4

WHAT ORGANIZATIONAL STRUCTURE DO YOU PREFER?

PURPOSE  This exercise is designed to help you understand how an organization’s structure influences the personal needs and values of people working in that structure.

INSTRUCTIONS  Personal values influence how comfortable you are working in different organizational structures. You might prefer an organization with clearly defined rules or no rules at all. You might prefer a firm where almost any employee can make important decisions or one where important decisions are screened by senior executives. Read each statement below and indicate the extent to which you would like to work in an organization
with that characteristic. When finished, use the scoring key in Appendix B at the end of the book to calculate your results. This self-assessment should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the elements of organizational design and their relationship to personal needs and values.

Organizational Structure Preference Scale

<table>
<thead>
<tr>
<th>I would like to work in an organization where...</th>
<th>Not at all</th>
<th>A little</th>
<th>Some-what</th>
<th>Very much</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. A person’s career ladder has several steps toward higher status and responsibility.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2. Employees perform their work with few rules to limit their discretion.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3. Responsibility is pushed down to employees who perform the work.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4. Supervisors have few employees, so they work closely with each person.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5. Senior executives make most decisions to ensure that the company is consistent in its actions.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6. Jobs are clearly defined so that there is no confusion over who is responsible for various tasks.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7. Employees have their say on issues, but senior executives make most of the decisions.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8. Job descriptions are broadly stated or nonexistent.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9. Everyone’s work is tightly synchronized around top-management operating plans.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10. Most work is performed in teams without close supervision.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11. Work gets done through informal discussion with co-workers rather than through formal rules.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>12. Supervisors have so many employees that they can’t watch anyone very closely.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>13. Everyone has clearly understood goals, expectations, and job duties.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>14. Senior executives assign overall goals, but leave daily decisions to frontline teams.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>15. Even in a large company, the CEO is only three or four levels above the lowest position.</td>
<td>☐ ☐ ☐ ☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

© 2000 Steven L. McShane.

After reading this chapter, if you feel that you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
Propelled by a culture of cost efficiency and competitiveness, Dell, Inc., was the unstoppable leader in the computer industry for more than a decade. Experts praised its low-cost, responsive manufacturing and direct-marketing sales model. Founder Michael Dell championed short-term objectives, while Kevin Rollins (until recently Dell CEO) was the architect of efficiency-oriented processes and measures. Dell culture emphasized “winning,” meaning that it focused on beating the competition and staying on top through low prices. “There are some organizations where people think they’re a hero if they invent a new thing,” Rollins said a few years ago. “Being a hero at Dell means saving money.”

Although still an efficient manufacturer of low-cost computers, Dell’s spectacular success has stalled while HP and other competitors are moving ahead. The reason? Dell’s strong culture blinded leaders and most staff to anything other than building low-cost computers, yet the market was shifting toward a preference for style and innovation. “Dell’s culture is not inspirational or aspirational,” suggests one industry expert. “[Its] culture only wants to talk about execution.” A few staff warned that Dell’s culture needed to change, but those who dared to criticize the company’s deeply ingrained values and assumptions were quickly silenced. “A lot of red flags got waved—but only once,” recalls a former Dell manager.

Meanwhile, Dell’s fortunes—including public ratings of its culture—were falling. A few years ago, Dell ranked number one on Fortune magazine’s list of most admired companies in America; two years later, it was off the top 20 list. Similarly, Dell Canada placed fifth on the list of Canada’s most admired corporate cultures in 2006. A year later, the company was not mentioned at all; its culture was no longer admired.

These and other concerns motivated founder Michael Dell to return as CEO, replacing Kevin Rollins. Other senior executives have also left the company. “The company was too focused on the short term,” Dell admits. He apparently also repeatedly emphasizes to staff that Dell’s past culture “is not a religion.” Dell is convinced he can turn the company around, and there is some indication his new vision is working. Still, a few critics believe that changing Dell’s culture will be a mammoth task. “It’s not an easy transition,” warns a technology analyst. “You’ve got to change your mind-set and your culture.”

Dell's competitive and efficiency-focused culture is now becoming a liability to the computer-maker's future.
Organizational Culture

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Describe the elements of organizational culture.
2. Discuss the importance of organizational subcultures.
3. List four categories of artifacts through which corporate culture is deciphered.
4. Identify three functions of organizational culture.
5. Discuss the conditions under which organizational culture strength improves organizational performance.
6. Compare and contrast four strategies for merging organizational cultures.
7. Identify the four strategies for changing or strengthening an organization's culture.
8. Apply attraction-selection-attrition theory to explain how organizational culture strengthens.
9. Describe the stages of organizational socialization.
10. Explain how realistic job previews assist the socialization process.
Dell’s current challenges illustrate the perils of ignoring organizational culture. **Organizational culture** consists of the values and assumptions shared within an organization.² It defines what is important and unimportant in the company and, consequently, directs everyone in the organization toward the “right way” of doing things. You might think of organizational culture as the organization’s DNA—invisible to the naked eye, yet a powerful template that shapes what happens in the workplace.

This chapter begins by identifying the elements of organizational culture and then describing how culture is deciphered through artifacts. This is followed by a discussion of the relationship between organizational culture and performance, including the effects of cultural strength, fit, and adaptability. Then we examine ways to change or strengthen organizational culture. The final section of this chapter turns our attention to the challenges of and solutions to merging organizational cultures.

### Elements of Organizational Culture

Exhibit 14.1 illustrates how the shared values and assumptions of an organization’s culture relate to each other and are associated with artifacts, which are discussed later in this chapter. **Values**, which were described in Chapters 1 and 2, are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.³ They are conscious perceptions about what is good or bad, right or wrong. In the context of organizational culture, values are discussed as **shared values**, which are values that people within the organization or work unit have in common and place near the top of their hierarchy of values.⁴ At Dell, employees generally hold the shared values of efficiency and competitiveness (winning), whereas other possible values take a lower priority. Organizational culture also consists of **shared assumptions**—a deeper element that some experts believe is the essence of corporate culture. Shared assumptions are nonconscious, taken-for-granted perceptions or ideal prototypes of behavior that are considered the correct way to think and act toward problems and opportunities. Shared assumptions are so deeply ingrained that you probably wouldn’t discover them by surveying employees. Only by observing the employees, analyzing their decisions, and debriefing them on their actions would these assumptions rise to the surface.

It has become a popular practice for leaders to identify and publicly state their organization’s culture or, more precisely, their shared values. Yahoo, the online portal company, is no exception. Its Web site proudly says that six values represent “what makes it tick”: excellence, innovation, customer fixation, teamwork, community, and fun. Korean steelmaker POSCO, which is one of Asia’s most admired companies and rated by senior university students as the most desired company to work for in Korea, also proudly describes its six core values: customer focus, execution (achieving goals), integrity, recognizing the value of people, and challenge (an indomitable spirit of transforming the impossible into reality).

Do these values really represent the cultural content of Yahoo and POSCO? Possibly, to some extent. However, these value proclamations represent **espoused values**—the
Organizational leaders construct a positive public image by claiming to believe in values that are socially desirable, even when they are not applied (see Chapter 2). An often-cited example is Enron Corp. The Houston-based energy conglomerate listed its cultural values as communication, respect, integrity, and excellence, yet it went bankrupt when its leaders perpetrated one of the world’s largest accounting frauds. The problem was that Enron’s espoused values were quite different from its enacted values. Another issue is that even if leaders abide by the espoused values, lower-level employees might not share these values. In contrast, organizational culture consists of shared enacted values—the values that leaders and employees truly rely on to guide their decisions and actions. These “values-in-use” are apparent by watching people in action.

Exhibit 14.1 Organizational Culture Assumptions, Values, and Artifacts

Organizational culture

Artifacts of organizational culture

- Physical structures
- Language
- Rituals and ceremonies
- Stories and legends

Shared values
- Conscious beliefs
- Evaluate what is good or bad, right or wrong

Shared assumptions
- Nonconscious, taken-for-granted beliefs
- Implicit mental models, ideal prototypes of behavior

values that leaders say they and their staff rely on to guide their decisions and actions.
Content of Organizational Culture

Organizations differ in their cultural content, that is, the relative ordering of values and varying types of assumptions. Dell’s culture places efficiency and competitiveness far above innovation and aesthetics, whereas the culture at Apple, Inc., prioritizes innovation and style as equal to or higher than cost efficiency. Here are a few more companies and their apparent dominant cultures:

- **SAS Institute.** Burning the midnight oil is a way of life at many high-technology companies, but SAS Institute has a completely different culture. The software company in Cary, North Carolina, shoo’s out its employees by 6 p.m. and locks the doors to be sure they practice work–life balance. Located on a 200-acre campus, SAS supports employee well-being with free on-site medical care, unlimited sick days, heavily subsidized day care, ski trips, personal trainers, inexpensive gourmet cafeterias, and tai chi classes. CEO Jim Goodnight has fended off dozens of potential acquiring companies because he wants to keep the employee-friendly culture intact. “We spent many years building a culture here that’s honed out of respect for our employees, and is one of innovation and creativity, one of exceeding customer expectations,” Goodnight explains. “I don’t want to see that end by SAS being merged into another company.”

- **ICICI Bank.** India’s second-largest bank exudes a performance-oriented culture focused on growth. Its organizational practices place a premium on training, career development, goal setting, and pay for performance, all with the intent of maximizing employee achievement and customer service. The company relies on GE’s storied performance curve, in which a small percentage of staff receive generous rewards while the bottom 5 percent are cut from the payroll. “Growth happens only when there are differential rewards for differential performers,” explains ICICI’s head of human resources.

- **Toyota Motor Company.** Being good isn’t good enough at Toyota. The company that continuously raises the bar on production efficiency has a strong learning orientation culture—employees are encouraged to discover and acknowledge mistakes so that the company can continuously improve. Toyota’s culture also emphasizes humility. Even as it rises to the top of the auto industry, Toyota’s leaders are hesitant to talk up their successes. “We’re paranoid against arrogance,” explains Ray Tanguay, vice president of Toyota Motor Engineering and Manufacturing North America. “‘Not good enough’ are key words for us.”

Employee-friendly and creative, performance-oriented, efficiency and humility—how many corporate cultural values are there? Many experts have tried to classify corporate culture into a few easy-to-remember categories. One of the most popular and respected models identifies seven corporate cultures (see Exhibit 14.2). Another popular model identifies four organizational cultures organized in a two-by-two table representing internal versus external focus and flexibility versus control. Other models organize cultures around a circle with 8 or 12 categories. These circumplex models suggest that some cultures are opposite to others, such as an avoidance culture versus a self-actualization culture, or a power culture versus a collegial culture.

These organizational culture models and surveys are popular with corporate leaders faced with the messy business of diagnosing their company’s culture and identifying what kind of culture they want to develop. Unfortunately, they also present a distorted view of organizational culture. First, these models oversimplify the diversity of cultural values in organizations. The fact is, there are dozens of individual values,
and many more combinations of values, so the number of organizational cultures that these models describe likely falls considerably short of the full set. Second, we must remember that organizational culture includes shared assumptions about the right way to do things, not just shared values. Few models take this more subterranean aspect of culture into account.

A third concern is that these organizational culture models and measures typically adopt an “integration” perspective; they assume that most organizations have a fairly clear, unified culture that is easily decipherable. They assert that an organization’s culture is inherently measurable because any ambiguity is outside the domain of the culture. The integration perspective further assumes that when an organization’s culture changes, it shifts from one unified condition to a new unified condition with only temporary ambiguity or weakness during the transition. These assumptions are probably incorrect or, at best, oversimplified. An organization’s culture is usually quite blurry, so much so that it cannot be estimated through employee surveys alone. As we discuss next, organizations consist of diverse subcultures that preclude any potential consensus or consistency in values and assumptions across the organization. Indeed, even these subcultural clusters can be ill-defined because values and assumptions are ultimately unique to every individual. We are not suggesting here that organizational culture is nonexistent; some degree of shared values and assumptions does exist in many organizations. Instead, we warn that popular organizational culture models and measures oversimplify the variety of organizational cultures and falsely presume that organizations can easily be identified within these categories.

Organizational Subcultures

When discussing organizational culture, we are really referring to the dominant culture, that is, the values and assumptions shared most consistently and widely by the organization’s members. The dominant culture is usually understood and internalized by senior management, but it sometimes exists in spite of senior management’s desire for another culture. Furthermore, as mentioned in the previous section, an organization’s dominant culture is not as unified or clear as many consultants and business leaders assume. Instead, organizations are composed of subcultures located throughout their various divisions, geographic regions, and occupational groups. Some subcultures enhance the dominant culture by espousing parallel assumptions and values; others differ from but do not oppose the dominant culture; still others are called

<table>
<thead>
<tr>
<th>Organizational culture dimension</th>
<th>Characteristics of the dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation</td>
<td>Experimenting, opportunity seeking, risk taking, few rules, low cautiousness</td>
</tr>
<tr>
<td>Stability</td>
<td>Predictability, security, rule-oriented</td>
</tr>
<tr>
<td>Respect for people</td>
<td>Fairness, tolerance</td>
</tr>
<tr>
<td>Outcome orientation</td>
<td>Action-oriented, high expectations, results-oriented</td>
</tr>
<tr>
<td>Attention to detail</td>
<td>Precise, analytic</td>
</tr>
<tr>
<td>Team orientation</td>
<td>Collaboration, people-oriented</td>
</tr>
<tr>
<td>Aggressiveness</td>
<td>Competitive, low emphasis on social responsibility</td>
</tr>
</tbody>
</table>

countercultures because they embrace values or assumptions that directly oppose the organization’s dominant culture. It is also possible that some organizations (including some universities, according to one study) operate with subcultures and no decipherable dominant culture at all.\textsuperscript{13}

Subcultures, particularly countercultures, potentially create conflict and dissension among employees, but they also serve two important functions.\textsuperscript{14} First, they maintain the organization’s standards of performance and ethical behavior. Employees who hold countercultural values are an important source of surveillance and critical review of the dominant order. They encourage constructive conflict and more creative thinking about how the organization should interact with its environment. Subcultures prevent employees from blindly following one set of values and thereby help the organization to abide by society’s ethical values.

The second function of subcultures is that they are the spawning grounds for emerging values that keep the firm aligned with the needs of customers, suppliers, society, and other stakeholders. Companies eventually need to replace their dominant values with ones that are more appropriate for the changing environment. If subcultures are suppressed, the organization may take longer to discover and adopt values aligned with the emerging environment.

Deciphering Organizational Culture through Artifacts

We can’t directly see an organization’s cultural assumptions and values. Instead, as Exhibit 14.1 illustrated earlier, we decipher organizational culture indirectly through artifacts. Artifacts are the observable symbols and signs of an organization’s culture, such as the way visitors are greeted, the organization’s physical layout, and how employees are rewarded.\textsuperscript{15} A few experts suggest that artifacts are the essence of organizational culture, whereas most others (including the authors of this book) view artifacts as symbols or indicators of culture. Either way, artifacts are important because they reinforce and potentially support changes to an organization’s culture.

Artifacts provide valuable evidence about a company’s culture.\textsuperscript{16} An organization’s culture is usually too ambiguous and complex and its cultural assumptions too deeply ingrained to be measured through surveys. Instead, we need to observe workplace behavior, listen to everyday conversations among staff and with customers, study written documents and e-mails, note physical structures and settings, and interview staff about corporate stories. In other words, we need to sample information from a range of organizational artifacts. For example, the Mayo Clinic conducted an assessment of its culture by hiring an anthropologist to decipher the medical organization’s culture at its headquarters in Rochester, Minnesota, and to identify ways of transferring that culture to its two newer sites in Florida and Arizona. For six weeks, the anthropologist shadowed employees, posed as a patient in waiting rooms, did countless interviews, and accompanied physicians on patient visits. The final report outlined Mayo’s dominant culture and how its satellite operations varied from that culture.\textsuperscript{17}

In this section, we review the four broad categories of artifacts: organizational stories and legends, rituals and ceremonies, language, and physical structures and symbols.

Organizational Stories and Legends

Stories permeate strong organizational cultures. Some tales recount heroic deeds, such as Michael Dell’s determination in the 1980s to build his computer company, beginning from his dorm room when attending university. Other stories ridicule past
events that deviate from the firm’s core values. Organizational stories and legends serve as powerful social prescriptions of the way things should (or should not) be done. They add human realism to corporate expectations, individual performance standards, and the criteria for getting fired. Stories also produce emotions in listeners, and this tends to improve listeners’ memory of the lesson within the story. Stories have the greatest effect on communicating corporate culture when they describe real people, are assumed to be true, and are known by employees throughout the organization. Stories are also prescriptive—they advise people what to do or not to do.

Rituals and Ceremonies

Rituals are the programmed routines of daily organizational life that dramatize an organization’s culture. They include how visitors are greeted, how often senior executives visit subordinates, how people communicate with each other, how much time

Stories of Cirque du Soleil’s Daring Culture  Cirque du Soleil, the Montreal-based troupe that combines circus with theater, thrives on a culture of daring and creativity. This is apparent in stories about how the troupe was started. In 1980, Gilles Ste-Croix asked the Quebec government for funding to start a street theater group in Baie-Saint-Paul, northwest of Quebec City. When the government rejected the application, Ste-Croix walked 55 miles (90 kilometers) from Baie-Saint-Paul to Quebec City... on stilts! The grueling 22-hour trip got the government’s attention and financial support. “If you’re crazy enough to walk all this way on stilts, we’ll give you some money to create jobs,” a Quebec government representative apparently said. Without that daring event, Cirque du Soleil probably wouldn’t exist today, because Ste-Criox’s band of 15 performers included Guy Laliberté, who founded Cirque du Soleil in 1984 with Ste-Croix and others. In 1987, Cirque du Soleil was invited to perform at the Los Angeles Arts Festival, but the festival could not provide funds in advance to cover Cirque du Soleil’s costs. Laliberté took a gamble by literally emptying the troupe’s bank account to transport the performers and equipment to California. “I bet everything on that one night [at the Los Angeles Arts Festival],” Laliberté recalls. “If we failed, there was no cash for gas to come home.” Fortunately, the gamble paid off. Cirque du Soleil was a huge success, which led to more opportunities and successes in the following years.
employees take for lunch, and so on. For instance, BMW’s fast-paced culture is quite literally apparent in the way employees walk around the German carmaker’s offices. “When you move through the corridors and hallways of other companies’ buildings, people kind of crawl, they walk slowly,” observes a BMW executive. “But BMW people tend to move faster.”

Ceremonies are more formal artifacts than rituals. Ceremonies are planned activities conducted specifically for the benefit of an audience. This would include publicly rewarding (or punishing) employees or celebrating the launch of a new product or newly won contract.

Organizational Language
The language of the workplace speaks volumes about the company’s culture. How employees address co-workers, describe customers, express anger, and greet stakeholders are all verbal symbols of cultural values. Employees at The Container Store compliment each other about “being Gumby,” meaning that they are being as flexible as the once-popular green toy to help a customer or another employee. When Charles Schwab & Co. acquired U.S. Bank, executives at U.S. Bank winced when they heard Schwab executives use the word “customers”; U.S. Bank staff have “clients,” a term that reflects a deeper, longer-term relationship. Language also highlights values held by organizational subcultures. For instance, consultants working at Whirlpool kept hearing employees talk about the appliance company’s “PowerPoint culture.” This phrase, which names Microsoft’s presentation software, is a critique of Whirlpool’s hierarchical culture in which communication is one-way (from executives to employees).

Physical Structures and Symbols
Winston Churchill once said, “We shape our buildings; thereafter, they shape us.” The former British prime minister was reminding us that buildings both reflect and influence an organization’s culture. The size, shape, location, and age of buildings might suggest a company’s emphasis on teamwork, environmental friendliness, flexibility, or any other set of values. Wal-Mart’s culture of efficiency and frugality is easily apparent from its head office in Bentonville, Arkansas. The world’s largest retailer operates out of what looks like an old shopping mall—a low-rise brick structure surrounded by a large parking lot. Oakley, Inc’s “interplanetary headquarters” in Foothills Ranch, California, on the other hand, is a vaultlike structure complete with towering metallic walls studded with oversize bolts, representing its secretive and protective culture. “We’ve always had a fortress mentality,” says an executive at the eyewear and clothing company. “What we make is gold, and people will do anything to get it, so we protect it.”

Even if the building doesn’t make much of a statement, there is a treasure trove of physical artifacts inside. Desks, chairs, office space, and wall hangings (or lack of them) are just a few of the items that might convey cultural meaning. The interior of Wal-Mart’s head office symbolizes frugality just as much as does its exterior building structure. Suppliers crowd into a spartan waiting room that could have been copied from offices at the state department of motor vehicles. Visitors pay for their own soft drinks and coffee. Multimillion-dollar contracts are discussed with Wal-Mart buyers in small rooms, each with one fluorescent light bulb and one framed picture of Wal-Mart founder Sam Walton.

The physical artifacts at the head offices of Mother symbolize a culture quite different from Wal-Mart’s. Housed in a converted warehouse in an artsy district of
London, the creative agency has a large reception hall with an adjoining casual lounge on one side and a large cafeteria on the other, where staff can get free fruit, cereals, toast, and similar snacks any time they want. A wide staircase leads from reception to the next floor, which has meeting rooms separated only by dividers made of hanging strips of opaque plastic. The top floor of Mother’s offices is one room dominated by a massive concrete table around which dozens of staff work. Each of these physical artifacts alone might not say much, but put enough of them together and you can see how they symbolize Mother’s edgy creative culture with a strong team orientation.  

Learning Objectives

After reading the next section, you should be able to:
4. Identify three functions of organizational culture.
5. Discuss the conditions under which organizational culture strength improves organizational performance.

Is Organizational Culture Important?

Does organizational culture improve organizational effectiveness? Leaders at The Container Store, Mayo Clinic, Cirque du Soleil, and other companies think so. “Culture is one of the most precious things a company has, so you must work harder on it than anything else,” says Herb Kelleher, founder of Southwest Airlines. Many writers of popular-press management books also assert that the most successful companies have strong cultures. In fact, one popular management book, Built to Last, suggests that successful companies are “cultlike” (although not actually cults, the authors are careful to point out). The research evidence, however, is more ambivalent than these proclamations. Specifically, companies with strong cultures tend to be more successful, but only under a particular set of conditions. Before discussing these contingencies, let’s examine organizational culture strength and its potential benefits.

Corporate culture strength refers to how widely and deeply employees hold the company’s dominant values and assumptions. In a strong organizational culture, most

Lee Kum Kee’s Secret Sauce to Success  Guangdong Nanfang Lee Kum Kee Health Products Co., Ltd., a subsidiary of food products company Lee Kum Kee, has a secret sauce that makes it one of the best places to work in Asia. “Two words explain why we are a Best Employer: corporate culture,” says human resource vice president Raymond Lo. “Our unique culture is our competitive edge. It plays a major role in the success of our organization.” Lee Kum Kee’s core values include pragmatism, integrity, constant entrepreneurship, and sharing the benefits with community. Lo explains that cultural values are so important that leaders must believe in and live them. “The corporate culture must have a soul,” he says. “Many companies try to model themselves on successful companies, but unless the chief executive and management truly believe in the culture, it won’t work.” Lo adds that his company actively works to ensure everyone understands and believes in the company’s culture. “We also spend a lot of time in team building in order to nourish our corporate culture.”
employees across all subunits understand and embrace the dominant values. These values and assumptions are also institutionalized through well-established artifacts, thereby making it difficult to change the culture. Furthermore, strong cultures tend to be long-lasting; some can be traced back to the values and assumptions established by the company’s founder. In contrast, companies have weak cultures when the dominant values are held mainly by a few people at the top of the organization, are barely discernible, and are in flux. A strong corporate culture potentially increases the company’s success by serving three important functions (see Exhibit 14.3):

1. **Control system.** Organizational culture is a deeply embedded form of social control that influences employee decisions and behavior. Culture is pervasive and operates nonconsciously. You might think of it as an automatic pilot, directing employees in ways that are consistent with organizational expectations.

2. **Social glue.** Organizational culture is the “social glue” that bonds people together and makes them feel part of the organizational experience. Employees are motivated to internalize the organization’s dominant culture because it fulfills their need for social identity. This social glue is increasingly important as a way to attract new staff and retain top performers.

3. **Sense making.** Organizational culture assists the sense-making process. It helps employees to understand what goes on and why things happen in the company. Corporate culture also makes it easier for them to understand what is expected of them and to interact with other employees who know the culture and believe in it. For instance, one recent study reported that organizational culture strength increases role clarity, which reduces stress among sales staff.

### Contingencies of Organizational Culture and Effectiveness

Studies have found only a modestly positive relationship between culture strength and organizational effectiveness because three contingencies need to be considered: (1) whether the culture content is aligned with the environment, (2) whether the culture is not so strong that it becomes cultlike, and (3) whether the culture incorporates an adaptive culture (see Exhibit 14.3).
Chapter 14 Organizational Culture

425

Culture Content Alignment with Environment One contingency is whether the organization’s culture content—its dominant values and assumptions—is aligned with the external environment. Consider the situation that Dell recently faced. As described in the opening vignette to this chapter, Dell’s culture gave the highest priority to cost efficiency and competitiveness, yet these values and assumptions are no longer ideal for the marketplace. Low-cost computers are still popular, but consumers increasingly demand computers that are innovative and look “cool.” Dell had a strong culture, but it was no longer the best culture for the external environment.

Avoiding a Corporate Cult A second contingency is the degree of culture strength. Various experts suggest that companies with very strong cultures (i.e., corporate “cults”) may be less effective than companies with moderately strong cultures. One reason why corporate cults may undermine organizational effectiveness is that they lock decision makers into mental models, which can blind them to new opportunities and unique problems. They overlook or incorrectly define subtle misalignments between the organization’s activities and the changing environment. Dell faced this problem. Kevin Rollins and Michael Dell sensed that the company’s culture tolerated competitive staff members even if they didn’t collaborate, and it emphasized financial performance far too much (staff even had stock tickers on their computer screens). Yet these leaders never thought about changing this culture. Instead, the program they created a few years ago (called the “Soul of Dell”) merely supplemented the company’s core values and assumptions. “It’s not that we didn’t have a culture with the qualities that drive business success,” explained a Dell executive at the time. “We just aspired to do better.”

The other reason why very strong cultures may be dysfunctional is that they suppress dissenting subcultural values. At Dell, for instance, anyone who questioned the company’s almost sacred values and assumptions was quickly silenced, even though the dissenting values could have helped Dell shift more quickly to a better-aligned culture. The challenge for organizational leaders is to maintain not only a strong culture but one that allows subcultural diversity. Subcultures encourage constructive conflict, which improves creative thinking and offers some level of ethical vigilance over the dominant culture. In the long run, a subculture’s nascent values could become important dominant values as the environment changes. Corporate cults suppress subcultures, thereby undermining these benefits.

Culture Is an Adaptive Culture A third contingency between cultural strength and organizational effectiveness is whether the culture content includes an adaptive culture. An adaptive culture exists when employees are receptive to change—they assume that the organization needs to continuously adapt to its external environment and that they need to be flexible in their roles within the organization. Employees in an adaptive culture embrace an open-systems perspective, in which the organization’s survival and success require ongoing adaptation to the external environment, which itself is continuously changing. They assume that their future depends on monitoring the external environment and serving stakeholders with the resources available. Thus, employees in adaptive cultures have a strong sense of ownership. They take responsibility for the organization’s performance and alignment with the external environment.

In an adaptive culture, receptivity to change extends to internal processes and roles. Employees recognize that satisfying stakeholder needs requires continuous improvement of internal work processes. Toyota’s culture, described earlier in this
chapter, illustrates this aspect of an adaptive culture because it values the continuous improvement of the production process as well as of its products and services. Furthermore, employee support for changing internal work processes involves flexibility in their own work roles. The phrase “That’s not my job” is found in nonadaptive cultures. Finally, an adaptive culture has a strong learning orientation because receptivity to change and improvement logically involves support for action-oriented discovery. With a learning orientation, employees welcome new learning opportunities, actively experiment with new ideas and practices, view reasonable mistakes as a natural part of the learning process, and continuously question past practices.41

Organizational Culture and Business Ethics
An organization’s culture influences more than just the bottom line; it can also affect the ethical conduct of the organization’s employees. This makes sense because good behavior is driven by ethical values, and ethical values can become embedded in an organization’s dominant culture. A few years ago, Michael Dell and former CEO Kevin Rollins saw this connection between culture and ethics when they launched the “Soul of Dell.” Concerned about employee obsession with the company’s stock price, the executives tried to shift the company’s winning culture into one that emphasizes “winning with integrity.”42 For example, one of the computer maker’s revised values was defined as “behaving ethically in every interaction and in every aspect of how we conduct business.” Unfortunately, the Soul of Dell initiative probably didn’t change the company’s culture. Two years after the Soul of Dell cultural change program was launched, the company reported that some executives had manipulated the company books to reach performance targets that would give them a larger bonus.43

Learning Objectives

After reading the next two sections, you should be able to:
6. Compare and contrast four strategies for merging organizational cultures.
7. Identify the four strategies for changing or strengthening an organization’s culture.
8. Apply attraction-selection-attrition theory to explain how organizational culture strengthens.
9. Describe the stages of organizational socialization.
10. Explain how realistic job previews assist the socialization process.

Merging Organizational Cultures
4C Corporate Culture Clash and Chemistry is a company with an unusual name and mandate. The Dutch consulting firm helps clients to determine whether their culture is aligned (“chemistry”) or incompatible with (“clash”) a potential acquisition or merger partner. The firm also analyzes the company’s culture with its strategy. There should be plenty of demand for 4C’s expertise. According to various studies, most corporate mergers and acquisitions fail in terms of subsequent performance of the merged organization. Evidence suggests that such failures occur partly because corporate leaders are so focused on the financial or marketing logistics of a merger that they fail to conduct due-diligence audits on their respective corporate cultures.44
Some forms of integration (which we discuss later in this section) may allow successful mergers between companies with different cultures. However, research concludes that mergers typically suffer when organizations with significantly divergent corporate cultures merge into a single entity with a high degree of integration.45

The marriage of AOL with Time Warner is one of the more spectacular culture clashes. In theory, the world’s largest merger offered huge opportunities for converging AOL’s dominance in Internet services with Time Warner’s deep knowledge of and assets in traditional media. Instead, the two corporate cultures mixed like oil and water. AOL’s culture valued youthful, high-flying, quick deal making. People were rewarded with stock options. Time Warner, on the other hand, had a button-down, hierarchical, systematic culture. Executives were older and the reward was a decent retirement package (affectionately known as the “golden rubber band” because people who left invariably returned for the retirement benefit).46

Bicultural Audit
Organizational leaders can minimize these cultural collisions and fulfill their duty of due diligence by conducting a bicultural audit.47 A bicultural audit diagnoses cultural relations between the companies and determines the extent to which cultural clashes will likely occur. The bicultural audit process begins by identifying cultural differences between the merging companies. Next, the bicultural audit data are analyzed to determine which differences between the two firms will result in conflict and which cultural values provide common ground on which to build a cultural foundation in the merged organization. The final stage involves identifying strategies and preparing action plans to bridge the two organizations’ cultures.

A few years ago, pulp-and-paper conglomerate Abitibi-Price applied a bicultural audit before it agreed to merge with rival Stone Consolidated. Specifically, Abitibi developed the Merging Cultures Evaluation Index (MCEI), an evaluation system that helped Abitibi executives compare its culture with other companies in the industry. The MCEI analyzed several dimensions of corporate culture, such as concentration of power versus diffusion of power, innovation versus tradition, wide versus narrow flow of information, and consensus versus authoritative decision making. Abitibi and Stone executives completed the questionnaire to assess their own culture, and then they compared the results. The MCEI results, along with financial and infrastructural information, served as the basis for Abitibi-Price to merge with Stone Consolidated to become Abitibi-Consolidated (now Abitibi Bowater), the world’s largest pulp-and-paper firm.48

Strategies for Merging Different Organizational Cultures
In some cases, the bicultural audit results in a decision to end merger talks because the two cultures are too different to merge effectively. However, even with substantially different cultures, two companies may form a workable union if they apply the appropriate merger strategy. The four main strategies for merging different corporate cultures are assimilation, deculturation, integration, and separation (see Exhibit 14.4).49

Assimilation Assimilation occurs when employees at the acquired company willingly embrace the cultural values of the acquiring organization. Typically, this strategy works best when the acquired company has a weak, dysfunctional culture and the acquiring company’s culture is strong and aligned with the external environment. Culture clash is rare with assimilation because the acquired firm’s culture is weak and employees are looking for better cultural alternatives. Research in Motion (RIM), the
BlackBerry wireless device maker, applies the assimilation strategy by deliberately acquiring only small start-up firms. “Small companies . . . don’t have cultural issues,” says RIM co-CEO Jim Balsillie, adding that they are typically absorbed into RIM’s culture with little fuss or attention.

### Deculturation

Assimilation is rare. Employees usually resist organizational change, particularly when they are asked to throw away personal and cultural values. Under these conditions, some acquiring companies apply a *deculturation* strategy by imposing their culture and business practices on the acquired organization. The acquiring firm strips away artifacts and reward systems that support the old culture. People who cannot adopt the acquiring company’s culture are often terminated. Deculturation may be necessary when the acquired firm’s culture doesn’t work but employees don’t realize it. However, this strategy is difficult to apply effectively because the acquired firm’s employees resist the cultural intrusions from the buying firm, thereby delaying or undermining the merger process.

### Integration

A third strategy is to combine the two or more cultures into a new composite culture that preserves the best features of the previous cultures. Integration is slow and potentially risky because there are many forces preserving the existing cultures. Still, this strategy should be considered when the companies have relatively weak cultures or when their cultures include several overlapping values. Integration also works best when people realize that their existing cultures are ineffective and, therefore, people are motivated to adopt a new set of dominant values.

### Separation

A separation strategy occurs when the merging companies agree to remain distinct entities with minimal exchange of culture or organizational practices. This strategy is most appropriate when the two merging companies are in unrelated industries or operate in different countries, because the most appropriate cultural values tend to differ by industry and national culture. For example, Cisco Systems followed a separation strategy when it acquired Linksys. The home wireless network company was performing well and was in a different business
environment—low-cost mass-market retail—so Cisco made sure that Linksys kept its own culture. Cisco executives were so concerned about this separation that the company formed a team to ensure that Cisco’s leaders did not impose their culture and control on the smaller enterprise.\(^52\) Cisco’s action are rare, however. Executives in acquiring firms usually have difficulty keeping their hands off the acquired firm. It’s not surprising, therefore, that only 15 percent of mergers leave the acquired company as a stand-alone unit.\(^53\)

### Changing and Strengthening Organizational Culture

Is it possible to change an organization’s culture? Yes, but doing so isn’t easy, the change rarely occurs quickly, and often the culture ends up changing (or replacing) corporate leaders. In fact, some writers argue that leaders shouldn’t even bother to attempt such a transformation because organizational culture “cannot be managed.”\(^54\) This view is more extreme than most, but organizational culture experts generally agree that changing an organization’s culture is a considerable challenge. At the same time, under the right conditions, organizational culture can be a powerful influence on the company’s success. Over the next few pages, we will highlight four strategies that have had some success at altering corporate cultures. This list, outlined in Exhibit 14.5, is not exhaustive, but each activity seems to work well under the right circumstances.

### Actions of Founders and Leaders

An organization’s culture begins with its founders.\(^55\) You can see this at Dell, Inc., where founder Michael Dell established a competitive and cost-focused culture. Founders are often visionaries who provide a powerful role model for others to follow. The company’s culture sometimes reflects the founder’s personality, and this cultural imprint can remain with the organization for decades. For example, some observers say that Dell’s culture is so much a part of Michael Dell’s personal orientation to life that he might not be the best person to try to change it.
Founders establish an organization’s culture, but they and subsequent leaders are sometimes able to reshape that culture by applying transformational leadership and organizational change practices.\textsuperscript{56} The recent changes at Procter & Gamble Co. (P&G) illustrate this point. P&G had a very strong hierarchical culture for several decades, yet by applying many of the transformational leadership practices described in Chapter 12, chief executive A. G. Lafley was able to alter that culture into one that is much more customer-focused.

### Aligning Artifacts

Artifacts represent more than just the visible indicators of a company’s culture. They are also mechanisms that reshape and reinforce the culture. By altering artifacts—or creating new ones—leaders can potentially adjust shared values and assumptions. National Australia Bank (NAB) is a case in point. John Stewart was hired as CEO a few years ago, after rogue trading caused large financial and reputational losses. Investigations of the trading debacle revealed that NAB’s culture was too hierarchical, bureaucratic, and profit-focused. Stewart shifted NAB’s culture toward one that is more open, accountable, and egalitarian by improving leadership, recruitment, rewards, communication practices, and empowered accountability through decentralization. For example, he cut head-office staff by more than half, devoted considerable time to coaching upcoming executives, and publicly rewarded employees for revealing and learning from their mistakes. “Most of our problems continue to be internal, so my main concern is that we get our cultural change right,” explained Stewart, who recently retired. Coincidentally, NAB had just moved into a low-rise campuslike building in Melbourne’s docklands area, which also had the effect of supporting an open and egalitarian culture.\textsuperscript{57}

Corporate cultures are also altered and strengthened through the artifacts of stories and behaviors. According to Max De Pree, former CEO of furniture manufacturer Herman Miller, Inc., every organization needs “tribal storytellers” to keep the
organization’s history and culture alive. Leaders play a role by creating memorable events that symbolize the cultural values they want to develop or maintain. At Wall Street investment firm Goldman Sachs, this leadership function is so important that executives are called “culture carriers.” Goldman’s senior executives live and breathe the company’s culture so much that they can effectively transmit and reinforce that culture. Companies also strengthen culture in new operations by transferring current employees who abide by the culture.

**Introducing Culturally Consistent Rewards**

Reward systems are artifacts that often have a powerful effect on strengthening or reshaping an organization’s culture. John Stewart relied on rewards to transform the culture at National Australia Bank. Robert Nardelli also used the rewards lever to change Home Depot’s freewheeling culture. Nardelli introduced precise measures of corporate performance and drilled managers with weekly performance objectives related to those metrics. A two-hour weekly conference call became a ritual in which Home Depot’s top executives were held accountable for the previous week’s goals. These actions reinforced a more disciplined (and centralized) performance-oriented culture.

**Attracting, Selecting, and Socializing Employees**

Organizational culture is strengthened by attracting and hiring people who already embrace the cultural values. This process, along with weeding out people who don’t fit the culture, is explained by **attraction-selection-attrition (ASA) theory**. ASA theory states that organizations have a natural tendency to attract, select, and retain people with values and personality characteristics that are consistent with the organization’s character, resulting in a more homogeneous organization and a stronger culture.
retain people with values and personality characteristics that are consistent with the organization’s character, resulting in a more homogeneous organization and a stronger culture.

- **Attraction.** Job applicants engage in self-selection by avoiding employment in companies whose values seem incompatible with their own values. Companies often encourage this self-selection by actively describing their cultures, but applicants will look for evidence of the company’s culture even when it is not advertised. Applicants also inspect organizational artifacts when visiting the company.

- **Selection.** How well the person “fits” in with the company’s culture is often a factor in deciding which job applicants to hire. Companies with strong cultures often put applicants through several interviews and other selection tests, in part to better gauge the applicants’ values and their congruence with the company’s values. Consider Park Place Dealerships. As one of the top-rated luxury-car dealerships in the United States, the Dallas–Fort Worth company relies on interviews and selection tests to carefully screen applicants for their culture fit. “Testing is one piece of our hiring process that enables us to find people who will not only be successful in our culture, but thrive and enjoy our culture,” says Park Place chairman Ken Schnitzer. When Park Place recently acquired a Lexus dealership in California, several people who did not fit the culture left. “We’ve had some turnover,” Schnitzer acknowledges in reference to the Lexus dealership. “We’re looking for people to fit into our culture. It’s not easy to get hired by Park Place.”

- **Attrition.** People are motivated to seek environments that are sufficiently congruent with their personal values and to leave environments that are a poor fit. This occurs because person-organization value congruence supports their social identity and minimizes internal role conflict. Even if employees aren’t forced out, many quit when value incongruence is sufficiently high. This likely occurred when Park Place Dealerships acquired the Lexus dealership in California—some staff members left voluntarily or otherwise because they did not fit Park Place’s unique culture.

Along with their use of attraction, selection, and attrition, organizations rely on organizational socialization to strengthen their cultures. **Organizational socialization** is the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization. When a company clearly communicates its culture, job candidates and new hires are more likely to internalize its values quickly and deeply. Socialization is an important process to help newcomers absorb the corporate culture as well as adjust to co-workers, work procedures, and other corporate realities. Thus, the final section of this chapter looks more closely at the organizational socialization process.

### Organizational Socialization

Trung Nguyen’s first few days of work at Oklahoma-based Integris-Health were filled with orientation sessions. “I was expecting something extremely boring where it was hard to stay awake, like watching hours of videos or PowerPoint slides,” admits Nguyen. Instead, the seminars taught him a lot about the company, what it stands for, and the community it serves. “I’ve lived in Oklahoma for more than 20 years,” says Nguyen, who is originally from Vietnam. “And this week, I’ve learned more about the community that’s surrounding me and the health services that care for my loved ones.”
Integris-Health successfully brings employees into the organization through orientation sessions and other organizational socialization practices to help newcomers learn about the company and adjust to their role in the company. An important part of this process is helping newcomers become familiar with, and believe in, the organization’s culture. “The cultural aspects of our training programs are at least as important as the technical aspects,” says an executive at JetBlue, the New York–based discount airline. “The People Department will find the right people and we will inculcate the culture into them and nurture that culture until we release them out into the operation.”

Research indicates that when employees are effectively socialized into the organization, they tend to perform better, have higher job satisfaction, and remain longer with the organization.

Socialization as a Learning and Adjustment Process
Organizational socialization is a process of both learning and adjustment. It is a learning process because newcomers try to make sense of the company’s physical workplace, social dynamics, and strategic and cultural environment. They learn about the organization’s performance expectations, power dynamics, corporate culture, company history, and jargon. They also need to form successful and satisfying relationships with other people from whom they can learn the ropes. Thus, effective socialization enables new recruits to form a cognitive map of the physical, social, and strategic and cultural dynamics of the organization without information overload.

Organizational socialization is also a process of adjustment, because individuals need to adapt to their new work environment. They develop new work roles that reconfigure their social identity, adopt new team norms, and practice new behaviors. Research reports that the adjustment process is fairly rapid for many people, usually occurring within a few months. However, newcomers with diverse work experience seem to adjust better than those with limited previous experience, possibly because they have a larger toolkit of knowledge and skills to make the adjustment possible.

Stages of Organizational Socialization
Socialization is a continuous process, beginning long before the first day of employment and continuing throughout one’s career within the company. However, it is most intense when people move across organizational boundaries, such as when they first join a company or get transferred to an international assignment. Each of these transitions is a process that can be divided into three stages. Our focus here is on the socialization of new employees, so the three stages are called preemployment socialization, encounter, and role management (see Exhibit 14.6). These stages parallel the individual’s transition from outsider to newcomer and then to insider.

Stage 1: Preemployment Socialization
Think back to the months and weeks before you began working in a new job (or attending a new school). You actively searched for information about the company, formed expectations about working there, and felt some anticipation about fitting into that environment. The preemployment socialization stage encompasses all the learning and adjustment that occurs before the first day of work. In fact, a large part of the socialization adjustment process occurs during this stage.

The main problem with preemployment socialization is that outsiders rely on indirect information about what it is like to work in the organization. This information is often distorted by inherent conflicts during the mating dance between employer and
One conflict occurs between the employer’s need to attract qualified applicants and the applicant’s need for accurate information to make better employment decisions. Many firms use a “flypaper” approach by describing only positive aspects of the job and company, causing applicants to accept job offers on the basis of incomplete or false expectations. Another conflict that prevents accurate exchange of information occurs when applicants avoid asking important questions about the company because they don’t want to convey an unfavorable image to their prospective employer. For instance, applicants usually don’t like to ask about starting salaries and promotion opportunities because it makes them sound greedy or overaggressive. Yet, unless the employer provides this information, applicants might fill in the missing information with false assumptions that produce an inaccurate psychological contract.

Two other types of conflict tend to distort preemployment information for employers. Applicants engage in impression management when seeking employment, and this tends to motivate them to hide negative information, act out of character, and occasionally embellish information about their past accomplishments. At the same time, employers are sometimes reluctant to ask certain questions or use potentially valuable selection devices because they might scare off applicants. Unfortunately, employers are more likely to hire the wrong people when applicants embellish their résumés and when employers are unwilling to ask applicants important questions.

Stage 2: Encounter The first day on the job typically marks the beginning of the encounter stage of organizational socialization. This is the stage in which newcomers test their prior expectations with the perceived realities. Many companies fail the test, resulting in reality shock—the stress that results when employees perceive discrepancies between their preemployment expectations and on-the-job reality. Reality shock doesn’t necessarily occur on the first day; it might develop over several weeks or even months as newcomers form a better understanding of their new work environment.

Reality shock is common in many organizations. Unmet expectations sometimes occur because the employer is unable to live up to its promises, such as failing to provide challenging projects or the resources to get the work done. Reality shock also occurs because new hires develop distorted work expectations through the information exchange conflicts described above. Whatever the cause, reality shock impedes the socialization process because the newcomer’s energy is directed toward managing the stress rather than learning and accepting organizational knowledge and roles.

Exhibit 14.6 Stages of Organizational Socialization

- Preemployment socialization (outsider)
  - Learn about the organization and job.
  - Form employment relationship expectations.

- Encounter (newcomer)
  - Test expectations against perceived realities.

- Role management (insider)
  - Strengthen work relationships.
  - Practice new role behaviors.
  - Resolve work-nonwork conflicts.

- Socialization outcomes
  - Higher motivation.
  - Higher loyalty.
  - Higher satisfaction.
  - Lower stress.
  - Lower turnover.
Stage 3: Role Management  Role management, the third stage of organizational socialization, actually begins during preemployment socialization, but it is most active as employees make the transition from newcomers to insiders. They strengthen relationships with co-workers and supervisors, practice new role behaviors, and adopt attitudes and values consistent with their new positions and the organization. Role management also involves resolving the conflicts between work and nonwork activities, including resolving discrepancies between their existing values and those emphasized by the organizational culture.

Improving the Socialization Process

One potentially effective way to improve the socialization process is through a realistic job preview (RJP)—a balance of positive and negative information about the job and work context. Unfortunately, as mentioned earlier, many companies overpromise. They often exaggerate positive features of the job and neglect to mention the undesirable elements in the hope that the best applicants will get “stuck” on the organization. In contrast, an RJP helps job applicants to decide for themselves whether their skills, needs, and values are compatible with the job and organization. RJPscare away some applicants, but they also tend to reduce turnover and increase job performance. This occurs because RJPscan help applicants develop more accurate preemployment expectations, which, in turn, minimize reality shock. RJPscan also represent a type of vaccination by preparing employees for the more challenging and troublesome aspects of work life. There is also some evidence that RJPscan increase organizational loyalty. A possible explanation for this is that companies providing candid information are easier to trust. They also show respect for the psychological contract and concern for employee welfare.

Lindblad’s RJP Keeps Newcomer Expectations Shipshape

Lindblad Expeditions can’t afford to have crew members jump ship soon after starting the job. To minimize reality shock, the 500-employee adventure cruise company gives applicants a DVD showing a realistic picture of what it’s like to work on board. The program shows not one but two scenes in which staff members are cleaning toilets. One scene reveals the cramped quarters for crew members. In another scene, a dishwasher talks about washing 5,000 dishes in one day. The video is meant to scare off applicants who cannot adjust easily to the challenges of working on a ship. The realistic job preview video does have this effect, says Lindblad human resource manager Kris Thompson, but the attrition is well worth it if it reduces turnover soon after staff are hired. “If [new hires] get on board and say, ‘This is not what I expected,’ then shame on us,” says Thompson.
Organizational culture consists of the values and assumptions shared within an organization. Shared assumptions are nonconscious, taken-for-granted perceptions or beliefs that have worked so well in the past that they are considered the correct way to think and act toward problems and opportunities. Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.

Chapter Summary

Organizational culture consists of the values and assumptions shared within an organization. Shared assumptions are nonconscious, taken-for-granted perceptions or beliefs that have worked so well in the past that they are considered the correct way to think and act toward problems and opportunities. Values are stable, evaluative beliefs that guide our preferences for outcomes or courses of action in a variety of situations.

Organizations differ in their cultural content, that is, the relative ordering of values. There are several classifications of organizational culture, but they tend to oversimplify the wide variety of cultures and completely ignore the underlying assumptions of culture. Organizations have subcultures as well as the dominant culture. Subcultures maintain the organization’s standards of performance and ethical behavior. They are
Organizational culture is very difficult to change, but culture change is possible and sometimes necessary for a company’s continued survival. Four strategies for changing and strengthening an organization’s culture are the actions of founders and leaders, aligning artifacts with the desired culture, introducing culturally consistent rewards, and attracting, selecting, and socializing employees.

Attraction-selection-attrition (ASA) theory states that organizations have a natural tendency to attract, select, and retain people with values and personality characteristics that are consistent with the organization’s character, resulting in a more homogeneous organization and a stronger culture. Organizational socialization is the process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization. It is a process of both learning about the work context and adjusting to new work roles, team norms, and behaviors.

Employees typically pass through three socialization stages: preemployment, encounter, and role management. To manage the socialization process, organizations should introduce realistic job previews (RJPs) and recognize the value of socialization agents in the process. RJPs give job applicants a realistic balance of positive and negative information about the job and work context. Socialization agents provide information and social support during the socialization process.

also the source of emerging values that replace aging core values.

Artifacts are the observable symbols and signs of an organization’s culture. Four broad categories of artifacts include organizational stories and legends, rituals and ceremonies, language, and physical structures and symbols. Understanding an organization’s culture requires assessment of many artifacts because they are subtle and often ambiguous.

Organizational culture has three main functions: a form of social control, the “social glue” that bonds people together, and a way to help employees make sense of the workplace. Companies with strong cultures generally perform better than those with weak cultures, but only when the cultural content is appropriate for the organization’s environment. Also, the culture should not be so strong that it drives out dissenting values, which may form emerging values for the future. Organizations should have adaptive cultures so that employees support ongoing change in the organization and their own roles.

Organizational culture clashes are common in mergers and acquisitions. This problem can be minimized by performing a bicultural audit to diagnose the compatibility of the organizational cultures. The four main strategies for merging different corporate cultures are integration, deculturation, assimilation, and separation.

Key Terms

adaptive culture, p. 425
artifacts, p. 420
attraction-selection-attrition (ASA) theory, p. 431
bicultural audit, p. 427
ceremonies, p. 422
organizational culture, p. 416
organizational socialization, p. 432
realistic job preview (RJP), p. 435
reality shock, p. 434
rituals, p. 421

Critical Thinking Questions

1. Superb Consultants has submitted a proposal to analyze the cultural values of your organization. The proposal states that Superb has developed a revolutionary new survey to tap the company’s true culture. The survey takes just 10 minutes to complete, and the consultants say results can be based on a small sample of employees. Discuss the merits and limitations of this proposal.

2. Some people suggest that the most effective organizations have the strongest cultures. What do we mean by the “strength” of organizational culture, and what possible problems are there with a strong organizational culture?

3. The CEO of a manufacturing firm wants everyone to support the organization’s dominant culture of lean efficiency and hard work. The CEO has introduced a new reward system to reinforce this culture and personally interviews all professional and managerial applicants to ensure that they bring similar values to the organization. Some employees who criticized these values had their careers sidelined until they left. Two midlevel managers were fired for supporting contrary values, such as work–life balance. Based on your knowledge of organizational subcultures, what potential problems is the CEO creating?
Case Study 14.1  HILTON’S TRANSFORMATION

Thirty years ago, Hillton was a small city (about 70,000 residents) that served as an outer suburb to a large metropolitan city. The municipality of Hillton treated its employees like family and gave them a great deal of autonomy in their work. Everyone in the organization (including the two labor unions representing employees) implicitly agreed that the leaders and supervisors of the organization should rise through the ranks on the basis of their experience. Few people were ever hired from the outside into middle or senior positions. The rule of employment at Hillton was to learn the job skills, maintain a reasonably good work record, and wait your turn for promotion.

Hillton grew rapidly over the past three decades. As the population grew, so did the municipality’s workforce to keep pace with the increasing demand for municipal services. This meant that employees were promoted fairly quickly and were almost assured guaranteed employment. In fact, until recently, Hillton had never laid off any employee. The organization’s culture could be described as one of entitlement and comfort. Neither the elected city councilors nor the city manager bothered the departmental managers about their work. There were few cost controls because the rapid growth placed more emphasis on keeping up with the population expansion. The public became somewhat more critical of the city’s poor service, including road construction at inconvenient times and the apparent lack of respect some employees showed toward taxpayers.

During these expansion years, Hillton put most of its money into “outside” (also called “hard”) municipal services. These included road building, utility construction and maintenance, fire and police protection, recreational facilities, and land use control. This emphasis occurred because an expanding population demanded more of these services and most of Hillton’s senior people came from the outside services group. For example, Hillton’s city manager for many years was a road development engineer. The “inside” workers (taxation, community services, etc.) tended to have less seniority, and their departments were given less priority.

As commuter and road systems developed, Hillton attracted more upwardly mobile professionals into the community. Some infrastructure demands continued, but now these suburban dwellers wanted more of the soft services, such as libraries, social activities, and community services. They also began complaining about the way the municipality was being run. The population had more than tripled over the past three decades, and it was increasingly apparent that the organization needed more corporate planning, information systems, organization development, and cost control systems. In various ways, residents voiced
lay off a few of the outside workers due to lack of demand for hard services. One of the most significant changes was that the outside departments no longer held dominant positions in city management. Most of the professional managers had worked exclusively in administrative and related inside jobs. Two had master of business administration degrees. This led to some tension between the professional managers and the older outside managers.

Even before the layoffs, managers of outside departments resisted the changes more than others did. These managers complained that their employees with the highest seniority were turned down for promotions. They argued for more budget and warned that infrastructure problems would cause liability problems. Informally, these outside managers were supported by the labor union representing outside workers. The union leaders tried to bargain for more job guarantees, whereas the union representing inside workers focused more on improving wages and benefits. Leaders of the outside union made several statements in the local media that the city had “lost its heart” and that the public would suffer from the actions of the new professionals.

Discussion Questions
1. Contrast Hillton’s earlier corporate culture with the emerging set of cultural values.
2. Considering the difficulty in changing organizational culture, why does Hillton’s management seem to have been successful at this transformation?
3. Identify two other strategies that the city might consider to reinforce the new set of corporate values.

Case Study 14.2 MERCK’S NEW CULTURAL CURE

Richard Clark was thrust into the CEO job at Merck & Co. during its darkest hour. The pharmaceutical giant was drowning in liability suits stemming from its arthritis drug Vioxx, which was pulled from the market because of a link to heart
attacks and strokes. Meanwhile, two of the company’s other blockbuster drugs were getting close to the expiration of their patents. And Merck’s labs, which other companies once hailed as a bastion of scientific innovation, were crippled by a culture that buried good ideas under layers of bureaucracy. To revitalize drug development, Clark had to inject a new set of values where Merck’s 60,000 employees—scientists, regulatory staff, and salespeople—would be motivated to work together.

This BusinessWeek case study describes the actions of CEO Richard Clark to change Merck’s culture into one that is more in tune with the current environment. Read the full text of this BusinessWeek article at www.mhhe.com/mcshane5e, and prepare for the discussion questions that follow.

Discussion Questions
1. Describe the main features of Merck’s past culture, and explain why that culture was not effective.
2. What are the key cultural values that CEO Richard Clark wants to instill in Merck employees? Explain how this new culture is better aligned with the external environment.
3. What strategies has Clark applied to transform Merck’s culture? In your opinion, to what extent will each of these strategies be effective at bringing about cultural change?

Self-Assessment 14.4
WHAT ARE YOUR CORPORATE CULTURE PREFERENCES?

PURPOSE  This self-assessment is designed to help you identify the corporate culture that fits most closely with your personal values and assumptions.

INSTRUCTIONS  Read each pair of statements in the Corporate Culture Preference Scale and circle the statement that describes the organization you would prefer to work in. Then use the scoring key in Appendix B at the end of the book to calculate your results for each subscale. The scale does not attempt to measure your preference for every corporate culture—just a few of the more common varieties. Also, keep in mind that none of these corporate cultures is inherently good or bad. The focus here is on how well you fit within each of them. This exercise should be completed alone so that you can assess yourself honestly without concerns of social comparison. Class discussion will focus on the importance of matching job applicants to the organization’s dominant values.

Corporate Culture Preference Scale

<table>
<thead>
<tr>
<th>I would prefer to work in an organization:</th>
<th>or</th>
<th>1b. That produces highly respected products or services.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a. Where employees work well together in teams.</td>
<td></td>
<td>2b. Where the organization listens to customers and responds quickly to their needs.</td>
</tr>
<tr>
<td>2a. Where top management maintains a sense of order in the workplace.</td>
<td></td>
<td>3b. Where employees continuously search for ways to work more efficiently.</td>
</tr>
<tr>
<td>3a. Where employees are treated fairly.</td>
<td></td>
<td>4b. Where corporate leaders work hard to keep employees happy.</td>
</tr>
<tr>
<td>4a. Where employees adapt quickly to new work requirements.</td>
<td></td>
<td>5b. Where employees are proud when the organization achieves its performance goals.</td>
</tr>
<tr>
<td>5a. Where senior executives receive special benefits not available to other employees.</td>
<td></td>
<td>6b. Where senior executives are respected.</td>
</tr>
<tr>
<td>6a. Where employees who perform the best get paid the most.</td>
<td></td>
<td>7b. That is on top of innovations in the industry.</td>
</tr>
<tr>
<td>7a. Where everyone gets her or his job done like clockwork.</td>
<td></td>
<td>8b. Where employees abide by company rules.</td>
</tr>
<tr>
<td>8a. Where employees receive assistance to overcome any personal problems.</td>
<td></td>
<td>9b. That expects everyone to put in 110 percent for peak performance.</td>
</tr>
<tr>
<td>9a. That is always experimenting with new ideas in the marketplace.</td>
<td></td>
<td>10b. Where employees are always kept informed about what's happening in the organization.</td>
</tr>
<tr>
<td>10a. That quickly benefits from market opportunities.</td>
<td></td>
<td>11b. Where most decisions are made by the top executives.</td>
</tr>
<tr>
<td>11a. That can quickly respond to competitive threats.</td>
<td></td>
<td>12b. Where employees care for each other.</td>
</tr>
<tr>
<td>12a. Where management keeps everything under control.</td>
<td></td>
<td>-</td>
</tr>
</tbody>
</table>

After reading this chapter, if you feel that you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
In the mid-1990s, South Umpqua State Bank, in the foothills of southern Oregon, had $140 million in assets and six branches. Ray Davis, who was hired around that time as Umpqua’s new CEO, didn’t believe the financial institution would last long if it remained a sleepy community bank, so he initiated a seismic shift in its culture and practices. “We asked the question: why should anyone do business with us?” Davis recalls. “So we set out to differentiate ourselves in customer sales and service.” Today, with assets of $8.3 billion and 148 stores from Napa, California, to Bellevue, Washington, Umpqua Bank is the largest regional community bank in the Pacific Northwest. It is also one of America’s best places to work and a popular destination for bank executives around the world who want to discover Umpqua’s unique model of banking.

Umpqua Bank’s transformation originated with Davis’s vision that the bank should provide a unique retail experience supported by a customer-focused and innovative culture. This model of banking was communicated to employees, who received heavy doses of customer service training conducted by the Ritz-Carlton hotel. Rather than performing specialized jobs, employees were trained so that each could provide most customer services (loans, deposits, etc.) within the branch.

Umpqua Bank morphed its branches into retail stores, complete with comfy chairs, coffee bars (serving Umpqua’s own brand of coffee), video games, free Wi-Fi, and high-definition TVs showing the financial news. The new design and parallel changes in employee service began as a pilot project at one store with staff members hand-picked by Davis. The executive team hired people whose values were consistent with the bank’s new culture. At the same time, the team got “the wrong people off the bus.” For example, three of the six original branch managers left the company.

Davis was aware of potential resistance throughout this period of turbulent change. “When you are leading for growth, you know you are going to disrupt comfortable routines and ask for new behavior, new priorities, new skills,” he acknowledges. “Even when we want to change, and do change, we tend to relax and the rubber band snaps us back into our comfort zones.” To prevent employees from returning to their old ways, Davis introduced a “return on quality” (ROQ) measure for each store and department. This composite measure of customer service and performance is calculated monthly and distributed to all employees so that they know their work unit’s relative standing in the organization.1
Organizational Change

LEARNING OBJECTIVES

After reading this chapter, you should be able to:

1. Describe the elements of Lewin’s force field analysis model.
2. Outline six reasons why people resist organizational change.
3. Discuss six strategies for minimizing resistance to change.
4. Outline the conditions for effectively diffusing change from a pilot project.
5. Describe the action research approach to organizational change.
6. Outline the “Four-D” model of appreciative inquiry and explain how this approach differs from action research.
7. Explain how parallel learning structures assist the change process.
8. Discuss three ethical issues in organizational change.
Umpqua Bank’s transformation from a sleepy community bank to a regional leader illustrates many of the strategies and practices necessary to successfully change organizations. It reveals how CEO Ray Davis created an urgency to change, minimized resistance to change, built the new model from a pilot project that was later diffused throughout the organization, and introduced systems and structures that reinforced employee behaviors consistent with the new banking model and company culture. Although Umpqua’s transformation sounds as though it was a smooth transition, most organizational change is messy, requiring considerable leadership effort and vigilance. As we will describe throughout this chapter, the challenge of change is not so much in deciding which way to go; the challenge is in the execution of this strategy. “We had to pull the train back into the station a few times to make sure everyone was on board,” says Umpqua Bank executive Lani Hayward. “We’re trying to do something that’s never been done before and that’s to be a community bank at any size.”  

This chapter begins by introducing Lewin’s model of change and its component parts. This includes sources of resistance to change, ways to minimize this resistance, and ways to stabilize desired behaviors. Next, the chapter examines four approaches to organizational change—action research, appreciative inquiry, large-group interventions, and parallel learning structures. The last section of this chapter considers both cross-cultural and ethical issues in organizational change.

Learning Objectives

After reading the next three sections, you should be able to:

1. Describe the elements of Lewin’s force field analysis model.
2. Outline six reasons why people resist organizational change.
3. Discuss six strategies for minimizing resistance to change.
4. Outline the conditions for effectively diffusing change from a pilot project.

Lewin’s Force Field Analysis Model

Social psychologist Kurt Lewin developed the force field analysis model to explain how the change process works (see Exhibit 15.1). Although it was developed more than 50 years ago, recent reviews conclude that Lewin’s force field analysis model remains one of the most widely respected ways of viewing this process.

One side of the force field model represents the driving forces that push organizations toward a new state of affairs. These might include new competitors or technologies, evolving workforce expectations, or a host of other environmental changes. Corporate leaders also produce driving forces even when external forces for change aren’t apparent. For instance, some experts call for “divine discontent” as a key feature of successful organizations, meaning that leaders continually urge employees to strive for higher standards or new innovations even when the company outshines the competition.

The other side of Lewin’s model represents the restraining forces that maintain the status quo. These restraining forces are commonly called “resistance to change” because they appear as employee behaviors that block the change process. Stability occurs when the driving and restraining forces are roughly in equilibrium, that is, they are of approximately equal strength in opposite directions.

Lewin’s force field model emphasizes that effective change occurs by unfreezing the current situation, moving to a desired condition, and then refreezing the system so that it remains in the desired state. Unfreezing involves producing disequilibrium
between the driving and restraining forces. As we will describe later, this may occur by increasing the driving forces, reducing the restraining forces, or having a combination of both. Refreezing occurs when the organization’s systems and structures are aligned with the desired behaviors. They must support and reinforce the new role patterns and prevent the organization from slipping back into the old way of doing things. Over the next few pages, we use Lewin’s model to understand why change is blocked and how the process can evolve more smoothly.

Restraining Forces

Robert Nardelli pushed hard to transform Home Depot from a loose configuration of fiefdoms to a more performance-oriented operation that delivered a consistent customer experience. Change did occur at the world’s largest home improvement retailer, but at a price. A large number of talented managers and employees left the company, and some of those remaining continued to resent Nardelli’s transformation. Disenchanted staff referred to the company as “Home Despot” because the changes took away their autonomy. Others named it “Home GEpot,” a cutting reference to the large number of former GE executives that Nardelli hired into top positions. After five years, the Home Depot board decided to replace Nardelli, partly because he made some unsuccessful strategic decisions and partly because of the aftereffects of Nardelli’s changes.5

Robert Nardelli, who is now CEO of Chrysler, experienced employee resistance to change when at Home Depot. Resistance to change takes many forms, ranging from overt work stoppages to subtle attempts to continue the “old ways.” One recent study of bank employees reported that subtle resistance is much more common than overt resistance. Some employees in that study avoided the desired changes by moving into different jobs. Others continued to perform tasks the old way as long as management didn’t notice. Even when employees complied with the planned changes, they engaged in resistance by performing their work without corresponding cognitive or emotional support for the change.6 In other words, they resisted by communicating nonverbally (and sometimes verbally!) to customers that they disliked the changes forced on them. Some experts point out that these subtle forms of resistance create
the greatest obstacles to change because they are not as visible as overt resistance. In the words of one manager: “[Change efforts] never die because of direct confrontation. Direct confrontation you can work with because it is known. Rather, they die a death of a thousand cuts. People and issues you never confront drain the life out of important initiatives and result in solutions that simply do not have the performance impact that they should have.”

John Thompson experienced this subtle resistance to change soon after he became CEO of Symantec Corporation. To reduce costs, Thompson suggested that the computer cable included in all Symantec software packages was an unnecessary expense because most customers already owned these cables. Everyone at the cost-cutting meeting agreed that the cables should no longer be shipped with the software but would be provided free to customers who requested them. Yet several weeks later Thompson discovered that computer cables were still being shipped with the software, so he reminded the executive responsible that the team makes these decisions only once. “If you’ve got a disagreement or a point of view, bring it up when we’re going through the discussion,” Thompson advised the executive. “Don’t hold back

Not Hoppy about Change  Hoppy, a carbonated low-alcohol malt-and-hops beverage, was popular around Tokyo after World War II as a cheap alternative to expensive beer, but it fell out of favor as beer became affordable. Mina Ishiwatari (center in photo), granddaughter of Hoppy Beverage Co.’s founder, was determined to improve Hoppy’s image when she joined the company a decade ago. Unfortunately, the company’s 30 employees—mostly men in their fifties who were family members—didn’t want to disturb their cozy jobs. “It was a turbulent decade of eliminating evils from the company and rebuilding a new organization from scratch,” recalls Ishiwatari, who began as a rank-and-file employee and is now the company’s executive vice president. “I tried to take a new marketing approach to change the image of Hoppy . . . but no one would listen to me.” With limited support and budget, Ishiwatari developed a Web site that informed the public about the product, sold it online, and documented Ishiwatari’s views in an early Weblog. As the contemporary marketing caught the attention of health-conscious young people, Hoppy sales have doubled to about US$25 million annually, even though it is sold only around Tokyo. Most employees who opposed Ishiwatari’s radical changes have since left the company; almost all of the 43 current staff members were hired by Ishiwatari and support her vision of Hoppy’s future.

and give me this smiley kind of benign agreement. Go back and get it fixed. We’re not shipping cables any more.” 9

Employee Resistance as a Resource for Change  Although Symantec’s CEO was probably frustrated by the executive’s passive resistance to change, change agents need to realize that resistance is a common and natural human response. As economist John Kenneth Galbraith once quipped, “In the choice between changing one’s mind and proving there’s no need to do so, most people get busy on the proof!” 10 Even when people do support change, they typically assume that it is others—not themselves—who need to change. The problem, however, isn’t so much that resistance to change exists. The main problem is that change agents typically view resistance as an unreasonable, dysfunctional, and irrational response to a desirable initiative. They often form an “us versus them” perspective without considering that the causes of resistance may, in fact, be traced back to their own actions or inaction. 11

The emerging view among change management experts is that resistance to change needs to be seen as a resource, rather than as an impediment to change. First, resistance incidents are symptoms of deeper problems in the change process. They are signals that the change agent has not sufficiently addressed the underlying conditions that support effective organizational change. 12 In some situations, employees may be worried about the consequences of change, such as how the new conditions will take away their power and status. In other situations, employees show resistance because of concerns about the process of change itself, such as the effort required to break old habits and learn new skills.

Second, resistance should be recognized as a form of constructive conflict. As you learned in Chapter 11, constructive conflict can potentially improve decision making, including identifying better ways to improve the organization’s success. However, constructive conflict is typically accompanied by dysfunctional relationship conflict. This appears to be the case when change agents see resistance to change as an impediment rather than a resource. They describe the people who resist as the problem, whereas their focus should be on understanding the reasons why these people resist. Thus, by viewing resistance as a form of constructive conflict, change agents may be able to improve the change strategy or change process.

Finally, resistance should be viewed in the context of justice and motivation. Resistance is a form of voice, so, as described in Chapter 5, it potentially improves procedural justice. By redirecting initial forms of resistance into constructive conversations, change agents can increase employee perceptions and feelings of fairness. Furthermore, resistance is motivational; it potentially engages people to think about the change strategy and process. Change agents can harness that motivational force to ultimately strengthen commitment to the change initiative.

Why Employees Resist Change  Change management experts have developed a long list of reasons why people do not embrace change. 13 Many of these reasons relate to a lack of motivation, such as exists when employees estimate that the negative consequences that the change might impose on them outweigh the benefits. Another factor is the inability to change due to lack of adequate skills and knowledge. Employees also resist change unwittingly because they lack a sufficiently clear understanding of what is expected of them (i.e., lack of role clarity). Six of the most commonly cited reasons why people resist change are summarized
The FBI Meets Its Own Resistance

In 1993, following the first terrorist attack on the World Trade Center, the U.S. Federal Bureau of Investigation (FBI) was given a new mandate: refocus from a reactive law enforcement agency (solving crimes) to a proactive domestic intelligence agency (preventing terrorism). Eight years later, the FBI was still mainly a crime investigation organization with limited intelligence-gathering capabilities. This failure to change was identified as a factor in the FBI’s inability to prevent terrorist attacks on the same buildings as well as the Pentagon. One government report even stated that the FBI and the CIA “seem to be working harder and harder just to maintain a status quo that is increasingly irrelevant to the new challenges.”

One source of resistance, according to government reports, is that FBI employees and managers are unable or unwilling to change because solving crimes (rather than intelligence gathering) is burned into their mindset, routines, career paths, and decentralized structure. Most FBI field managers were trained in law enforcement, so they continue to give preferential treatment and resources to enforcement rather than terrorist prevention initiatives.

Even if FBI leaders were motivated to become more focused on intelligence gathering, the organization’s systems and structures undermine these initiatives. The FBI has been a decentralized organization, where field agents operate without much orchestration from headquarters. Until recently, the FBI also lacked a secure centralized information system (in fact, most of its records were still paper-based), which is essential for intelligence work but less important for criminal investigations. Furthermore, information is so closely guarded further down the ranks (called “close holds”) that an information access barrier called “the wall” isolates FBI intelligence officers from the mainstream criminal investigation staff. Overall, these structural characteristics effectively scuttled any attempt to transform the FBI into an intelligence agency.

Resistance to change was also likely due in part to a historic rivalry between the FBI and the Central Intelligence Agency (CIA). Raising the profile and legitimacy of intelligence gathering at the FBI would have acknowledged that the CIA’s work was valuable, so some FBI leaders and staff were reluctant to move in that direction.

The FBI is now taking concerted steps to address these barriers to change. But John Miller, the FBI’s assistant director of the office of public affairs, admits that the FBI continues to face challenges. “The FBI has no corner on the market of people being resistant to change,” he says. “We don’t recruit people from Planet Perfect; we recruit human beings.”

Connections 15.1 describes how some of these sources of resistance existed at the FBI in spite of clear evidence that the law enforcement agency needed to develop a new mandate.

- Direct costs. People tend to block actions that result in higher direct costs or lower benefits than those in the existing situation. Connections 15.1 describes how some FBI managers likely resisted the bureau’s new intelligence mandate because it would necessarily remove some of their resources, personal status, and career opportunities.
• Saving face. Some people resist change as a political strategy to “prove” that the decision is wrong or that the person encouraging change is incompetent. This not-invented-here syndrome is widespread, according to change experts. Says one consultant, “Unless they’re scared enough to listen, they’ll never forgive you for being right and for knowing something they don’t.”

• Fear of the unknown. People resist change out of worry that they cannot adjust to the new work requirements. This fear of the unknown increases the risk of personal loss. For example, even if many FBI managers and professionals recognized that the agency should change its mandate, they likely were reluctant to push the changes forward because it is difficult to anticipate how this mandate would affect them personally.

• Breaking routines. People typically resist initiatives that force them out of their comfort zones and require them to invest time and energy in learning new role patterns. Umpqua Bank CEO Ray Davis, who was introduced in the opening vignette to this chapter, acknowledged this source of resistance when describing the “rubber band” effect—employees tend to snap back into their comfort zones rather than stick with the new behaviors. Indeed, most employees in one survey admitted they don’t follow through with organizational changes because they “like to keep things the way they are” or the changes seem to be too complicated or time wasting. FBI agents likely resisted the organization’s new mandate because they were accustomed to working independently on investigations, so it would be a challenge to engage in more information sharing and collaboration across teams and departments.

• Incongruent team dynamics. Teams develop and enforce conformity to a set of norms that guide behavior. However, conformity to existing team norms may discourage employees from accepting organizational change. For example, Best Buy introduced the results-only work environment (ROWE), in which employees were evaluated by their results, not their face time. Yet, even though the program allowed employees to wander in to work at any time, deviations were often met with half-humorous barbs from co-workers, such as “Forgot to set your alarm clock again?” These rebukes, which were consistent with the team norms that previously governed face-time violations, undermined the ROWE program. Best Buy’s consultants eventually set up sessions that warned employees about these taunts, which they called “sludge.”

• Incongruent organizational systems. Rewards, information systems, patterns of authority, career paths, selection criteria, and other systems and structures are both friends and foes of organizational change. When properly aligned, they reinforce desired behaviors. When misaligned, they pull people back into their old attitudes and behavior. Even enthusiastic employees lose momentum after failing to overcome the structural confines of the past.

Unfreezing, Changing, and Refreezing

According to Lewin’s force field analysis model, effective change occurs by unfreezing the current situation, moving to a desired condition, and then refreezing the system so that it remains in this desired state. Unfreezing occurs when the driving forces are stronger than the restraining forces. This happens by making the driving forces stronger, weakening or removing the restraining forces, or doing a combination of both.
With respect to the first option, driving forces must increase enough to motivate change. Change rarely occurs by increasing driving forces alone, however, because the restraining forces often adjust to counterbalance the driving forces. This is rather like the coils of a mattress. The harder corporate leaders push for change, the stronger the restraining forces push back. This antagonism threatens the change effort by producing tension and conflict within the organization. The preferred option is to both increase the driving forces and reduce or remove the restraining forces. Increasing the driving forces creates an urgency for change, whereas reducing the restraining forces minimizes resistance to change.

Creating an Urgency for Change

It is almost a cliché to say that organizations today operate in more dynamic, fast-paced environments than they did a few decades ago. The environmental pressures represent the driving forces that push employees out of their comfort zones. They energize people to face the risks that change creates. In many organizations, however, corporate leaders buffer employees from the external environment to such an extent that these driving forces are hardly felt by anyone below the top executive level. The result is that employees don’t understand why they need to change and leaders are surprised when their change initiatives do not have much effect. The change process therefore necessarily begins by ensuring that employees develop an urgency for change. This typically occurs by informing employees about competitors, changing consumer trends, impending government regulations, and other driving forces in the external environment.  

Firing Up Chrysler’s Urgency for Change  
Chrysler Corporation’s attempt to create a team-based organizational structure at its Belvidere assembly plant initially met with stiff resistance. “There is a need to change,” says plant manager Kurt Kavajecz. The problem, he explains, is that employees didn’t see the need for change. They knew that “we build cars pretty well. . . . So why do we have to change?” To develop a stronger urgency for change, Kavajecz told employees about the challenges the company faces. “If you show them what’s going on in the industry, if you give them the information, the data on why we are changing, at the end of the presentation, they get it,” he explains. “They see that plants are closing and jobs are going away. We talk very openly about those things, and they understand why we’re changing.” The Chrysler plant eventually introduced team-based work.
Customer-Driven Change  Some companies fuel the urgency to change by putting employees in direct contact with customers. Dissatisfied customers represent a compelling driving force for change because of the adverse consequences for the organization’s survival and success. Customers also provide a human element that further energizes employees to change current behavior patterns. Executives at Shell Europe applied customer-driven change when they discovered that middle managers seemed blissfully unaware that Shell wasn’t achieving either its financial goals or its customer needs. So, to create an urgency for change, the European managers were loaded onto buses and taken out to talk with customers and employees who work with customers every day. “We called these ‘bus rides.’ The idea was to encourage people to think back from the customer’s perspective rather than from the head office,” explains Shell Europe’s vice president of retailing. “The bus rides were difficult for a lot of people who, in their work history, had hardly ever had to talk to a customer and find out what was good and not so good about Shell from the customer’s standpoint.”

Creating an Urgency for Change without External Forces Exposing employees to external forces can strengthen the urgency for change, but leaders often need to begin the change process before problems come knocking at the company’s door. “You want to create a burning platform for change even when there isn’t a need for one,” says Steve Bennett, CEO of financial software company Intuit. Creating an urgency for change when the organization is riding high requires a lot of persuasive influence that helps employees visualize future competitive threats and environmental shifts. For instance, Apple Computer’s iPod dominates the digital music market, but Steve Jobs wants the company to be its own toughest competitor. Just when sales of the iPod Mini were soaring, Jobs challenged a gathering of 100 top executives and engineers to develop a better product to replace it. “Playing it safe is the most dangerous thing we can do,” Jobs warned. Nine months later, the company launched the iPod Nano, which replaced the still-popular iPod Mini, before competitors could offer a better alternative.

Experts warn, however, that employees may see the burning-platform strategy as manipulative, a view that produces cynicism about change and undermines trust in the change agent. Also, the urgency for change does not always need to be initiated from a problem-oriented perspective. Instead, as we will describe later in this chapter, effective change agents can adopt a positive orientation by championing a vision of a more appealing future state. By creating a future vision of a better organization, leaders effectively make the current situation less appealing. When the vision connects to employee values and needs, it can be a motivating force for change even when external “problems” are not strong.

Reducing the Restraining Forces Employee resistance should be viewed as a resource, but its underlying causes—the restraining forces—need to be addressed. As we explained earlier using the mattress-coil metaphor, it is not enough to increase the driving forces because employees often push back harder to offset the opposing force. Exhibit 15.2 summarizes six strategies for addressing the sources of employee resistance. If feasible, communication, learning, employee involvement, and stress management should be attempted first. However, negotiation and coercion are necessary for people who will clearly lose something from the change and in cases where the speed of change is critical.
## Exhibit 15.2
**Strategies for Minimizing Resistance to Change**

<table>
<thead>
<tr>
<th>Strategy</th>
<th>Example</th>
<th>When applied</th>
<th>Problems</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communication</td>
<td>Customer complaint letters are shown to employees.</td>
<td>When employees don’t feel an urgency for change or don’t know how the change will affect them.</td>
<td>Time-consuming and potentially costly.</td>
</tr>
<tr>
<td>Learning</td>
<td>Employees learn how to work in teams as company adopts a team-based structure.</td>
<td>When employees need to break old routines and adopt new role patterns.</td>
<td>Time-consuming and potentially costly.</td>
</tr>
<tr>
<td>Employee involvement</td>
<td>Company forms task force to recommend new customer service practices.</td>
<td>When the change effort needs more employee commitment, some employees need to save face, and/or employee ideas would improve decisions about the change strategy.</td>
<td>Very time-consuming. Might lead to conflict and poor decisions if employees' interests are incompatible with organizational needs.</td>
</tr>
<tr>
<td>Stress management</td>
<td>Employees attend sessions to discuss their worries about the change.</td>
<td>When communication, training, and involvement do not sufficiently ease employee worries.</td>
<td>Time-consuming and potentially expensive. Some methods may not reduce stress for all employees.</td>
</tr>
<tr>
<td>Negotiation</td>
<td>Employees agree to replace strict job categories with multiskilling in return for increased job security.</td>
<td>When employees will clearly lose something of value from the change and would not otherwise support the new conditions. Also necessary when the company must change quickly.</td>
<td>May be expensive, particularly if other employees want to negotiate their support. Also tends to produce compliance but not commitment to the change.</td>
</tr>
<tr>
<td>Coercion</td>
<td>Company president tells managers to “get on board the change or leave.”</td>
<td>When other strategies are ineffective and the company needs to change quickly.</td>
<td>Can lead to more subtle forms of resistance, as well as long-term antagonism with the change agent.</td>
</tr>
</tbody>
</table>


### Communication

As Connections 15.1 described, the FBI experienced a high level of resistance to changing into an intelligence-gathering organization. One of the first strategies the FBI leaders are now applying to address that resistance is communicating in every way possible and to as many audiences as possible that the FBI must change, why it must change, and what the new bureau will look like. “The word is out. Terrorism is the No. 1 priority, and intelligence is what the bureau is about,” says former assistant attorney general Paul R. Corts, who has worked closely with the FBI during the change process. “You’ve got to say it, say it, and say it again.”

Communication is the highest priority and first strategy required for any organizational change. According to one recent survey, communication (together with involve-
Communication improves the change process in at least two ways. First, as mentioned earlier, leaders develop an urgency to change by candidly telling employees about the driving forces for change. Whether through town hall meetings with senior management or by directly meeting with disgruntled customers, employees become energized to change. Second, communication can potentially reduce fear of the unknown. The more corporate leaders communicate their vision of the future, the more easily employees can understand their own role in that future. This effort may also begin the process of adjusting team norms to be more consistent with the new reality.

**Learning** Learning is an important process in most change initiatives because employees require new knowledge and skills to fit the organization’s evolving requirements. The FBI is now addressing past resistance to change through heavy investment in training staff in counterterrorism and counterintelligence. In addition, hundreds of FBI executives have been sent to weeklong courses to learn how to coach employees during the change process. Coaching and other forms of learning are time-consuming, but they help employees break routines by teaching them new role patterns.

**Employee Involvement** Unless the change must occur quickly or employee interests are highly incompatible with the organization’s needs, employee involvement is almost an essential part of the change process. Chapter 7 described several potential benefits of employee involvement, all of which are relevant to organizational change. Employees who participate in decisions about the change tend to feel they have more personal responsibility for its successful implementation, rather than being disinterested agents of someone else’s decisions. This sense of ownership also minimizes the problems of saving face and fear of the unknown. Furthermore, the complexity of today’s work environment demands that more people provide ideas regarding the best direction of the change effort. Employee involvement is such an important component...
of organizational change that special initiatives have been developed to allow participation in large groups. These change interventions are described later in the chapter.

**Stress Management**  Organizational change is a stressful experience for many people because it threatens self-esteem and creates uncertainty about the future.\textsuperscript{30} Communication, learning, and employee involvement can reduce some of the stressors. However, research indicates that companies also need to introduce stress management practices to help employees cope with the changes.\textsuperscript{31} In particular, stress management minimizes resistance by removing some of the direct costs and fear of the unknown of the change process. Stress also saps energy, so minimizing stress potentially increases employee motivation to support the change process.

**Negotiation**  As long as people resist change, organizational change strategies will require some influence tactics. Negotiation is a form of influence that involves the promise of benefits or resources in exchange for the target person’s compliance with the influencer’s request. This strategy potentially activates those who would otherwise lose out from the change. However, it merely gains compliance rather than commitment to the change effort, so it might not be effective in the long term.

**Coercion**  If all else fails, leaders rely on coercion to change organizations. Coercion can include persistently reminding people of their obligations, frequently monitoring behavior to ensure compliance, confronting people who do not change, and using threats of sanctions to force compliance. Replacing people who will not support the change is an extreme step, but it is fairly common. The opening story to this chapter described how three of the original six branch managers at Umpqua Bank left the company when Ray Davis introduced a radically different model of banking. Similarly, within one year after Robert Nardelli was hired as CEO of Home Depot, most of the retailer’s top management team had voluntarily or involuntarily left the company.

Replacing staff is a radical form of organizational unlearning because replacing executives removes knowledge of the organization’s past routines. This potentially opens up opportunities for new practices to take hold.\textsuperscript{32} At the same time, coercion is a risky strategy because survivors (employees who do not leave) may have less trust in corporate leaders and engage in more political tactics to protect their own job security.

**Refreezing the Desired Conditions**

Unfreezing and changing behavior won’t produce lasting change. People are creatures of habit, so they easily slip back into past patterns. Therefore, leaders need to refreeze the new behaviors by realigning organizational systems and team dynamics with the desired changes.\textsuperscript{33} For instance, recall that the FBI experienced resistance to change because organizational structures interfered with the desired future of intelligence gathering. Now the FBI is not only changing; it is institutionalizing these changes through new systems and structures. New career paths have been established for intelligence officers as well as for criminal investigation agents. The compensation system has been redesigned to reward staff who succeed in intelligence work rather than just criminal investigations. The FBI is also slowly developing information systems so that agents can share knowledge quickly with each other and with other agencies.
Change Agents, Strategic Visions, and Diffusing Change

Kurt Lewin’s force field analysis model is a useful template to explain the dynamics of organizational change. But it overlooks three ingredients in effective change processes: change agents, strategic visions, and diffusing change.

Change Agents and Strategic Visions

The opening vignette to this chapter described several ways that Umpqua Bank CEO Ray Davis supported organizational change. Perhaps the most important of these was Davis’s own skills and behaviors as a transformational leader. He developed an appealing vision of the desired future state, communicated that vision in ways that were meaningful to others, made decisions and acted in ways that were consistent with that vision, and built commitment to that vision. Change agents come in different forms, and more than one person is often required to fulfill these different roles. In most situations, however, transformational leaders are the primary agents of change.

A key element of leading change is a strategic vision. A leader’s vision provides a sense of direction and establishes the critical success factors against which the real changes are evaluated. Furthermore, vision provides an emotional foundation to the change because it links the individual’s values and self-concept to the desired change. A strategic vision also minimizes employee fear of the unknown and provides a better understanding about what behaviors employees must learn for the desired future.

Diffusion of Change

In Chapter 4, as well as earlier in this chapter, we described Best Buy’s results-only work environment (ROWE) initiative, which was introduced to support work–life balance and employment expectations of a younger workforce. ROWE evaluates employees by their results, not their face time. This new arrangement gives employees at the Minneapolis-based retailer the freedom to come to work when it suits them. ROWE is a significant departure from the traditional employment relationship, so Best Buy wisely introduced an early version of it as a pilot project. Specifically, the program was first tested with a retail division of 320 employees that suffered from low morale and high turnover. Only after employee engagement scores increased and turnover fell over several months was the ROWE program expanded to other parts of the organization.

As at Best Buy, change agents often test the transformation process with a pilot project and then diffuse what has been learned from this experience to other parts of the organization. Unlike centralized, systemwide changes, pilot projects are more flexible and less risky. The pilot project approach also makes it easier to select organizational groups that are most ready for change, thus increasing the pilot project’s success.

But how do we ensure that the change process started in the pilot project is adopted by other segments of the organization? The MARS model introduced in Chapter 2 offers a useful template for organizing the answer to this question. First, employees are more likely to adopt the practices of a pilot project when they are motivated to do so. This occurs when they see that the pilot project is successful and people in the pilot project receive recognition and rewards for changing their previous work practices. Diffusion also requires supervisor support and reinforcement of the desired behaviors. More generally, change agents need to minimize the sources of resistance to change that we discussed earlier in this chapter.
Second, employees must have the ability—the required skills and knowledge—to adopt the practices introduced in the pilot project. According to innovation diffusion studies, people adopt ideas more readily when they have an opportunity to interact and learn from others who have already applied the new practices. Thus, pilot projects get diffused when employees in the original pilot are dispersed to other work units as role models and knowledge sources.

Third, pilot projects get diffused when employees have clear role perceptions, that is, when they understand how the practices in a pilot project apply to them even though they are in a completely different functional area. For instance, accounting department employees won’t easily recognize how they can adopt quality improvement practices developed by employees in the production department. The challenge here is for change agents to provide guidance that is neither too specific, because it might not seem relevant to other areas of the organization, nor too abstract, because this makes the instructions too vague. Finally, employees require supportive situational factors, including the resources and time necessary to adopt the practices demonstrated in the pilot project.

Learning Objectives

After reading the next two sections, you should be able to:

5. Describe the action research approach to organizational change.
6. Outline the “Four-D” model of appreciative inquiry and explain how this approach differs from action research.
7. Explain how parallel learning structures assist the change process.
8. Discuss three ethical issues in organizational change.

Four Approaches to Organizational Change

So far, this chapter has examined the dynamics of change that occur every day in organizations. However, organizational change agents and consultants also apply various structured approaches to organizational change. This section introduces four of the leading approaches: action research, appreciative inquiry, large-group interventions, and parallel learning structures.

Action Research Approach

Along with introducing the force field model, Kurt Lewin recommended an action research approach to the change process. Action research maintains that meaningful change is a combination of action orientation (changing attitudes and behavior) and research orientation (testing theory). On the one hand, the change process needs to be action-oriented because the ultimate goal is to bring about change. An action orientation involves diagnosing current problems and applying interventions that resolve those problems. On the other hand, the change process is a research study because change agents apply a conceptual framework (such as team dynamics or organizational culture) to a real situation. As with any good research, the change process involves collecting data to diagnose problems more effectively and to systematically evaluate how well the theory works in practice.

Within this dual framework of action and research, the action research approach adopts an open-systems view. It recognizes that organizations have many interdependent parts, so change agents need to anticipate both the intended and the unintended consequences of their interventions. Action research is also a highly participative...
Organizational Change

process because open-systems change requires both the knowledge and the commitment of members within that system. Indeed, employees are essentially co-researchers as well as participants in the intervention. Overall, action research is a data-based, problem-oriented process that diagnoses the need for change, introduces the intervention, and then evaluates and stabilizes the desired changes. The main phases of action research are illustrated in Exhibit 15.3 and described below:

1. **Form client-consultant relationship.** Action research usually assumes that the change agent originates outside the system (such as a consultant), so the process begins by forming the client-consultant relationship. Consultants need to determine the client’s readiness for change, including whether people are motivated to participate in the process, are open to meaningful change, and possess the abilities to complete the process.

2. **Diagnose the need for change.** Action research is a problem-oriented activity that carefully diagnoses the problem through systematic analysis of the situation. Organizational diagnosis identifies the appropriate direction for the change effort by gathering and analyzing data about an ongoing system, such as through interviews and surveys of employees and other stakeholders. Organizational diagnosis also includes employee involvement in agreeing on the appropriate change method, the schedule for the actions involved, and the expected standards of successful change.

3. **Introduce intervention.** This stage in the action research model applies one or more actions to correct the problem. It may include any of the prescriptions mentioned in this textbook, such as building more effective teams, managing conflict, building a better organizational structure, or changing the corporate culture. An important issue is how quickly the changes should occur. Some experts recommend incremental change, in which the organization fine-tunes the system and takes small steps toward a desired state. Others claim that quantum change is often required, in which the system is overhauled decisively and quickly. Quantum change is usually traumatic to employees and offers little opportunity for correction. But incremental change is also risky when the organization is seriously misaligned with its environment, thereby facing a threat to its survival.

4. **Evaluate and stabilize change.** Action research recommends evaluating the effectiveness of the intervention against the standards established in the diagnostic stage. Unfortunately, even when these standards are clearly stated, the effectiveness of an intervention might not be apparent for several years or might be difficult to separate from other factors. If the activity has the desired effect, the change agent and participants need to stabilize the new conditions. This refers to the refreezing process that was described earlier. Rewards, information systems, team norms, and other conditions are redesigned so that they support the new values and behaviors.
The action research approach has dominated organizational change thinking ever since it was introduced in the 1940s. However, some experts complain that the problem-oriented nature of action research—in which something is wrong that must be fixed—focuses on the negative dynamics of the group or system rather than its positive opportunities and potential. This concern with action research has led to the development of a more positive approach to organizational change, called appreciative inquiry.  

Appreciative Inquiry Approach

Appreciative inquiry tries to break out of the problem-solving mentality of traditional change management practices by reframing relationships around the positive and the possible. It searches for organizational (or team) strengths and capabilities and then adapts or applies that knowledge for further success and well-being. Appreciative inquiry is therefore deeply grounded in the emerging philosophy of positive organizational behavior, which suggests that focusing on the positive rather than negative aspects of life will improve organizational success and individual well-being. In other words, this approach emphasizes building on strengths rather than trying to directly correct problems.

Appreciative inquiry typically directs its inquiry toward successful events and successful organizations or work units. This external focus becomes a form of behavioral modeling, but it also increases open dialogue by redirecting the group’s attention away from its own problems. Appreciative inquiry is especially useful when participants are aware of their “problems” or already suffer from negativity in their relationships. The positive orientation of appreciative inquiry enables groups to overcome...
these negative tensions and build a more hopeful perspective of their future by focusing on what is possible.\(^4\)

The “Four-D” model of appreciative inquiry (named after its four stages) shown in Exhibit 15.4 begins with discovery—identifying the positive elements of the observed events or organization.\(^4\) This might involve documenting positive customer experiences elsewhere in the organization. Or it might include interviewing members of another organization to discover its fundamental strengths. As participants discuss their findings, they shift into the dreaming stage by envisioning what might be possible in an ideal organization. By directing their attention to a theoretically ideal organization or situation, participants feel safer revealing their hopes and aspirations than they would if they were discussing their own organization or predicament.

As participants make their private thoughts public to the group, the process shifts into the third stage, called designing. Designing involves the process of dialogue, in which participants listen with selfless receptivity to each other’s models and assumptions and eventually form a collective model for thinking within the team. In effect, they create a common image of what should be. As this model takes shape, group members shift the focus back to their own situation. In the final stage of appreciative inquiry, called delivering (also known as destiny), participants establish specific objectives and direction for their own organization on the basis of their model of what will be.

Appreciative inquiry was developed 20 years ago, but it really gained popularity only within the past few years. Several success stories of organizational change from appreciative inquiry have emerged in a variety of organizational settings, including British Broadcasting Corporation, Castrol Marine, Canadian Tire, Avon México, American Express, Green Mountain Coffee Roasters, and Hunter Douglas.\(^5\) However, experts warn that appreciative inquiry is not always the best approach to changing teams or organizations, and, indeed, it has not always been successful. Appreciative inquiry requires participants who are willing to let go of the problem-oriented approach and leaders who are willing to accept appreciative inquiry’s less structured process.\(^6\) Another concern is that research has not yet examined the contingencies of this approach.\(^7\) In other words, we don’t yet know under what conditions appreciate inquiry is a useful approach to organizational change and under what conditions it is less effective. Overall, appreciative inquiry has much to offer the organizational change process, but we are just beginning to understand its potential and limitations.
Large-Group Interventions

Appreciative inquiry can occur in small teams, but it is often designed to involve a large number of people, such as the 10,000 employees who participated in the process at the British Broadcasting Corporation. As such, appreciative inquiry is often identified as one of several large-group organizational change interventions. Another large-group intervention, known as future search (and its variations—search conferences and open-space technology) “puts the entire system in the room,” meaning that the process tries to involve as many employees and other stakeholders as possible associated with the organizational system. Future-search conferences are typically multiday events at which participants are asked to identify trends or issues and establish strategic solutions for those conditions.

For example, Emerson & Cuming’s chemical manufacturing facility in Canton, Massachusetts, relied on a future-search conference in which managers, supervisors, and production employees were organized into five stakeholder teams to identify initiatives that would improve the plant’s safety, efficiency, and cooperation. Lawrence Public Schools in Kansas conducted a future-search conference involving parents, teachers, students, community partners, and other stakeholders to help the board allocate resources more effectively. “The goals that were developed at the future search conference reflect what the community envisioned for its school district,” says superintendent Randy Weseman. Those goals have since become the foundation of the board’s strategic decision making.

Future-search meetings and similar large-group change events potentially minimize resistance to change and assist the quality of the change process, but they also have limitations. One problem is that involving so many people invariably limits the opportunity to contribute and increases the risk that a few people will dominate the process. Another concern is that these events focus on finding common ground, and this may prevent the participants from discovering substantive differences that interfere with future progress. A third issue is that these events generate high expectations about an ideal future state that are difficult to satisfy in practice. Employees become even more cynical and resistant to change if they do not see meaningful

IKEA Future Searches for the Perfect Sofa

IKEA held a three-day future-search event involving more than four dozen stakeholders, including the company president, product design staff, sales and distribution staff, information technology, retail managers, suppliers from three countries, and six customers. The Swedish furniture company, which was growing rapidly, wanted to “build a quicker, leaner, and simpler” pipeline for its product development and distribution. Focusing on a single product (the Ektorp sofa), participants overcame the immense complexity of the system, the language barriers (for most, English was a second language), and apprehension and suspicions about change to map out a new product development process. One year later, IKEA launched a new sofa line (the Fixhult) based on further iterations of the process designed in the future-search workshop.
decisions and actions resulting from these meetings. The State of Washington Department of Corrections held a future-search event that tried to minimize these problems. The event involved a representation of 75 employees and managers, who reached a consensus on the department’s future direction. Department executives were then assigned specific recommendations to ensure that the conference results were put into place.  

Parallel Learning Structure Approach

Parallel learning structures are highly participative arrangements composed of people from most levels of the organization who follow the action research model to produce meaningful organizational change. They are social structures developed alongside the formal hierarchy with the purpose of increasing the organization’s learning. Ideally, participants in parallel learning structures are sufficiently free from the constraints of the larger organization so that they can more effectively solve organizational issues.

Royal Dutch/Shell relied on a parallel learning structure to introduce a more customer-focused organization. Rather than try to change the entire organization at once, executives held weeklong “retail boot camps” with six country teams of frontline people (e.g., gas station managers, truck drivers, marketing professionals). Participants learned about competitive trends in their regions and were taught powerful marketing tools to identify new opportunities. The teams then returned home to study their market and develop proposals for improvement. Four months later, boot camp teams returned for a second workshop, at which each proposal was critiqued by Royal Dutch/Shell executives. Each team had 60 days to put its ideas into action; then the teams returned for a third workshop to analyze what worked and what didn’t. This parallel learning process did much more than introduce new marketing ideas. It created enthusiasm in participants that spread contagiously to their co-workers, including managers above them, when they returned to their home countries.

Cross-Cultural and Ethical Issues in Organizational Change

One significant concern with some organizational change interventions is that they originate in the United States and other Western countries and may conflict with cultural values in some other countries. A few experts point out that this Western perspective of change is linear, as is Lewin’s force field model, discussed earlier. It also assumes that the change process is punctuated by tension and overt conflict. But these assumptions are incompatible with cultures that view change as a natural cyclical process with harmony and equilibrium as the objectives. This dilemma suggests that we need to develop a more contingency-oriented perspective concerning the cultural values of participants.

Some organizational change practices also face ethical issues. One ethical concern is the risk of violating individual privacy rights. The action research model is built on the idea of collecting information from organizational members, yet this requires that employees provide personal information and emotions that they may not want to divulge. A second ethical concern is that some change activities potentially increase management’s power by inducing compliance and conformity in organizational
members. For instance, action research is a systemwide activity that requires employee participation rather than allowing individuals to get involved voluntarily. A third concern is that some organizational change interventions undermine the individual’s self-esteem. The unfreezing process requires that participants disconfirm their existing beliefs, sometimes including their own competence at certain tasks or interpersonal relations.

Organizational change is usually more difficult than it initially seems. Yet the dilemma is that most organizations operate in hyperfast environments that demand continuous and rapid adaptation. Organizations survive and gain competitive advantage by mastering the complex dynamics of moving people through the continuous process of change as quickly as the external environment is changing.

**Organizational Behavior: The Journey Continues**

Nearly 100 years ago, American industrialist Andrew Carnegie said: “Take away my people, but leave my factories, and soon grass will grow on the factory floors. Take away my factories, but leave my people, and soon we will have a new and better factory.” Carnegie’s statement reflects the message woven throughout this textbook: Organizations are not buildings or machinery or financial assets; rather, they are the people in them. Organizations are human entities—full of life, sometimes fragile, always exciting.

**Chapter Summary**

Lewin’s force field analysis model states that all systems have driving and restraining forces. Change occurs through the process of unfreezing, changing, and refreezing. Unfreezing produces disequilibrium between the driving and restraining forces. Refreezing realigns the organization’s systems and structures with the desired behaviors.

Restraining forces are manifested as employee resistance to change. Resistance to change should be viewed as a resource, not an inherent obstacle to change. The main reasons why people resist change are direct costs, saving face, fear of the unknown, breaking routines, incongruent team dynamics, and incongruent organizational systems. Resistance to change may be minimized by keeping employees informed about what to expect from the change effort (communicating); teaching employees valuable skills for the desired future (learning); involving them in the change process; helping employees cope with the stress of change; negotiating trade-offs with those who will clearly lose from the change effort; and using coercion (sparingly and as a last resort).

Organizational change also requires driving forces. This means that employees need to have an urgency for change by becoming aware of the environmental conditions that demand change in the organization. The change process also requires refreezing the new behaviors by realigning organizational systems and team dynamics with the desired changes. Every successful change also requires change agents with a clear, well-articulated vision of the desired future state. The change process also often applies a diffusion process in which change begins as a pilot project and eventually spreads to other areas of the organization.

Action research is a highly participative, open-systems approach to change management that combines an action orientation (changing attitudes and behavior) with research orientation (testing theory). It is a data-based, problem-oriented process that diagnoses the need for change, introduces the intervention, and then evaluates and stabilizes the desired changes.

Appreciative inquiry embraces the positive organizational behavior philosophy by focusing participants on the positive and possible. It tries to break out of the problem-solving mentality that dominates organizational change through the action research model. The four stages of appreciative inquiry include discovery, dreaming, designing, and delivering.

Large-group interventions, such as future-search conferences, are highly participative events that typically try to get the entire system into the room. A fourth organizational change approach, called parallel learning structures, relies on social structures developed alongside the formal hierarchy with the purpose of increasing the organization’s learning. They are highly participative.
arrangements, composed of people from most levels of the organization who follow the action research model to produce meaningful organizational change.

One significant concern is that organizational change theories developed with a Western cultural orientation potentially conflict with cultural values in some other countries. Also, organizational change practices can raise one or more ethical concerns, including increasing management’s power over employees, threatening individual privacy rights, undermining individual self-esteem, and making clients dependent on the change consultant.

Key Terms

- action research, p. 456
- appreciative inquiry, p. 458
- force field analysis, p. 444
- future search, p. 460
- parallel learning structure, p. 461
- refreezing, p. 444
- unfreezing, p. 444

Critical Thinking Questions

1. Chances are that the school you are attending is currently undergoing some sort of change to adapt more closely to its environment. Discuss the external forces that are driving the change. What internal drivers for change also exist?

2. Use Lewin’s force field analysis to describe the dynamics of organizational change at Umpqua Bank (opening vignette to this chapter).

3. Employee resistance is a symptom, not a problem, in the change process. What are some of the real problems that may underlie employee resistance?

4. Senior management of a large multinational corporation is planning to restructure the organization. Currently, the organization is decentralized around geographic areas so that the executive responsible for each area has considerable autonomy over manufacturing and sales. The new structure will transfer power to the executives responsible for different product groups; the executives responsible for each geographic area will no longer be responsible for manufacturing in their area but will retain control over sales activities. Describe two types of resistance senior management might encounter from this organizational change.

5. Discuss the role of reward systems in organizational change. Specifically, identify where reward systems relate to Lewin’s force field model and where they undermine the organizational change process.

6. Web Circuits is a Malaysian-based custom manufacturer for high-technology companies. Senior management wants to introduce lean management practices to reduce production costs and remain competitive. A consultant has recommended that the company start with a pilot project in one department and, when successful, diffuse these practices to other areas of the organization. Discuss the advantages of this recommendation, and identify three ways (other than the pilot project’s success) to make diffusion of the change effort more successful.

7. Suppose that you are vice president of branch services at the Bank of East Lansing. You notice that several branches have consistently low customer service ratings even though there are no apparent differences in resources or staff characteristics. Describe an appreciative inquiry process in one of these branches that might help to overcome this problem.

8. This chapter suggests that some organizational change activities face ethical concerns. Yet several consultants actively use these processes because they believe they benefit the organization and do less damage to employees than it seems on the surface. For example, some activities try to open up the employee’s hidden area (review the Johari Window discussion in Chapter 3) so that there is better mutual understanding with co-workers. Discuss this argument, and identify where you think organizational change interventions should limit this process.
Case Study 15.1  TRANSACT INSURANCE CORPORATION

Steven L. McShane, University of Western Australia, and Terrance Bogyo, WorkSafeBC

TransAct Insurance Corporation (TIC) provides automobile insurance throughout the southeastern United States. Last year, a new president was hired by TIC’s board of directors to improve the company’s competitiveness and customer service. After spending several months assessing the situation, the new president introduced a strategic plan to strengthen TIC’s competitive position. He also replaced three vice presidents. Jim Leon was hired as vice president of claims, TIC’s largest division, with 1,500 employees, 50 claims center managers, and 5 regional directors.

Jim immediately met with all claims managers and directors, and he visited employees at TIC’s 50 claims centers. As an outsider, this was a formidable task, but his strong interpersonal skills and uncanny ability to remember names and ideas helped him through the process. Through these visits and discussions, Jim discovered that the claims division had been managed in a relatively authoritarian, top-down manner. He could also see that morale was very low and employee-management relations were guarded. High workloads and isolation (adjusters work in tiny cubicles) were two other common complaints. Several managers acknowledged that the high turnover among claims adjusters was partly due to these conditions.

Following discussions with TIC’s president, Jim decided to make morale and supervisory leadership his top priority. He initiated a divisional newsletter with a tear-off feedback form for employees to register their comments. He announced an open-door policy in which any claims division employee could speak to him directly and confidentially without going first to the immediate supervisor. Jim also fought organizational barriers to initiate a flextime program so that employees could design work schedules around their needs. This program later became a model for other areas of TIC.

One of Jim’s most pronounced symbols of change was the “Claims Management Credo” outlining the philosophy that every claims manager would follow. At his first meeting with the complete claims management team, Jim presented a list of what he thought were important philosophies and actions of effective managers. The management group was asked to select and prioritize items from this list. They were told that the resulting list would be the division’s management philosophy and all managers would be held accountable for abiding by its principles. Most claims managers were uneasy about this process, but they also understood that the organization was under competitive pressure and that Jim was using this exercise to demonstrate his leadership.

The claims managers developed a list of 10 items, such as encouraging teamwork, fostering a trusting work environment, setting clear and reasonable goals, and so on. The list was circulated to senior management in the organization for their comments and approval and sent back to all claims managers for their endorsement. Once this was done, a copy of the final document was sent to every claims division employee. Jim also announced plans to follow up with an annual survey to evaluate each claims manager’s performance. This concerned the managers, but most of them believed that the credo exercise was a result of Jim’s initial enthusiasm and that he would be too busy to introduce a survey after settling into the job.

One year after the credo had been distributed, Jim announced that the first annual survey would be conducted. All claims employees would complete the survey and return it confidentially to the human resource department where the survey results would be compiled for each claims center manager. The survey asked the extent to which the manager had lived up to each of the 10 items in the credo. Each form also provided space for comments.

Claims center managers were surprised that a survey would be conducted, but they were even more worried about Jim’s statement that the results would be shared with employees. What results would employees see? Who would distribute these results? What happens if a manager gets poor ratings from his or her subordinates? “We’ll work out the details later,” said Jim in response to these questions. “Even if the survey results aren’t great, the information will give us a good baseline for next year’s survey.”

The claims division survey had a high response rate. In some centers, every employee completed and returned a form. Each report showed the claims
center manager’s average score for each of the 10 items, as well as how many employees rated the manager at each level of the 5-point scale. The reports also included every comment made by employees at that center.

No one was prepared for the results of the first survey. Most managers received moderate or poor ratings on the 10 items. Very few managers averaged above 3.0 (out of the 5 points) on more than a couple of items. This suggested that, at best, employees were ambivalent about whether their claims center manager had abided by the 10 management philosophy items. The comments were even more devastating than the ratings. Comments ranged from mildly disappointed to extremely critical of the claims managers. Employees also described their long-standing frustration with TIC, high workloads, and isolated working conditions. Several people bluntly stated that they were skeptical about the changes that Jim had promised. “We’ve heard the promises before, but now we’ve lost faith,” wrote one claims adjuster.

The survey results were sent to each claims manager, the regional director, and employees at the claims center. Jim instructed managers to discuss the survey data and comments with their regional manager and directly with employees. The claims center managers, who thought employees would see only the average scores, went into shock when they realized that the reports included individual comments. Some managers went to their regional director, complaining that revealing the personal comments would ruin their careers. Many directors sympathized, but the results were already available to employees.

When Jim heard about these concerns, he agreed that the results were lower than expected and that the comments should not have been shown to employees. After discussing the situation with his directors, he decided that the discussion meetings between claims managers and their employees should proceed as planned. To delay or withdraw the reports would undermine the credibility and trust that Jim was trying to develop with employees. However, the regional director attended the meeting in each claims center to minimize direct conflict between the claims center manager and employees.

Although many of these meetings went smoothly, a few created harsh feelings between managers and their employees. The sources of some comments were easily identified by their content, and this created a few delicate moments in several sessions. A few months after the meetings, two claims center managers quit and three others asked for transfers back to nonmanagement positions in TIC. Meanwhile, Jim wondered how to manage this process more effectively, particularly since employees expected another survey the following year.

Discussion Questions
1. What symptom(s) exist in this case to suggest that something has gone wrong?
2. What are the root causes that have led to these symptoms?
3. What actions should the company take to correct these problems?

Case Study 15.2 INSIDE INTEL

BusinessWeek For years, Intel thrived on a business model that cofounder Andy Grove perfected and reinforced under his leadership and the leadership of his successor, Craig Barrett. But Intel’s latest CEO, Paul Otellini, has different plans. Rather than continuing to build faster chips just for PC computers, Otellini sees bigger opportunities in new “platforms.” Otellini also wants to raise the profile of marketing, rather than let engineers determine
Discussion Questions

1. What change management strategies has Paul Otellini used to help introduce the various changes at Intel?

2. Discuss evidence that some employees are resisting the changes. What, if anything, can Otellini do to minimize this resistance?


Team Exercise 15.3 STRATEGIC CHANGE INCIDENTS

PURPOSE  This exercise is designed to help you identify strategies for facilitating organizational change in various situations.

INSTRUCTIONS

1. The instructor will place students into teams, and each team will be assigned one of the scenarios presented below.

2. Each team will diagnose its assigned scenario to determine the most appropriate set of change management practices. Where appropriate, these practices should (a) create an urgency to change, (b) minimize resistance to change, and (c) refreeze the situation to support the change initiative. Each of these scenarios is based on real events.

3. Each team will present and defend its change management strategy. Class discussion regarding the appropriateness and feasibility of each strategy will occur after all teams assigned the same scenario have presented. The instructor will then describe what the organizations actually did in these situations.

SCENARIO 1: GREENER TELCO  The board of directors at a large telephone company wants its executives to make the organization more environmentally friendly by encouraging employees to reduce waste in the workplace. Government and other stakeholders expect the company to take this action and be publicly successful. Consequently, the managing director wants to significantly reduce paper usage, refuse, and other waste throughout the company’s many widespread offices. Unfortunately, a survey indicates that employees do not value environmental objectives and do not know how to “reduce, reuse, recycle.” As the executive responsible for this change, you have been asked to develop a strategy that might bring about meaningful behavioral change toward this environmental goal. What would you do?

SCENARIO 2: GO FORWARD AIRLINE  A major airline had experienced a decade of rough turbulence, including two bouts of bankruptcy protection, 10 managing directors, and morale so low that employees had removed company logos from their uniforms out of embarrassment. Service was terrible, and the airplanes rarely arrived or left the terminal on time. This was costing the airline significant amounts of money in passenger layovers. Managers were paralyzed by anxiety, and many had been with the firm so long that they didn’t know how to set strategic goals that worked. One-fifth of all flights were losing money, and the company overall was near financial collapse (just three months to defaulting on payroll obligations). You and the newly hired managing director must get employees to quickly improve operational efficiency and customer service. What actions would you take to bring about these changes in time?
Self-Assessment 15.4

ARE YOU TOLERANT OF CHANGE?

PURPOSE  This exercise is designed to help you understand how people differ in their tolerance of change.

INSTRUCTIONS  Read each of the statements on page 468 and circle the response that best fits your personal belief. Then use the scoring key in Appendix B at the end of this book to calculate your results. This self-assessment should be completed alone so that you can rate yourself honestly without concerns of social comparison. Class discussion will focus on the meaning of the concept measured by this scale and its implications for managing change in organizational settings.

After reading this chapter, if you feel that you need additional information, see www.mhhe.com/mcshane5e for more in-depth information and interactivities that correspond to this chapter.
To what extent does each statement describe you? Indicate your level of agreement by marking the appropriate response on the right.

1. An expert who doesn’t come up with a definite answer probably doesn’t know too much.

2. I would like to live in a foreign country for a while.

3. There is really no such thing as a problem that can’t be solved.

4. People who fit their lives into a schedule probably miss most of the joy of living.

5. A good job is one where it is always clear what is to be done and how it is to be done.

6. It is more fun to tackle a complicated problem than to solve a simple one.

7. In the long run, it is possible to get more done by tackling small, simple problems rather than large, complicated ones.

8. Often the most interesting and stimulating people are those who don’t mind being different and original.

9. What we are used to is always preferable to what is unfamiliar.

10. People who insist on a yes or no answer just don’t know how complicated things really are.

11. A person who leads an even, regular life in which few surprises or unexpected happenings arise really has a lot to be grateful for.

12. Many of our most important decisions are based on insufficient information.

13. I like parties where I know most of the people more than ones where all or most of the people are complete strangers.

14. Teachers or supervisors who hand out vague assignments give people a chance to show initiative and originality.

15. The sooner everyone acquires similar values and ideals, the better.

16. A good teacher is one who makes you wonder about your way of looking at things.

Case 1: **A MIR KISS?**

*Steven L. McShane, University of Western Australia*

A team of psychologists at Moscow’s Institute for Biomedical Problems (IBMP) wanted to learn more about the dynamics of long-term isolation in space. This knowledge would be applied to the International Space Station, a joint project of several countries that would send people into space for more than six months. It would eventually include a trip to Mars that would take up to three years.

IBMP set up a replica in Moscow of the Mir space station. They then arranged for three international researchers from Japan, Canada, and Austria to spend 110 days isolated in a chamber the size of a train car. This chamber joined a smaller chamber where four Russian cosmonauts had already completed half of their 240 days of isolation. This was the first time an international crew was involved in the studies. None of the participants spoke English as their first language, yet they communicated throughout their stay in English at varying levels of proficiency.

Judith Lapierre, a French-Canadian, was the only female in the experiment. Along with having a PhD in public health and social medicine, Lapierre had studied space sociology at the International Space University in France and conducted isolation research in the Antarctic. This was her fourth trip to Russia, where she had learned the language. The mission was supposed to have a second female participant from the Japanese space program, but she was not selected by IBMP.

The Japanese and Austrian participants viewed the participation of a woman as a favorable factor, says Lapierre. For example, to make the surroundings more comfortable, they rearranged the furniture, hung posters on the wall, and put a tablecloth on the kitchen table. “We adapted our environment, whereas the Russians just viewed it as something to be endured,” she explains. “We decorated for Christmas, because I’m the kind of person who likes to host people.”
New Year’s Eve Turmoil

Ironically, it was at one of those social events, the New Year’s Eve party, that events took a turn for the worse. After drinking vodka (allowed by the Russian space agency), two of the Russian cosmonauts got into a fistfight that left blood splattered on the chamber walls. At one point, a colleague hid the knives in the station’s kitchen because of fears that the two Russians were about to stab each other. The two cosmonauts, who generally did not get along, had to be restrained by other men. Soon after that brawl, the Russian commander grabbed Lapierre, dragged her out of view of the television monitoring cameras, and kissed her aggressively—twice. Lapierre fought him off, but the message didn’t register. He tried to kiss her again the next morning.

The next day, the international crew complained to IBMP about the behavior of the Russian cosmonauts. The Russian institute apparently took no action against any of the aggressors. Instead, the institute’s psychologists replied that the incidents were part of the experiment. They wanted crew members to solve their personal problems with mature discussion, without asking for outside help. “You have to understand that Mir is an autonomous object, far away from anything,” Vadim Gushin, the IBMP psychologist in charge of the project, explained after the experiment ended in March. “If the crew can’t solve problems among themselves, they can’t work together.”

Following IBMP’s response, the international crew wrote a scathing letter to the Russian institute and the space agencies involved in the experiment. “We had never expected such events to take place in a highly controlled scientific experiment where individuals go through a multistep selection process,” they wrote. “If we had known . . . we would not have joined it as subjects.” The letter also complained about IBMP’s response to their concerns.

Informed of the New Year’s Eve incident, the Japanese space program convened an emergency meeting on January 2 to address the incidents. Soon after, the Japanese team member quit, apparently shocked by IBMP’s inaction. He was replaced with a Russian researcher on the international team. Ten days after the fight—a little over a month after the international team began the mission—the doors between the Russian and international crew’s chambers were barred at the request of the international research team. Lapierre later emphasized that this action was taken because of concerns about violence, not the incident involving her.

A Stolen Kiss or Sexual Harassment?

By the end of the experiment in March, news of the fistfight between the cosmonauts and the commander’s attempts to kiss Lapierre had reached the public. Russian scientists attempted to play down the kissing incident by saying that it was one fleeting kiss, a clash of cultures, and a female participant who was too emotional.

“In the West, some kinds of kissing are regarded as sexual harassment. In our culture it’s nothing,” said Russian psychologist Vadim Gushin in one interview. In another interview, he explained: “The problem of sexual harassment is given a lot of attention in North America but less in Europe. In Russia it is even less of an issue, not because we are more or less moral than the rest of the world; we just have different priorities.”

Judith Lapierre says the kissing incident was tolerable compared to this reaction from the Russian scientists who conducted the experiment. “They don’t get it at all,” she complains. “They don’t think anything is wrong. I’m more frustrated than ever. The worst thing is that they don’t realize it was wrong.”

Norbert Kraft, the Austrian scientist on the international team, also disagreed with the Russian interpretation of events. “They’re trying to protect themselves,” he says. “They’re trying to put the fault on others. But this is not a cultural issue. If a woman doesn’t want to be kissed, it is not acceptable.”

Case 2: ARCTIC MINING CONSULTANTS

Steven L. McShane, University of Western Australia, and Tim Neale

Tom Parker enjoyed working outdoors. At various times in the past, he worked as a ranch hand, high steel rigger, headstone installer, prospector, and geological field technician. Now 43, Parker is a geological field technician and field coordinator with Arctic Mining Consultants. He has specialized knowledge and experience in all non-technical aspects of mineral exploration, including claim staking, line cutting and grid installation, soil sampling, prospecting, and trenching. He is responsible for hiring, training, and supervising field assistants for all of Arctic Mining Consultants' programs. Field assistants are paid a fairly low daily wage (no matter how long they work, which may be up to 12 hours or more) but are provided meals and accommodation. Many of the programs are operated by a project manager who reports to Parker.

Parker sometimes acts as a project manager, as he did on a job that involved staking 15 claims near Eagle Lake, Alaska. He selected John Talbot, Greg Boyce, and Brian Millar, all of whom had previously worked with Parker, as the field assistants. To stake a claim, the project team marks a line with flagging tape and blazes along the perimeter of the claim, cutting a claim post every 500 yards (called a length). The 15 claims would require almost 60 miles of line in total. Parker had budgeted seven days (plus mobilization and demobilization) to complete the job. This meant that each of the four stakers (Parker, Talbot, Boyce, and Millar) would have to complete a little over seven lengths each day. The following is a chronology of the project.

Day 1

The Arctic Mining Consultants crew assembled in the morning and drove to Eagle Lake, from where they were flown by helicopter to the claim site. On arrival, they set up tents at the edge of the area to be staked, and they agreed on a schedule for cooking duties. After supper, they pulled out the maps and discussed the job—how long it would take, the order in which the areas were to be staked, possible helicopter landing spots, and the areas that might be more difficult to stake.

Parker pointed out that with only a week to complete the job, everyone would have to average seven and a half lengths per day. “I know that is a lot,” he said, “but you’ve all staked claims before and I’m confident that each of you is capable of it. And it’s only for a week. If we get the job done in time, there’s a $300 bonus for each man.” Two hours later, Parker and his crew members had developed what seemed to be a workable plan.

Day 2

Millar completed six lengths, Boyce six lengths, Talbot eight, and Parker eight. Parker was not pleased with Millar’s or Boyce’s production. However, he didn’t make an issue of it, thinking that they would develop their “rhythm” quickly.

Day 3

Millar completed five and a half lengths, Boyce four, and Talbot seven. Parker, who was nearly twice as old as the other three, completed eight lengths. He also had enough time remaining to walk over and check the quality of stakes that Millar and Boyce had completed and then walk back to his own area for the helicopter pickup back to the tent site.

That night Parker exploded with anger. “I thought I told you that I wanted seven and a half lengths a day!” he shouted at Boyce and Millar. Boyce said that he was slowed down by unusually thick underbrush in his assigned area. Millar said that he had done his best and would try to pick up the pace. Parker did not mention that he had inspected their work. He explained that as far as he was concerned, the field assistants were supposed to finish their assigned area for the day, no matter what.

Talbot, who was sharing a tent with Parker, talked to him later. “I think that you’re being a bit hard on them, you know. I know that it has been more by luck than anything else that I’ve been able to do my quota. Yesterday I only had five lengths done after the first seven hours and there was only an hour before I was...
supposed to be picked up. Then I hit a patch of really
open bush and was able to do three lengths in 70 min-
utes. Why don’t I take Millar’s area tomorrow and he
can have mine? Maybe that will help.”

“Conditions are the same in all of the areas,”
replied Parker, rejecting Talbot’s suggestion. “Millar
just has to try harder.”

**Day 4**

Millar did seven lengths and Boyce completed six
and a half. When they reported their production that
evening, Parker grunted uncommunicatively. Parker
and Talbot did eight lengths each.

**Day 5**

Millar completed six lengths, Boyce six, Talbot seven
and a half, and Parker eight. Once again Parker blew
up, but he concentrated his diatribe on Millar. “Why
don’t you do what you say you are going to do? You
know that you have to do seven and a half lengths
da day. We went over that when we first got here,
so why don’t you do it? If you aren’t willing to do
the job, then you never should have taken it in the
first place!”

Millar replied by saying that he was doing his
best, that he hadn’t even stopped for lunch, and that
he didn’t know how he could possibly do any better.
Parker launched into him again: “You have got to
work harder! If you put enough effort into it, you
will get the area done!”

Later Millar commented to Boyce, “I hate get-
ing dumped on all the time! I’d quit if it didn’t
mean that I’d have to walk 50 miles to the high-
way. And besides, I need the bonus money. Why
doesn’t he pick on you? You don’t get any more
done than me; in fact, you usually get less. Maybe
if you did a bit more he wouldn’t be so bothered
about me.”

“I only work as hard as I have to,” Boyce
replied.

**Day 6**

Millar raced through breakfast, was the first one to
be dropped off by the helicopter, and arranged to be
the last one picked up. That evening the production
figures were Millar eight and a quarter lengths,
Boyce seven, and Talbot and Parker eight each.
Parker remained silent when the field assistants re-
ported their performance for the day.

**Day 7**

Millar was again the first out and last in. That night,
he collapsed in an exhausted heap at the table, too
tired to eat. After a few moments, he announced in
an abject tone, “Six lengths. I worked like a dog all
day and I only got a lousy six lengths!” Boyce com-
pleted five lengths, Talbot seven, and Parker seven
and a quarter.

Parker was furious. “That means we have to do a
total of 34 lengths tomorrow if we are to finish this
job on time!” With his eyes directed at Millar, he added: “Why is it that you never finish the job?
Don’t you realize that you are part of a team, and
that you are letting the rest of the team down? I’ve
been checking your lines and you’re doing too much
blazing and wasting too much time making picture-
perfect claim posts! If you worked smarter, you’d get
a lot more done!”

**Day 8**

Parker cooked breakfast in the dark. The helicopter
drop-offs began as soon as morning light appeared
on the horizon. Parker instructed each assistant to
complete eight lengths and, if they finished early, to
help the others. Parker said that he would finish the
other ten lengths. Helicopter pickups were arranged
for one hour before dark.

By noon, after working as hard as he could, Millar
had completed only three lengths. “Why bother,” he
thought to himself, “I’ll never be able to do another
five lengths before the helicopter comes, and I’ll catch
the same amount of abuse from Parker for doing six
lengths as for seven and a half.” So he sat down and
had lunch and a rest. “Boyce won’t finish his eight
lengths either, so even if I did finish mine, I still
wouldn’t get the bonus. At least I’ll get one more
day’s pay this way.”

That night, Parker was livid when Millar reported
that he had completed five and a half lengths. Parker
had done ten and a quarter lengths, and Talbot had
completed eight. Boyce proudly announced that he
finished seven and a half lengths, but he sheepishly
added that Talbot had helped him with some of it.
Bill Brosnan stared at the financial statements in front of him and shook his head. The losses from *Conquistadors*, the movie that was supposed to establish Big Screen Studios as a major Hollywood power, were worse than anyone had predicted. In fact, the losses were so huge that Brosnan’s predecessor, Buck Knox, had been fired as a result of this colossal failure. Brosnan had wanted to be the head of a big movie production company for as long as he could remember, and he was thrilled to have been chosen by the board of directors to be the new president. But he had never expected that the first task in his dream job would be to deal with the fallout from one of the most unsuccessful movies ever.

The driving force behind *Conquistadors* was its director, Mark Frazier. Frazier had made several profitable movies for other studios and had a reputation as being a maverick with a “vision.” He was a director with clearly formulated ideas of what his movies should look like, and he also had no hesitations about being forceful with producers, studios, actors, and technical staff to ensure that his idea came to life as he had envisioned it. For several years, while Frazier had been busy on other projects, he had also been working on a script about two Spanish aristocrats in the 16th century who set out for America to find riches and gold and encountered many amazing adventures on their travels. Frazier was something of an amateur historian, and this led to his interest in the real-life stories of the Spanish conquistadors and the idea of bringing those stories to life for a 21st-century audience. But he also felt that creating an epic tale like this would establish him as a serious writer and filmmaker in the eyes of Hollywood, some of whose major powers had dismissed his past work as unimaginative or clichéd.

When Big Screen Studios approached Frazier to see if he would be interested in working for them, the company was going through a rough spot. Through several years of hard work and mostly successful productions, Buck Knox, the president of Big Screen, had established Big Screen as a studio that produced cost-efficient and profitable films. The studio also had a good reputation for being supportive of the creative side of filmmaking; actors, writers, directors, and producers generally felt that Big Screen trusted them enough to give them autonomy in making decisions appropriate for their productions. (Other studios had reputations for keeping an overly tight rein on production budgets and for dictating choices based on cost rather than artistic considerations.) However, in the last two years Big Screen had invested in several major productions—a musical, a horror film, and the sequel to a wildly successful film adaptation of a comic book—that for various reasons had all performed well below expectations. Knox had also heard through the grapevine that several of the studio’s board members were prepared to join together to force him out of the presidency if Big Screen did not come up with a hit soon.

Knox knew that Frazier was being wooed by several other studios for his next project, and he decided to contact Frazier to see if he was interested in directing any of the productions Big Screen was considering in the next year or so. After hearing Knox’s descriptions of the upcoming productions, Frazier said, “What I’d really be interested in doing is directing this script I’ve been writing.” He described the plot of *Conquistadors* to Knox, and Knox was
of $50 million. This was slightly higher than Knox

Preproduction on the film started almost immediately after Frazier and the studio negotiated a budget of $50 million. This was slightly higher than Knox had anticipated, but he believed it was not an excessive amount to permit Frazier to realize the grand vision he had described. Knox further reassured himself by assigning John Connor, one of his trusted vice presidents, to act as the studio’s liaison with Frazier and to be executive producer on the film. Connor was a veteran of many years in the movie production industry and was experienced in working with directors and budgets. Knox trusted Connor to be able to make Frazier contain the costs of the production within the agreed-on limits.

The first major problem the film encountered involved casting. The studio gave Frazier final approval over casting, as he had requested. Frazier’s first signing was Cole Rogan, a famous action star, to be one of the male leads. The studio did not object to this choice; in fact, Knox and Connor felt that Rogan was an asset because he had a reputation as a star who could “open” a film (in other words, audiences would come to a movie just because he was in it). However, Frazier then decided to cast Frank Monaco as the other male lead. Monaco had made only a few films to date, and those were fluffy romantic comedies. Frazier said that Monaco would bring important qualities of vulnerability and innocence to the role, which would be a strong contrast to Rogan’s rugged machismo. However, Connor told Knox he saw two major problems with Monaco’s casting: Monaco had never proved himself in an epic adventure role, and he was an accomplished enough actor that he would make the rather wooden Rogan look bad. Knox told Connor to suggest to Frazier that Rogan’s role be recast. Unfortunately, it turned out that Frazier had signed Rogan to a “pay or play” deal, meaning that if the studio released Rogan from the project, the studio would have to pay him a considerable sum of money. Knox was somewhat bothered that Frazier had made this deal with Rogan without consulting either him or Connor, but he told Connor to instruct Frazier to release Rogan and recast the role, and the studio would just accept the payment to Rogan as part of the production costs. Although Frazier complained, he did as the studio asked and chose as a replacement Marty Jones, an actor who had had some success in films but mostly in supporting roles. However, Jones was thrilled to be cast in a major role, and Connor felt that he would be capable of convincingly playing the part.

A few weeks after casting was completed, Connor called Knox and asked to see him immediately.
“Buck,” he told him once he arrived at Knox’s office, “we have a really big problem.” Connor said that Frazier was insisting the majority of the production be filmed in the jungles of South America, where most of the action took place, rather than on a studio soundstage or in a more accessible location that resembled the South American locale. Not only that, but Frazier was also insisting that he needed to bring along most of the crew that had worked on his previous films, rather than staffing the production locally. “Why does he want that? That’s going to cost a hell of a lot,” Knox said. “I know,” Connor said, “but he says it’s the only way that the film is going to work. He says it just won’t be the same if the actors are in a studio or in some swamp in the southern U.S. According to him, the actors and the crew need to be in the real location to truly understand what the conquistadors went through, and audiences won’t believe it’s a real South American jungle if the film isn’t made in one.”

Knox told Connor that Frazier had to provide an amended budget to reflect the increased costs before he would approve the location filming. Connor took the request to Frazier, who complained that the studio was weakening on its promise to support the film adequately, and he added that he might be tempted to take the film to another studio if he was not allowed to film on location in South America. After a few weeks, he produced an amended budget of $75 million. Knox was horrified that the budget for Conquistadors had nearly increased by half in a few weeks. He told Connor that he would accept the amended budget only under two conditions: one, that Connor would go on the location shoot to ensure that costs stayed within the amended budget and, two, that if the costs exceeded Frazier’s estimates, he would have to pay any excess himself. Frazier again complained that the studio was attempting to compromise his vision, but he grudgingly accepted the modified terms.

Frazier, Connor, and the cast and crew then headed off to the South American jungles for a scheduled two-month shoot. Immediately it became apparent that there was more trouble. Connor, who reported daily to Knox, told him after two weeks had passed that Frazier was shooting scenes several times over—not because the actors or the crew were making mistakes, or because there was something wrong with the scene, but because the output just didn’t meet his artistic standards. This attention to detail meant that the filming schedule was nearly a week behind after only the first week’s work. Also, because the filming locations were so remote, the cast and crew were spending nearly four hours of a scheduled seven-hour workday traveling to and from location, leaving only three hours in which they could work at regular pay rates. Work beyond those hours meant they had to be paid overtime, and as Frazier’s demanding vision required shooting 10 or 12 hours each day, the production was incurring huge overtime costs. As if that wasn’t bad enough, the “rushes” (the finished film produced each day) showed that Monaco and Jones didn’t have any chemistry as a pair, and Gia Norman, the European actress Frazier had cast as the love interest, had such a heavy accent that most of her lines couldn’t be understood.

Knox told Connor that he was coming to the location right away to meet with Frazier. After several days of very arduous travel, Knox, Connor, and Frazier met in the canvas tent that served as the director’s office in the middle of the jungle. Knox didn’t waste any time with pleasantries. “Mark,” he told Frazier, “there is no way you can bring this film in for the budget you have promised or within the deadline you agreed to. John has told me how this production is being managed, and it’s just not acceptable. I’ve done some calculations, and at the rate you are going, this picture is going to cost $85 million and have a running time of four and a half hours. Big Screen is not prepared to support that. We need a film that’s a commercially viable length, and we need it at a reasonable cost.”

“It needs to be as long as it is,” replied Frazier, “because the story has to be told. And if it has to cost this much, it has to cost this much. Otherwise it will look like crap and no one will buy a ticket to see it.”

“Mark,” replied Knox, “we are prepared to put $5 million more into this picture, and that is it. You have the choice of proceeding under those terms, and keeping John fully informed of the costs so that he can help you stay within the budget. If you don’t agree to that, you can leave the production, and we will hire another director and sue you for breach of contract.”

Frazier looked as though he was ready to walk into the jungle and head back to California that very minute, but the thought of losing his dream project was too much for him. He muttered, “OK, I’ll finish it.”
Knox returned to California, nursing several nasty mosquito bites, and Connor stayed in the jungle and reported to him regularly. Unfortunately, it didn’t seem like Frazier was paying much attention to the studio’s demands. Connor estimated that the shoot would run three months rather than two and that the total cost of the shoot would be $70 million. This left only $10 million of the budget for post-production, distribution, and marketing, which was almost nothing for an epic adventure. To add to Knox’s problems, he got a phone call from Richard Garrison, the chairman of Big Screen’s board of directors. Garrison had heard gossip about what was going on with Conquistadors in the jungles of South America, and he wanted to know what Knox was going to do to curb Frazier’s excesses. Knox told Garrison that Frazier was operating under clearly understood requirements and that Connor was on the set to monitor the costs. Unfortunately, Knox thought, Connor was doing a good job of reporting, but he didn’t seem to be doing much to correct the problems he was observing.

Frazier eventually came back to California after three and a half months of shooting, and he started editing the several hundred hours of film he had produced. Knox requested that Frazier permit Connor or himself to participate in the editing, but Frazier retorted that permitting that would infringe on his right to “final cut”; he refused to allow anyone associated with the studio to be in the editing room. Knox scheduled a release date for the film in six months’ time and asked the studio’s publicity department to start working on an ad campaign for the film, but not much could be done on either of these tasks without at least a rough cut of the finished product.

Three weeks into the editing, Connor called Knox, “I heard from Mark today,” he said. “He wants to do some reshoots.” “Is that a problem?” Knox asked. “No,” said Connor, “most of it is interior stuff that we can do here. But he wants to add a prologue. He says that the story doesn’t make sense without more development of how the two lead characters sailed from Spain to South America. He wants to hire a ship.”

“He wants to what?” exclaimed Knox.

“He wants to hire a sailing ship, like the conquistadors traveled on. There are a couple of tall ships that would do, but the one he wants is in dry dock in Mexico and would cost at least a million to make seaworthy and sail up to southern California. And that’s on top of the cost of bringing the actors and crew back for a minimum of a week. I suggested to him that we try some special effects or a computerized animation for the scenes of the ship on the ocean, and shoot the shipboard scenes in the studio, but he says that won’t be the same and it needs to be authentic.”

At this point, Knox was ready to drive over to the editing studios and take care of Frazier himself. Instead, he called Garrison and explained the situation. “I won’t commit any more money to this without the board’s approval. But we’ve already invested $80 million into this already, so is a few more million that much of a deal if it gets the damn thing finished and gets Frazier out of our hair? If we tell him no, we’ll have to basically start all over again, or just dump the whole thing and kiss $80 million goodbye.” At the other end of the line, Garrison sighed, and said, “Do whatever you have to do to get it done.”

Knox told Connor to authorize the reshoots, with a schedule of two months and the expectation that Frazier would have a rough cut of the film ready for the studio executives to view in three months. However, because of the time Frazier had already spent on editing, Knox had to change the release date, which meant changing the publicity campaign as well—and releasing the film at the same time that one of Big Screen’s major competitors was releasing another epic adventure that was considered a sure-fire hit. However, Knox felt he had no choice. If he didn’t enforce some deadline, Frazier might sit in the editing room and tinker with his dream forever. Connor supervised the reshoots and reported that they went as well as could be expected. The major problem was that Gia Norman had had plastic surgery on her nose after the first shoot was completed and looked considerably different than she had in the jungles of South America. However, creative lighting, makeup, and costuming managed to minimize the change in her appearance. By all accounts, the (very expensive) sailing ship looked spectacular in the rushes, and Frazier was satisfied that his vision had been sufficiently dramatized.

Amazingly, Frazier delivered the rough cut of the film at the agreed-on time. Knox, Connor, Garrison, and the rest of the studio’s executives crowded into the screening room to view the realization of Frazier’s dream. Five and a half hours
later, they were in shock. No one could deny that the movie looked fantastic and that it was an epic on a grand scale, but there was no way the studio could commercially release a film that was over five hours long—plus Frazier had agreed to produce a movie that was at most two and a half hours long. Knox was at his wits’ end. He cornered Garrison in the hallway outside the screening room. “Will you talk to Mark? He won’t listen to me, he won’t listen to John. But we can’t release this. It won’t work.” Garrison agreed, and contacted Frazier the next day. He reported back to Knox that Frazier, amazingly, had agreed to cut the film to two hours and fifteen minutes. Knox, heartened by this news, proceeded with the previously set release date, which by now was a month away, and got the publicity campaign going.

Two days before the scheduled release date, Frazier provided an advance copy of his shortened version of Conquistadors for a studio screening. Knox had asked him to provide a copy sooner, but Frazier said that he could not produce anything that quickly. As a consequence, the version of the film that the studio executives were seeing for the first time was the version that had already had thousands of copies duplicated for distribution to movie theaters all across North America. In fact, those copies were on their way by courier to the theaters as the screening started.

At the end of the screening, the studio executives were stunned. Yes, the movie was shorter, but now it made no sense. Characters appeared and disappeared randomly, the plot was impossible to follow, and the dialogue did not make sense at several key points in the small parts of plot that were discernible. The film was a disaster. Several of the executives present voiced the suspicion that Frazier had deliberately edited the movie this way to get revenge on the studio for not “respecting” his vision and forcing him to reduce the film’s length. Others suggested that Frazier was simply a lunatic who never should have been given so much autonomy in the first place.

Knox, Garrison, and Connor held a hastily called meeting the next morning. What could the studio do? Recall the film and force Frazier to produce a more coherent shorter version? Recall the film and release the five-and-a-half-hour version? Or let the shorter version be released as scheduled and hope that it wouldn’t be too badly received? Knox argued that the film should be recalled and Frazier should be forced to produce the product he agreed to produce. Connor said that he thought Frazier had been doing his best to do what the studio wanted, based on what Connor saw on the set, and that making Frazier cut the movie so short compromised the vision Frazier wanted to achieve. He said the studio should release the long version and present it as a “special cinematic event.” Garrison, as chairman of the board, listened to both sides, and after figuring out the costs of recalling and/or reediting the film—not to mention the less tangible costs of further worsening the film’s reputation—said, “Gentlemen, we really don’t have any choice. Conquistadors will be released tomorrow.”

Knox immediately canceled the critics’ screenings of Conquistadors, scheduled for that afternoon, so that bad reviews would not appear on the day of the film’s release. Despite that preemptive step and an extensive advertising campaign, Conquistadors was a complete and utter flop. On a total outlay of $90 million, the studio recouped less than $9 million. The reviews of the film were terrible, and audiences stayed away in droves. The only place Conquistadors was even close to successful was in some parts of Europe, where film critics called the edited version an example of American studios’ crass obsession with making money by compromising the work of a genius. The studio attempted to capitalize on this note of hope by releasing the five-and-a-half-hour version of Conquistadors for screening at some overseas film festivals and cinema appreciation societies, but the revenues from these screenings were so small that they made no difference to the overall financial results.

Three months after Conquistadors was released, Garrison called Knox in and told him he was fired. Garrison told Knox that the board appreciated what a difficult production Conquistadors had been to manage but that the costs of the production had been unchecked to such a degree that the board no longer had confidence in Knox’s ability to operate Big Screen Studios efficiently. Connor was offered a very generous early retirement package, and he accepted it. The board then hired Bill Brosnan, a vice president at another studio, as Knox’s replacement.

After reviewing Conquistadors’ financial records and the notes that Knox had kept throughout the production, Brosnan was determined that a disaster like this would not undermine his career as it had Knox’s. But what could he do to ensure this would not happen?
Case 4: BRIDGING THE TWO WORLDS—THE ORGANIZATIONAL DILEMMA

William Todorovic, Indiana-Purdue University, Fort Wayne

I had been hired by Aluminum Elements Corp. (AEC), and it was my first day of work. I was 26 years old, and I was now the manager of AEC’s customer service group, which looked after customers, logistics, and some of the raw material purchasing. My superior, George, was the vice president of the company. AEC manufactured most of its products, a majority of which were destined for the construction industry, from aluminum.

As I walked around the shop floor, the employees appeared to be concentrating on their jobs, barely noticing me. Management held daily meetings, at which various production issues were discussed. No one from the shop floor was invited to the meetings, unless there was a specific problem. Later I learned that management had separate washrooms and separate lunchrooms, as well as other perks that floor employees did not have. Most of the floor employees felt that the managers, although polite on the surface, did not really feel they had anything to learn from the floor employees.

John, who worked on the aluminum slitter, a crucial operation required before any other operations could commence, had had a number of unpleasant encounters with George. As a result, George usually sent written memos to the floor in order to avoid a direct confrontation with John. Because the directions in the memos were complex, these memos were often more than two pages in length.

One morning, as I was walking around, I noticed that John was very upset. Feeling that perhaps there was something I could do, I approached John and asked him if I could help. He indicated that everything was just fine. From the looks of the situation, and John’s body language, I felt that he was willing to talk but that he knew this was not the way things were done at AEC. Tony, who worked at the machine next to John’s, then cursed and said that the office guys cared only about schedules, not about the people down on the floor. I just looked at him, and then I said that I began working here only last week and thought I could address some of their issues. Tony gave me a strange look, shook his head, and went back to his machine. I could hear him still swearing as I left. Later I realized that most of the office staff were also offended by Tony’s language.

On the way back to my office, Lesley, a recently hired engineer from Russia, approached me and pointed out that the employees were not accustomed to managers talking to them. Management only issued orders and made demands. As we discussed the different perceptions between office and floor staffs, we were interrupted by a very loud lunch bell, which startled me. I was happy to join Lesley for lunch, but she asked me why I was not eating in the office lunchroom. I replied that if I was going to understand how AEC worked, I had to get to know all the people better. In addition, I realized that this was not how things were done, and wondered about the nature of this apparent division between the management and the floor. In the lunchroom, the other workers were amazed to see me there, commenting that I was just new and had not learned the ropes yet.

After lunch, when I asked George, my supervisor, about his recent confrontation with John, George was surprised that John got upset; he exclaimed, “I just wanted John to know that he did a great job and, as a result, we will be able to ship on time one large order to the West Coast. In fact, I thought I was complimenting him.”

Earlier, Lesley had indicated that certain behavior was expected from management, and therefore from me. I reasoned that I do not think that this behavior works and, besides, it is not what I believe or how I care to behave. For the next couple of months, I simply walked around the floor and took every opportunity to talk to the shop floor employees. Often, when the employees related specific information about their workplaces, I felt that it went over my head. Frequently, I had to write down the information and revisit it later. I made a point of listening to them, identifying where they were coming from, and trying to understand them. I needed to keep my mind open to new ideas. Because the shop employees expected me to make requests and demands, I made a point of not doing any of that. Soon enough, the employees became friendly and started to...
accept me as one of their own, or at least as a different type of management person.

During my third month of work, the employees showed me how to improve the scheduling of jobs, especially those on the aluminum slitter. In fact, the greatest contribution was made by John, who demonstrated better ways to combine the most common slitting sizes and reduce waste by retaining some of the “common-size” material for new orders. Seeing the opportunity, I programmed a spreadsheet to calculate and track inventory. This, in addition to better planning and forecasting, allowed us to reduce our new order turnarounds from four to five weeks to a single day, in by 10 a.m. and out by 5 p.m.

By the time I was employed for four months, I realized that members from other departments were coming to me and asking me to relay messages to the shop employees. When I asked why they were delegating this task to me, they stated that I spoke the same language as the shop employees. Increasingly, I became the messenger for the office-to-floor communications.

One morning, George called me into his office and complimented me on the levels of customer service and the improvements that had been achieved. As we talked, I mentioned that we could not have done it without John’s help. “He really knows his stuff, and he is good,” I said. I suggested that we consider him for some type of promotion. Also, I hoped that this would be a positive gesture that would improve the communication between the office and shop floor.

George turned and pulled a flyer out of his desk. “Here is a management skills seminar. Do you think we should send John to it?”

“That is a great idea,” I exclaimed, “Perhaps it would be good if he were to receive the news from you directly, George.” George agreed, and after discussing some other issues, we parted company.

That afternoon, John came into my office, upset and ready to quit. “After all my effort and work, you guys are sending me for training seminars. So, am I not good enough for you?”

---

**Case 5: FRAN HAYDEN JOINS DAIRY ENGINEERING**

*Glyn Jones, University of Waikato, New Zealand*

**Background**

Dairy Engineering (NZ) Ltd. has its headquarters in Hamilton, New Zealand, with manufacturing plants in South Auckland and Christchurch. The company manufactures equipment for the dairy industry. In its early years it focused on the domestic market, but in the last five years it has expanded into the export market. The company employs 450 people, which makes it a large company by New Zealand standards.

This case focuses on events in the accounting department at the head office, which is organized into two sections: cost accounting and management information services (MIS). The accounting department is structured as shown in Exhibit 1.

---

**Exhibit 1** Description of Employees in the Case

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rob Poor</td>
<td>Chief accountant</td>
<td>Rob is the accounting department manager. He is 40 years old and is a qualified accountant with a chartered accounting (ACA) qualification. He has been with the company for six years. He is an unassuming person regarded as a bit “soft” by his staff.</td>
</tr>
<tr>
<td>Vernon Moore</td>
<td>Chief cost accountant</td>
<td>Vernon is 30 years old and is a graduate with an ACA qualification. He joined the company 18 months ago. He is considered an easygoing type and is well liked by his staff.</td>
</tr>
<tr>
<td>Peter Bruton</td>
<td>Management accountant</td>
<td>Peter is 37 years old and has a science degree in dairy technology. He is also studying part-time for a management degree through Massey University. He is regarded as “moody” and is not well liked by his staff.</td>
</tr>
</tbody>
</table>
Fran, the New Graduate

Fran Hayden was in the final year of her bachelor of management studies (BMS) degree at the University of Waikato, where she had proved to be a high achiever. Fran was interested in a position with Dairy Engineering because of the opportunity to gain practical experience, the higher starting salary compared to the industry average, and the fact that her boyfriend lived in the community.

Fran sent her curriculum vitae to the company, and two weeks later she was invited to an interview with the chief accountant. She was surprised at the end of the interview to be offered the position of assistant cost accountant. Fran said she would like to think it over. Two weeks later, Fran had still not replied, so Rob telephoned her to ask if she was going to take the position. Although not totally convinced that she would enjoy the job, Fran decided to accept the offer.

The First Day at Work

Like many of her peers, Fran was glad to be leaving university after four years of study. She was looking forward to having money to spend as well as reducing her student debt. In order to “look the part,” she had gone further into debt to buy new corporate clothing. On reporting to the accounting department, she got her first shock in the real world. No one was expecting her! Even worse, she discovered that there was no vacancy for her in cost accounting! Instead, she had been assigned to management information systems (MIS).

Mike, a co-worker in MIS, accompanied Fran to the department, where she was introduced to two other colleagues, Tom and Adrian. They seemed to be a friendly bunch, as apparently was her boss, Peter Bruton, who explained that her main duties were to assist with compiling information for the monthly management report known as “Big Brother.”

After two weeks the time came for compiling Big Brother. Fran found that her part was almost entirely clerical and consisted of photocopying, collating, binding, punching, and stamping the pages of the report. She then had to hand-deliver copies of the report to the senior manager at headquarters. After Big Brother was completed, Fran found that again she had little to do. She began to wonder why MIS needed four people.

The Big Opportunity

One afternoon, the chief accountant called Fran to his office to tell her about an upcoming management workshop in Auckland on performance measurement. Rob talked about the importance of staff development and said that he would like to see one of his younger staff attend the workshop. He then asked Fran if she would be interested. She jumped at the opportunity. Unfortunately, her boss was away on two weeks’ leave at the time, but Rob said he would talk with Peter.

Fran enjoyed the workshop, particularly rubbing shoulders with experienced managers, living in an Auckland hotel, and generally acting the management part. Even before returning to Hamilton, she wrote a detailed report on the workshop for the chief accountant.

On her return to Hamilton, however, she found all was far from well.

On Sunday evening Fran was telephoned by her colleague Mike with some disturbing news. When Peter returned to work to find that Fran was in Auckland, he was furious, complaining that he had not been consulted and that his authority was being undermined.

Peter: Fran is no longer employed in this section.

Fran returned to work full of trepidation, only to find that the expected encounter with her boss did not take place because he was in Christchurch. She handed two copies of her report on the workshop to the chief accountant’s secretary before taking the opportunity of her boss’s absence to seek the advice of her colleagues:

Fran: I am really worried. What do you think I should do?

Adrian: Stop worrying about it. He’s just letting off steam. I have seen this all before. He’ll get over it.

Fran: Come on; get serious. He is my boss! He can make things very difficult for me.

Mike: I think you should talk with Rob. After all, he’s the one who suggested you go. It’s not like it was your idea. He has to stick up for you.

The next day Fran managed to get an appointment with the chief accountant. She started by saying that she found the workshop very useful. She then brought up her fears about Peter’s displeasure
with her attendance at the workshop, to which the chief accountant responded.

Rob: Well, yes, he was a bit upset, but don’t worry, I will sort it out. The report was really good. By the way, I think you should treat it as confidential. Don’t show it to anyone or discuss it with anyone. Is that okay? Don’t worry about this. I assure you that I will sort it out.

Fran left the meeting feeling reassured but also a bit puzzled, wondering how Rob could have read her report in such a short time.

On Thursday Peter returned to work and just before lunch called Fran into his office, where he proceeded to attack her verbally, saying that she had “connived” behind his back to attend the workshop and that she had never asked for his permission. He said that he realized she was an intelligent “girl” but that she was “sneaky.”

Peter: You better know which side your bread is buttered on—that for better or worse, you are in my section. No other section would want you.

He then called Mike in and spoke to him.

Peter: I don’t want Fran wasting any more time—she is not to make any private calls from work.

Later, in “confidence,” he also spoke to Janet, one of the administration clerks.

Peter: Don’t go talking with Fran—she has far too much work to catch up on.

Naturally, Janet did tell Fran!

The following week, Vernon happened to pass Fran in the corridor and stopped to talk with her. Fran had met Vernon only briefly during her first week in the company and was surprised when he asked her why she looked so miserable. She explained, and he said that they should talk with the chief accountant; taking Fran with him, he went to Rob’s office. Vernon said that they needed a word, and Fran listened as Vernon outlined the situation to Rob. Fran made it clear that if Peter continued to treat her this way, she would have to ask for a transfer. She also said that there was certainly not enough work in MIS to keep her occupied for more than a day or so each week.

The chief accountant listened, and then he asked her to give him a written report of what had happened since she had joined the company, including the latest incident with her boss. This, he said, would be brought up at the next senior management meeting. On the weekend Fran wrote the report, which included a request for a transfer out of MIS on the basis of the lack of work and her boss’s attitude toward her. On Monday morning she handed her report to the chief accountant’s secretary.

Fran expected a reply but by early afternoon had heard nothing. At the end of the day, however, Peter called all his staff into his office. He was obviously in a good mood and told them that he had put his plan for revising Big Brother to the management meeting and had received an enthusiastic response. As he spoke, Fran noticed the color draining out of Mike’s face. On the way out, he told her that what Peter was describing were his revision plans, not Peter’s own plans. Mike resolved never to give his boss another one of his ideas.

Mike: He just uses other people’s brains—but that’s the last time he uses mine.

Fran drove home from work feeling despondent. She wished she had never joined the company. Her job was boring, almost entirely clerical, and it certainly did not require a degree. She was also taking the stresses home, resulting in quarrels with her boyfriend and roommates.

Fran concluded that she had only two alternatives: a transfer or resignation. But to leave her job after less than five months would hardly impress any future employer. In desperation, she went to talk with Vernon, who she thought would be sympathetic, but she received more unwelcome news. He told her about the outcome of the senior management meeting. Contrary to Fran’s expectation, the chief accountant had not confronted Peter. In fact, it appeared that he had been eclipsed by Peter’s presentation for the revision of Big Brother and the chief accountant had not attempted to raise the issue.

Vernon was frank—she must either transfer or resign. Then, to Fran’s surprise, he suggested she apply for a position in his section that would become vacant in three weeks’ time. One of his assistant accountants was leaving to go overseas at short notice, and he did not have a replacement. Vernon cautioned, however, that Fran’s only chance was to apply directly to the chief accountant; that would force the issue. With a formal, written application before him, the chief accountant would have to make a decision.
Just as certainly, Peter would resist the request. Later Fran drafted a letter to Rob requesting that she be transferred from MIS to the upcoming position in cost accounting.

The Confrontation

The next morning, Fran took her request to the chief accountant. After he read it, she was surprised by his comment.

Rob: You really needn’t have done this, you know—I intended dealing with the situation.

Fran left Rob’s office wondering what to believe. From her desk she watched as Peter made his way across to the chief accountant’s office. The meeting was brief. Five minutes later, he left Rob’s office, and as he passed by, he spoke to her in a loud voice.

Peter: Fran—you are finished at this company.

Fran saw her colleagues duck their heads down and pretend to be working. No one envied her position. She wondered how, in such a short time, she had ended up in such a situation.

Case 6: FROM LIPPERT-JOHANSON INCORPORATED TO FENWAY WASTE MANAGEMENT

Lisa V. Williams, Jeewon Cho, and Alicia Boisnier, SUNY at Buffalo

Part One

Catherine O’Neill was very excited to finally be graduating from Flagship University at the end of the semester. She had always been interested in accounting, following from her father’s lifelong occupation, and she very much enjoyed the challenging major. She was involved in many highly regarded student clubs in the business school and worked diligently to earn good grades. Now her commitment to the profession would pay off, she hoped, as she turned her attention to her job search. In late fall, she had on-campus interviews with several firms, but her interview with the prestigious Lippert-Johanson Incorporated (LJI) stood out in her mind as offering the most attractive opportunity. That’s why Catherine was thrilled to learn she had made it to the next level of interviews, to be held at the firm’s main office later that month.

When Catherine entered the elegant lobby of LJI’s New York City offices, she was immediately impressed by all there was to take in. Catherine had always been one to pay attention to detail, and her acute observations of her environment had always been an asset. She was able to see how social and environmental cues told her what was expected of her, and she always set out to meet and exceed those expectations. On a tour of the office, she had already begun to size up her prospective workplace. She appreciated the quiet, focused work atmosphere. She liked how everyone was dressed: Most wore suits, and their conservative apparel supported the professional attitudes that seemed to be omnipresent. People spoke to her in a formal but friendly manner, and they seemed enthusiastic. Some of them even took the time to greet her as she was guided to the conference room for her individual interview. “I like the way this place feels, and I would love to come to work here every day,” Catherine thought. “I hope I do well in my interview!”

Before she knew it, Catherine was sitting in a well-appointed office with one of the eight managers in the firm. Sandra Jacobs was the picture of a professional woman, and Catherine naturally took her cue from her about how to conduct herself in the interview. It seemed to go very quickly, although the interview lasted an hour. As soon as Catherine left the office, she could not wait to phone her father about the interview. “I loved it there and I just know I’m a good fit!” she told her proud father. “Like them, I believe it is important to have the highest ethical standards and quality of work. Ms. Jacobs really emphasized the mission of the firm, as well as its policies. She did say that all the candidates have an excellent skill set and are well qualified for the job, so mostly they are going to base their hiring decision on how well they think each of us will fit...
into the firm. Reputation is everything to an accounting firm. I learned that from you, Dad!”

After six weeks of apprehensive waiting, Catherine’s efforts were rewarded when LJI and another firm contacted her with job offers. Catherine knew she would accept the offer from LJI. She saw the firm as very ethical, with the highest standards for work quality and an excellent reputation. Catherine was grateful to have been selected from such a competitive hiring process. “There couldn’t be a better choice for me! I’m so proud to become a member of this company!”

Catherine’s first few days at LJI were a whirlwind of newcomer experiences. She had meetings with her supervisor to discuss the firm’s mission statement, her role in the firm, and what was expected of her. She was also told to spend some time looking at the employee handbook, which covers many important policies of the firm, such as dress code, sick time, grievances, the chain of command and job descriptions, and professional ethics. Everyone relied on the handbook to provide clear guidance about what was expected of each employee. Also, Catherine was informed that she would soon begin participating in continuing professional education, which would allow her to update her skills and knowledge in her field. “This is great,” thought Catherine, “I’m so glad to know the firm doesn’t just talk about its high standards; it actually follows through with action.”

What Catherine enjoyed most about her new job were her warm and welcoming colleagues who invited her to their group lunches beginning on her first day. They talked about work and home; they seemed close, both professionally and personally. She could see that everyone had a similar attitude about work: They cared about their work and the firm, they took responsibility for their own tasks, but they also helped one another out. Catherine also got involved in LJI activities outside work, like the company’s baseball and soccer teams, happy hours, picnics, and parties, and she enjoyed the chance to mingle with her co-workers. In what seemed like no time at all, Catherine started to really see herself as a fully integrated member of LJI.

Before tax season started, Catherine attended some meetings of the AICPA and other professional accounting societies. There, she met many accountants from other firms who all seemed very impressed when she told them where she worked. Catherine’s pride and appreciation for being a member of LJI grew as she realized how highly regarded the firm was among others in the accounting industry.

Part Two

Over the past seven years, Catherine’s career in New York has flourished. Her reputation as one of the top tax accountants in her company is well established, and it is recognized by colleagues outside the firm as well. However, Catherine entered a new chapter of her life when she married Ted Lewis, an oncology intern, who could not turn down an offer of residency at a top cancer center in upstate New York. Wanting to support Ted’s once-in-a-lifetime career opportunity, Catherine decided it was time to follow the path of many of her colleagues and leave public accounting for a position that would be more conducive to starting a family. Still, her heart was in the profession, so she took an available position as a controller of a small recycling company located a few miles from Catherine and Ted’s new upstate New York home. She knew that with this position she could have children as well as maintain her career.

Fenway Waste Management is small—about 35 employees. There are about 25 people who work in the warehouse, 3 administrative assistants, 2 supervisors, and 5 people in management. Catherine is finding that she has to adjust to her new position and surroundings. Often she has found herself doing work that formally belonged to someone else; because it is a small company, managers seem to wear many hats. This was quite different from what she had experienced at LJI. In addition, the warehouse workers often have to work with greasy materials and sometimes track the grease into the offices. Catherine half-laughed and half-worried when she saw a piece of paper pinned to the wall that said, “Clean Up After Yourself!” She supposed that the nature of the business was why the offices are functional but furnished with old pieces. She couldn’t imagine having a business meeting there. Also, for most of the employees, the casual dress matches the causal attitudes. But Catherine continued to wear a dressed-down version of her formal LJI attire, even though her new co-workers considered her overdressed.

With all the changes Catherine has experienced, she has maintained one familiar piece of her past. Although it is not required for her new position, Catherine still attends AICPA meetings and makes a
point to continue updating her knowledge of current tax laws. At this year’s conference, she told a former colleague, “Being here, I feel so much more like myself—I am so much more connected to these people and this environment than to those at my new job. It’s too bad I don’t feel this way at Fenway. I guess I’m just more comfortable with professionals who are similar to me.”

Case 7: GLENGARRY REGIONAL MEDICAL CENTER

Adapted and updated by Steven L. McShane, University of Western Australia, from a case written by Donald D. White and H. William Vroman*

Glenarry Regional Medical Center (GlenMed) is an acute care general hospital located in Scotston, a community of 35,000 in the southwestern United States. GlenMed was founded in 1950 with 35 beds and grew to a capacity of 55 beds within three years. Economic growth in the region, along with a rapid influx of people, resulted in additional expansions, and five years ago the hospital reached its present capacity of 166 beds. The hospital was called Glengarry County Hospital until a few years ago.

The population of Glengarry County has grown steadily from approximately 56,800 in 1985 to 86,600 today. However, the hospital size has remained unchanged over this time. Approximately 500 people are employed at Glengarry. The medical staff consists of 75 doctors and related professionals. A substantial majority of the medical staff members are specialists. Therefore, the hospital offers a wide range of medical services, serving upward of 15,000 inpatients and approximately 19,000 outpatients each year.

Three years ago, GlenMed’s board of directors concluded that major expansion of the hospital was necessary to adequately serve residents in Scotston and Glengarry County. The situation had become critical by the time this expansion decision was made. Hospital managers and board members had received numerous complaints concerning the hospital’s overcrowded conditions. New patients experienced long waits until beds became available; offices and hallways had become overflow storage space. State health department officials warned GlenMed’s administration that if equipment and supplies were not removed from hallways, the hospital would not be licensed for the coming year and therefore could lose its accreditation.

GlenMed would expand from 166 to 248 beds, at an estimated cost of $75 million. To more accurately reflect the services available and the population served by the growing medical complex, the board decided to change the hospital’s name from Glengarry County Hospital to Glengarry Regional Medical Center. A fund-raising drive raised $9 million, enough funds to launch the expansion. Tax-exempt revenue bonds would provide most of the remaining funding.

Organizational Background

Glengarry Regional Medical Center, like other county hospitals in the state, is governed by a seven-member board of directors. State law provided that the board be appointed by the local county judge. As with any political system, appointments are based on a combination of individual qualifications and the political postures of board members. Historically, the board had not provided strong leadership to the hospital. However, recent appointments, together with strong leadership from a new board chairman, had greatly increased the activity and contribution of the board to the operation of the hospital.

All public hospital administrators face ongoing pressure from various groups, including civic political leaders, patients and their families, medical professionals, and hospital staff members. These pressures can take a toll on hospital leaders, as has been the case at GlenMed. Over the past decade, the hospital has been led by no less than four chief executives, three of them within the past five years. One administrator was asked to resign after the hospital lost more than $1.6 million in two years. His replacement tried to stem the losses, but she left after 18 months. Employees complained that she was
autocratic and made erratic decisions. It was later determined that she had a serious illness, which may have contributed to these decisions and actions. Her replacement had been the chief financial officer for the previous two years. He lasted three years as CEO before the board asked him to resign. Although never publicly stated, the board concluded that he lacked initiative to develop the hospital and was around the hospital less often than a typical full-time employee.

While searching for a new CEO, the board appointed Donald Dale as acting CEO. Dale had served as second in command (i.e., assistant administrator) under the previous CEO. During this interim period, Dale worked closely with Louise Ogbonna, GlenMed’s human resource director. Both managers were acutely aware of employee morale and motivation problems within the medical center, which they attributed to ineffective leadership over the past few years and ongoing employee concerns about the hospital’s next administrator.

Dale and Ogbonna had recently attended a seminar on improving management competencies for health care organizations. They were convinced that Glengarry Regional Medical Center needed to develop management skills, so they contacted Dr. Vinkat Chandry, the university professor and management consultant who had conducted the seminar. Over the next month, the two administrators met on four occasions with Dr. Chandry to discuss the problems and needs of the hospital.

Dale and Ogbonna were emphatic that they wanted to develop a more employee-oriented culture, and they had taken a few steps in that direction. For example, to enhance two-way communication, they created a nonsupervisory employee council that met once a month to discuss with Dale and Ogbonna problems and conditions throughout the hospital. Each department elected one person to represent it on the council. Initially, most of the communication was from the top down. However, shortly after the council had been created, a core of employees rose to take leadership of the group. They elected a spokesman and requested that they be permitted to meet once a month without either Dale or Ogbonna present. Thereafter, the employee representatives met twice monthly, once with the administrators and once without them.

Louise Ogbonna also suggested to Dr. Chandry that some form of management training should be developed and conducted for department heads and hospital supervisors. Both Dale and Chandry were hesitant about the training program at this time because they didn’t want to saddle a new CEO with a program that he or she might not favor. However, Ogbonna felt strongly that the program should be initiated “as soon as possible.” Such a program was designed by Dr. Chandry with agreement by Dale and Ogbonna regarding its content. Shortly thereafter, the board announced the selection of Arnold Benson as GlenMed’s next CEO. Dale, Ogbonna, and Chandry agreed to postpone the management training program until Benson took over the following month, but Dale indicated from his initial meeting with Benson that the new training initiative would be supported.

A New Leader for the “Troops”

From a pool of 70 applicants, the board selected Arnold Benson as GlenMed’s new CEO. At only 36 years old, Benson was among the youngest applicants and the youngest administrator to head the hospital. He held bachelor’s and master’s degrees in business administration and had considerable experience working in hospital organizations. After serving four years in the Marine Corps, Benson began his health care management career as director of purchasing and human resources in a 78-bed hospital. He then moved to a 156-bed Catholic hospital, where he rose from assistant administrator to associate administrator and finally to CEO, all within three years. Four years ago, Benson accepted the CEO position at a multihospital complex in St. Louis, Missouri, which included 144-bed and 134-bed facilities. There, he had overseen a major expansion of the hospital facilities. In Benson’s words, “My objective was to become a professional hospital administrator. I realized that since I did not yet have a master’s degree in hospital administration I would have to go with a ‘back door approach’ by working my way up the ranks.”

Benson accepted the CEO job at GlenMed because he wanted to relocate to a smaller, safer community in the southwestern United States. The St. Louis hospital where he worked was in a rough part of the city. Also, the hospital had been a prime target for numerous union drives (none of which was successful). Benson’s salary expectations were high, given his considerable experience in hospital administration, so he was pleased when the board made him a
reasonable offer to lead Glengarry Regional Medical Center.

Benson was a tall, athletic-looking man whose mild manners and easygoing Texas drawl tended to hide his “down-to-business” approach to administration. Soon after arriving, he realized that he would be facing many problems inside and outside the hospital in the next few months. He knew that the most pressing of these was the hospital expansion. Moreover, it was clear to him that the primary concern of some board members was the hospital’s financial health.

Financial concerns plagued Benson from the moment he arrived at GlenMed. During his first weeks on the job, the building program finances consumed almost half his time. In addition, Benson was advised three weeks after his arrival that employees had been promised a 7 percent across-the-board pay increase at the beginning of the year (in a few months). The total cost of the increase was more than $1.2 million. Benson felt that the hospital could not afford this amount of payroll increase, so he reduced the increase to 2 percent.

“When I came aboard, the board charged me with the financial responsibility of the medical center,” Benson explained to his managers. “If the troops were to get their pay increase in January, it would throw the entire budget out of kilter. I have only been here three weeks, and quite frankly the current budget didn’t get the attention it deserved.”

Benson had his clerical assistant send staff an e-mail announcing the decision to cut the amount of the pay increase. He also stressed that the total financial posture of the hospital would be reevaluated. Benson’s message was also posted on bulletin boards. Over the following week, several of the posted messages were slashed and rude comments were written on them. Soon after, a rumor circulated that the hospital board of directors planned to buy Benson a new luxury car. Pictures of Mercedes and BMWs were e-mailed around, with suggestions that Benson had expensive taste in automobiles. (In reality, Benson was given the Mercury Grand Marquis purchased for the previous CEO a year earlier.)

Recognizing the discontent over his decision, Benson met with members of the employee advisory council to discuss the pay question. Several members of the group quoted statistics showing that, on the average, blue-collar workers throughout the United States were being paid more than were most hospital employees. Benson replied that it was unfair to quote blue-collar statistics because they are in a different industry, adding that hospital employees earn enough to live comfortably. He then asked the members of the advisory council if they would work harder if they had received the full increase. According to Benson, “When all responded negatively, I told them point blank that it would be foolish to pay people more with no increase in productivity.” He reminded those present that he had approved some pay increase and that he planned to put in effect a new compensation plan in the near future.

The employee council also voiced complaints about other conditions at GlenMed. Over the next few weeks, Benson saw to it that many of the problems were corrected to the group’s satisfaction. However, when the last “demand” was met, Benson announced that the advisory group was no longer necessary. A question was raised by one of the employees concerning whether the group would be permitted to re-form if subsequent problems arose. Benson replied that it would not be permitted to do so.

Benson was confronted by a second important decision not long after the incident involving the pay increase. The hospital had obtained most of its funds for expansion through tax-exempt revenue bonds. However, the building program excluded much-needed parking lots. Benson therefore found it necessary to ask the local banking community for an additional $5.7 million so that parking lots could be built. Although the bankers agreed to underwrite the project, the feasibility study on which their decision was based indicated that the parking lots would have to generate revenue, whereas all hospital parking was currently provided without charge to the medical staff, employees, and visitors. Benson was concerned about how employees would react to pay parking so soon after learning that their pay increases had been reduced. The commitment to introduce pay parking had been made to the bankers, but Benson postponed announcement of this news.

Management Development Program

In early January, department heads throughout the hospital attended the management development program that Dr. Chandry had developed with the approval of Donald Dale and Louise Ogbonna. The program consisted of seven two-hour sessions held over one month. A similar program would be conducted for supervisors a few months later.
program included many elements of traditional management training, with particular emphasis on interpersonal skill development. Dale and Ogbonna also hoped the program would identify high-potential managers. Attendance in the program was voluntary, but Benson personally recommended that department heads and supervisors should participate. Benson, Dale, and Ogbonna received all materials for the program, but they agreed not to attend the sessions due to concerns that their presence might reduce participation.

One event dramatized the high level of distrust among department heads throughout the hospital. Participants were asked to complete evaluation forms that were to be used in connection with an exercise known as the Johari Window. The purpose of the exercise was to help the managers see themselves more clearly as others saw them and to help others in the group in a similar manner by providing them with “image feedback” information. The theory behind the exercise, together with its purpose, was explained to those present. Each manager was asked to write the name of every department head (including himself or herself) and to list at least one asset and one liability of each person listed. Dr. Chandry requested that the completed forms be returned to him at the beginning of the next session. Dr. Chandry explained that he would facilitate the exchange of feedback at the next session by reading the name of a participant followed by the assets and liabilities that were identified by his or her peers. The remainder of the management development program for departmental managers was well received.

The Retreat
A few days after the department heads’ program was completed, Benson asked Dr. Chandry to meet with him. He began their conference by stating that he was pleased with what he had heard about the sessions and was anxious to ensure that the momentum that had been created would not be lost. He asked Dr. Chandry what he thought of bringing all the department heads together for a weekend retreat at a resort area not far from Scotston. Dr. Chandry was pleased with the suggestion, saying that he had considered recommending such an event but was concerned about the hospital’s financial situation. Benson replied that the money for the retreat could be found since he anticipated that it would have a positive impact on the hospital’s operations.

The following week Benson advised department heads that a retreat had been scheduled for the weekend of February 14 and 15. He went on to explain that the department heads would gather on Friday morning at the hospital and would drive directly to the resort. All expenses would be paid by
the medical center. He told them that he hoped that the meeting would permit a free exchange of ideas.

A week before the scheduled retreat, Dr. Chandry met alone with the department heads who attended the training program to conduct a brief follow-up session. As he walked into the room, Dr. Chandry noticed that many managers were voicing their frustrations to one another. Thinking that the concerns were about this follow-up session, Dr. Chandry explained his presence and told them that he was interested in their feedback and application of the management training.

One manager stated that their anger had nothing to do with this meeting or with Dr. Chandry. Others then spoke up, most of them about the upcoming retreat. One newly married woman stated that it was Valentine’s Day and her husband did not want her to go. Two other heads said they already had plans to attend a previously reserved Valentine’s Day event at the country club that Friday evening. As discussion continued, it became apparent that the department heads had been told rather than consulted about the retreat. Some expressed displeasure with being “forced” into going to the retreat and using part of their weekend without first being asked their opinion.

Dr. Chandry listened carefully and explained to the managers that he believed the retreat was a good idea. He told them that he had considered such an event but that the CEO suggested the idea on his own. Furthermore, Dr. Chandry told them that the department heads should give Benson “a chance” during the weekend to see what might come out of the retreat. There were a few supportive comments made by one or two department heads and the meeting broke up.

Dr. Chandry left the meeting both perplexed and concerned. He had not anticipated the frustration that he witnessed from department heads throughout the hospital. As he walked toward the entrance of the hospital, Dr. Chandry asked himself whether he should provide further assistance to Benson before the retreat. He decided to stop in and see the CEO before leaving the hospital.

*The original version of this case was published in Donald D. White and H. William Vroman, *Action in Organizations*, 1977. Reprinted with permission of Donald D. White.

## Case 8: HIGH NOON AT ALPHA MILLS

*Arif Hassan and Thivagar Velayutham, International Islamic University, Malaysia*

Alpha Plantations Sdn. Bhd. is an oil palm plantation located in Malaysia. It consists of an oil palm estate and one palm oil mill. It is a wholly owned subsidiary of a British multinational company and was founded with the purpose of supplying crude palm oil for its parent company’s detergent manufacturing business. Since its formation, most of the managers have been recruited from the United Kingdom, with many British ex-soldiers and policemen joining up. Ang Siow Lee joined Alpha Mill in 1965 at the age of 15 as a laborer, and he rose through the ranks to become the most senior non-managerial staff member at Alpha. Ang was the senior production supervisor in Alpha’s palm oil mill. His immediate superior was the mill manager, and he had two junior supervisors to assist him. The mill operated on a three-shift cycle of 25 operators each, and each supervisor (including Ang) was in charge of one shift.

Ang was responsible for the smooth daily palm oil processing operations. He coordinated the activities of all three shifts with the two supervisors, prepared the daily production reports, dealt with short-term human resource planning issues, handled minor discipline issues, and set and evaluated short-term performance targets for all three shifts. In addition, he acted as the “gatekeeper,” which meant that any mill personnel who wished to see the mill manager must first see Ang, who tried to solve the problem, which may be anything from house repairs to a request for an advance on wages. In rare cases when Ang could not resolve the issue, the matter was brought to the mill manager. Ang ran a tight ship, and he never let anyone forget it. His superb
technical competency helped him keep the mill in top shape. He was accustomed to receiving the highest appraisal ratings from the mill manager, who appreciated his firm, methodical, almost militarily efficient way of running the mill. The palm oil industry in Malaysia faced many challenges in 1999. World oil prices plunged due to oversupply, and palm oil prices hit a 15-year low. This cut the profit margins of all palm oil producers and caused Alpha Mill to post losses regularly.

Captain Chubb, the 54-year-old ex-Royal Engineer and mill manager, was at a loss as to how to improve performance. “We are doing nothing wrong, and have met all our efficiency targets. It’s this market that is killing us!” he exasperatedly explained during the annual year-end visit of the directors from London. Very soon, Chubb was given his marching orders. In early 2000 a new mill manager was appointed who was very different from all his predecessors. Ian Davison, a 32-year-old who hailed from Edinburgh, Scotland, was not a career plantation engineer and had never managed an agricultural product processing mill before. He was actually an electronics engineer, with an Ivy League MBA, on the fast track to a top management position. His previous appointment was manager of a detergent factory in Egypt, where he managed to streamline and modernize operations and increase financial performance drastically. Headquarters in London had high hopes that he would be able to do the same with Alpha Mill and return it to profitability. His first action was to analyze operations at Alpha Mill and look for ways to reduce production costs and increase profits. He arrived at the following conclusions:

- Current performance standards allowed too much machine breakdown and changeover time. Better standards were achievable with the latest technology.
- Wastage could be reduced and yield improved drastically by installing machinery based on new technology.
- Personnel numbers were too high—they could be reduced with technology and multitasking, thereby unleashing the full potential of workers.
- Personnel were just “cruising along”—they were not fully committed to achieving better performance.
- Hygiene needs were not being met.
- The old colonial and hierarchical company culture was not conducive to performance improvement.
- Information was not shared across the mill. Operators knew about only their own little area in the mill and almost nothing about the company as a whole.

Davison proposed to remedy the situation with the following initiatives:

- Empower operators by reorganizing the shifts into self-directed production teams, with the supervisors playing the role of “facilitators,” and thereby gain commitment.
- Install new technology and automation.
- Adopt more stringent performance measures.

Davison began to implement and execute these initiatives by organizing an excursion to a local picnic spot for the entire factory. After the icebreakers, games, and lunch, he held a briefing session on the beach, where he explained the situation Alpha Mill was in and the need to make changes. He then unveiled his plan for the first time. The response was enthusiastic, although some operators privately confessed to not understanding some of the terminology Davison used. At the end of the excursion, when there was some time allocated for feedback, Ang expressed his full support for Davison’s plan. “We in Alpha Mill have full confidence in you, our new leader, and we assure you of our 110 percent support to make your plan a success!” he said at the end of his speech.

When the new machinery had been installed and each shift had been reorganized into self-directed work teams, the plan was put into motion. Whenever the team faced a problem during processing and tried to find a solution using the techniques that had been taught, Ang would step in after some time, issue instructions, and take over the process. “This is a simple problem, no need to waste time over it. Just do it. . . .” His instructions were always followed, and the immediate problem was always solved. However, the production team reverted to the old ways of working, and none of the expected benefits of teaming were realized. Given the new, tighter performance standards and reduced manpower, the team consistently underperformed. Team meetings were one-way affairs at which Ang would tell everyone else what had gone wrong.
Ang’s response to this was to push himself harder. He was always the first to arrive and the last to leave. He would spend a lot of time troubleshooting process problems. He pushed his operators even harder, but he felt that he had less of a “handle” on his operators now that they had direct access to the mill manager and most of their minor needs were seen to by him. Sometimes he became annoyed because of his operators’ mistakes and would resort to shouting and cursing, which had the immediate effect of moving people in the direction he wanted. This was in contrast to the mere glare that would have sufficed previously.

The continued poor performance of Alpha Mill affected Ang’s midyear appraisal rating, which fell from “excellent” to merely “adequate.” During the appraisal interview, an annoyed Davison bluntly told Ang that he needed to understand clearly what the initiatives were all about and that he had to let the team take some responsibility, make mistakes, and learn from them. “With your knowledge of this mill, you should be able to provide them with all the technical input they need,” he said. Davison also added, “It might help if you treated our people with a little more respect. We aren’t living in the 1940s anymore, you know.” Ang was thunderstruck by the appraisal but did not raise any objections on the spot. He silently deferred to Davison’s judgment and promised to do better. He also reiterated his utmost support for Davison and his plan.

After the midyear appraisal, there was a noticeable change in Ang’s demeanor. He became very quiet and began to take a less active role in the daily running of the mill. He was superficially polite to the operators and answered most requests for help with “Get the team together and discuss it among yourselves. Show the boss that you can solve it for yourselves.” At first the teams were at a loss and mill performance suffered badly, but within two weeks the team had found its feet and performance began to improve. One of Ang’s junior supervisors, Raman, was able to coordinate between production teams to ensure that the performance gains were maintained. The effect on Ang was devastating. He became withdrawn and began to drink more than usual. His presence at team meetings became a mere formality, and he contributed next to nothing, taking a backseat to other team members. He spoke very little to mill personnel and became a mere shadow of his former self.

Davison was very aware of the changes taking place on the mill floor. He decided that it was time to have Ang removed from his position. He began to plan for a reshuffle of Alpha Mill’s organization chart: Ang would be promoted to the new position of mill executive, a staff position with a small pay raise. His responsibility would be to advise the mill manager on technical, quality, and efficiency problems faced by the mill. He would be assigned to carry out minor improvement projects and performance audits from time to time. Raman would be promoted as supervisor and report directly to the mill manager. Ang would no longer have any line authority over the production team. This reorganization was quickly approved by head office, and Davison proceeded to lay the groundwork for the announcements and the necessary paperwork. Little did he foresee what was to follow.

Ang was in the head office one morning when the personnel executive’s clerk congratulated him on his imminent promotion. A surprised Ang enquired further and learned of the plans that Davison had in store for him. That was the final straw. He rushed back to Alpha Mill just as Davison was about to conduct his noon mill inspection. The confrontation was very loud, acrimonious, and public. It ended with Ang being terminated for insubordination and gross misconduct.

After Ang left, Davison felt that the obstacle to better commitment and morale was gone and that performance would improve greatly. He was very wrong. Team performance began to deteriorate, and no amount of pep talks could improve it. He began to wonder what had gone wrong.

**Case 9: KEEPING SUZANNE CHALMERS**

*Steven L. McShane, University of Western Australia*

Thomas Chan hung up the telephone and sighed. The vice president of software engineering at Advanced Photonics Inc. (API) had just spoken to Suzanne Chalmers, who called to arrange a meeting.
with Chan later that day. She didn’t say what the meeting was about, but Chan almost instinctively knew that Suzanne was going to quit after working at API for the past four years. Chalmers was a software engineer in Internet protocol (IP), the data transmission standard that directs information in the form of fiber-optic light through API’s routers. It is very specialized work, and Suzanne was one of API’s top talents in that area.

Thomas Chan had been through this before. A valued employee would arrange a private meeting. The meeting would begin with a few pleasantries, and then the employee announces that he or she wants to quit. Some employees say they are leaving because of the long hours and stressful deadlines. They say they need to decompress, get to know the kids again, or whatever. But that’s not usually the real reason. Almost every organization in this industry is scrambling to keep up with technological advances and the competition. Employees would just leave one stressful job for another one.

Also, many of the people who leave API join a start-up company a few months later. The start-up firms can be pressure cookers where everyone works 16 hours each day and has to perform a variety of tasks. For example, engineers in these small firms might have to meet customers or work on venture capital proposals rather than focus on specialized tasks related to their knowledge. API now has over 6,000 employees, so it is easier to assign people to work that matches their technical competencies.

No, the problem isn’t the stress or long hours, Chan thought. The problem is money—too much money. Most of the people who leave are millionaires. Suzanne Chalmers is one of them. Thanks to generous stock options that have skyrocketed on the stock markets, many employees at API have more money than they can use. Most are under 40 years old, so it’s too early for them to retire. But their financial independence gives them less reason to remain with API.

**The Meeting**

The meeting with Suzanne Chalmers took place a few hours after the telephone call. It began like the others, with the initial pleasantries and brief discussion about progress on the latest fiber-optic router project. Then Suzanne made her well-rehearsed statement: “Thomas, I’ve really enjoyed working here, but I’m going to leave Advanced Photonics.” Suzanne took a breath and then looked at Chan. When he didn’t reply after a few seconds, she continued: “I need to take time off. You know, get away to recharge my batteries. The project’s nearly done, and the team can complete it without me. Well, anyway, I’m thinking of leaving.”

Chan spoke in a calm voice. He suggested that Suzanne should take an unpaid leave for two or maybe three months, complete with paid benefits, and then return refreshed. Suzanne politely rejected that offer, saying that she needs to get away from work for a while. Thomas then asked Suzanne whether she was unhappy with her work environment—whether she was getting the latest computer technology to do her work and whether there were problems with co-workers. The workplace was fine, Suzanne replied. The job was getting a bit routine, but she had a comfortable workplace with excellent co-workers.

Chan then apologized for the cramped workspace, due mainly to the rapid increase in the number of people hired over the past year. He suggested that if Suzanne took a couple of months off, API would give her special treatment when she returned: a larger workspace with a better view of the park behind the campuslike building. She politely thanked Chan for that offer but said it wasn’t what she needed. Besides, it wouldn’t be fair to have a large workspace when other team members work in smaller quarters.

Chan was running out of tactics, so he tried his last hope: money. He asked whether Suzanne had higher offers. Suzanne replied that she regularly received calls from other companies and some of them offered more money. Most were start-up firms that offered a lower salary but higher potential gains in stock options. Chan knew from market surveys that Suzanne was already paid well in the industry. He also knew that API couldn’t compete on share option potential. Employees working in start-up firms sometimes saw their shares increase by five or ten times their initial value, whereas shares at API and other large firms increased more slowly. However, Chan promised Suzanne that he would recommend that she receive a significant raise—maybe 25 percent more—and more stock options. Chan added that Chalmers was one of API’s most valuable employees and that the company would suffer if she left the firm.
The meeting ended with Chalmers promising to consider Chan’s offer of higher pay and stock options. Two days later, Chan received her resignation in writing. Five months later, Chan learned that after a few months traveling with her husband, Chalmers joined a start-up software firm in the area.

Case 10: NORTHWEST CANADIAN FOREST PRODUCTS LIMITED

Peter Seidl, British Columbia Institute of Technology, Canada

Northwest Canadian Forest Products Limited owns and operates five sawmills in British Columbia (BC) and Alberta, Canada. These mills produce high-quality lumber for use in the manufacture of window frames, doors, and moldings for markets in the United States and Japan in addition to lower-quality, commodity-type lumber used in the Canadian construction industry. Currently, the president of the company is thinking about the long-term prospects of each of the mills and is paying particular attention to the Jackson Sawmill located in the small town of Jackson, BC.

The Jackson Sawmill was originally built in 1950 and was last upgraded in 1986. The president knows she will soon (in 2007) have to decide whether or not to invest substantial sums of money ($50 million) in new plant and equipment at the Jackson Sawmill. New investment is required in order to keep the mill up-to-date and competitive with similar mills throughout North America. However, the mill has consistently been the poorest performer (in terms of productivity and product quality) in the company since 1986 even though its equipment is of similar age, type, and quality to that found in the other mills.

The president would like to invest the money needed because the alternative to re-investing in Jackson would be to downsize the Jackson Sawmill by reducing production capacity and permanently laying off over half the 200-person workforce. The remaining part of the mill would serve the domestic market only. A new mill would then be built in Alberta in order to serve the more demanding, quality-conscious export markets. A new mill in Alberta would cost more than the $50 million investment required at the Jackson Sawmill. However, the president is willing to seriously consider implementing this alternative because she thinks that the labor relations climate in Alberta is much better than the one found at Jackson.

In fact, she attributes most, if not all, of the problems at Jackson to its poor labor-management relations. During the last round of collective bargaining, there was a strike at all four of the company’s BC mills. The strike was, however, much more bitter at Jackson than elsewhere. Company buildings suffered minor damage during the strike at the hands of some striking employees. Since then, there were two separate occasions when the entire workforce walked off the job for a day to protest the company’s decision to fire two employees for insubordination.

The Jackson Sawmill has the worst safety record of all the company’s mills. There is a joint management-management safety committee (as required by law), but it is viewed as a waste of time by both sides. One management member of the safety committee, Des, the production manager and the second highest manager at the mill, has said: “The union guys start each safety committee meeting by complaining about safety but they just can’t wait to complain about everything else they can possibly think of. Their whining and complaining is so predictable that I go to every safety meeting ready for a fight on workload and production issues as well as for a fight on safety. Of course, safety is everyone’s responsibility but production issues are none of their business. Production is a management responsibility. Plans, budgets, and other management concerns are very definitely not part of the committee’s job. Most of what’s said at these meetings isn’t worth listening to.”

The union is also dissatisfied with the functioning of the safety committee. Ivan, the chief union steward who also serves on the committee, observes:
“If the safety committee wasn’t mandatory by law, management wouldn’t even pretend to listen to us. We put forward our safety concerns but management says that we are mixing safety in with workload and production issues. They only want to talk about what they think are safety issues—like serious accidents. Thankfully, we don’t have too many of those! But safety is more than just avoiding major accidents. We get far too many ‘little accidents’ and ‘near-accidents’ here. At least that’s what management calls them. They just want us to work faster and faster. We complain and complain at the meetings but they just say ‘that’s a production issue and this is a safety committee.’ They accuse us of trying to run the company when we ask for better equipment. They say we don’t understand things like costs and limited budgets. We don’t care about their budgets, we’ve got work issues to talk about and we’ll keep speaking out for the crew no matter what. That’s what the union is for.”

Big Bad John, one of the mill’s toughest and most experienced supervisors, describes his job as follows: “The job of supervisor is to keep a close watch on every move the crew makes. If I look away for a second, some guy is going to be doing something wrong—either with the equipment or with the logs. They’re always making mistakes. Lots of mistakes! Some of these guys are just plain dumb. And lazy, too! Any chance they can get to steal some company time, they take. They start work late, they take long lunch breaks, they talk too much during their shifts. A minute here, a minute there—it all adds up. The younger guys are the worst. They always want to talk back to me, they can’t follow my orders like the senior crew members. We’re always so rushed and busy here that the senior crew members don’t have much time to explain things to the newer workers, the younger guys. Also, the equipment isn’t always easy, no responsibility is needed. Managing, on the other hand, is challenging. And it’s especially tough to control and manage this particular crew. We’ve currently got 30 unresolved grievances—that’s a lot of formal complaints for a mill of our size. Some of the union stewards actually go out among the crew and look for grievances just because they’re mad they can’t run the mill the way they want to. Sometimes I think the stewards want to create grievances where no real problems exist. They want to create headaches for those of us in management.”

The production manager, Des, observes that “the union just doesn’t understand—or even care about—the connection between the poor work ethic, the poor attitude on the part of the crew members here, and the mill’s mediocre productivity and product quality. The union and the crew only take their very narrow ‘employee-view’ of how things are done around here. They don’t understand the bigger picture. Well, it’s very competitive out there. They don’t understand what tight budgets, increasing costs, declining quality, missed production targets, and complaining customers mean to a business. They just sit back and complain about our management style. What they don’t realize is that their attitude makes our management style necessary. Complaining is easy, no responsibility is needed. Managing, on the other hand, is challenging. And it’s especially tough to control and manage this particular crew. We’ve currently got 30 unresolved grievances—that’s a lot of formal complaints for a mill of our size. Some of the union stewards actually go out among the crew and look for grievances just because they’re mad they can’t run the mill the way they want to. Sometimes I think the stewards want to create grievances where no real problems exist. They want to create headaches for those of us in management.”

The president of the company has recently informed Digby, the mill’s new general manager (he started at Jackson last month after a career in eastern Canada), of the decision she will soon have to make regarding the mill’s future. She told Digby that significant improvements in mill productivity and product quality are required if the mill is to receive the $50 million investment in new plant and equipment. Without such improvements, the mill would be downsized and over half of the workforce would be permanently laid off. Half the supervisory and managerial personnel would also lose their jobs.

Digby has just telephoned Moe (the president of the local union who does not work at the mill but who is very familiar with developments at the mill) to tell him about the message from the company.
president. Upon hearing of the potential job losses, Moe was troubled and asked to meet with Digby to discuss the situation. However, Moe was also somewhat skeptical because the previous general manager once told him that some permanent layoffs would occur unless productivity was improved. No layoffs subsequently occurred. Therefore, Moe is uncertain if the company is serious about these potential future layoffs or merely bluffing in order to get the employees to work harder.

Case 11: PERFECT PIZZERIA

John E. Dittrich and Robert A. Zawacki

Perfect Pizzeria in Southville, deep in southern Illinois, is the chain’s second-largest franchise. The headquarters is located in Phoenix, Arizona. Although the business is prospering, it has employee and managerial problems.

Each operation has one manager, an assistant manager, and from two to five night managers. The managers of each pizzeria work under an area supervisor. There are no systematic criteria for being a manager or becoming a manager trainee. The franchise has no formalized training period for the manager. No college education is required. The managers for whom the case observer worked during a four-year period were relatively young (ages 24 to 27), and only one had completed college. They came from the ranks of night managers, assistant managers, or both. The night managers were chosen for their ability to perform the duties of the regular employees. The assistant managers worked a two-hour shift during the luncheon period five days a week to gain knowledge about bookkeeping and management. Those becoming managers remained at that level unless they expressed interest in investing in the business.

The employees were mostly college students, with a few high school students performing the less challenging jobs. Because Perfect Pizzeria was located in an area with few job opportunities, it was relatively easy for it to fill its employee quotas. All the employees, with the exception of the manager, were employed part-time. Consequently, they earned only the minimum wage.

The Perfect Pizzeria system is devised so that food and beverage costs and profits are set up according to a percentage. If the percentage of food unsold or damaged in any way is very low, the manager gets a bonus. If the percentage is high, the manager does not receive a bonus; rather, he or she receives only his or her normal salary.

There are many ways in which the percentage can fluctuate. Because the manager cannot be in the store 24 hours a day, some employees make up for their paychecks by helping themselves to the food. When a friend comes in to order a pizza, extra ingredients are put on the friend’s pizza. Occasional nibbles by 18 to 20 employees throughout the day at the meal table also raise the percentage figure. An occasional bucket of sauce may be spilled or a pizza accidentally burned. Sometimes the wrong-size pizza may be made.

In the event of an employee mistake or a burned pizza by the oven person, the expense is supposed to come from the individual. Because of peer pressure, the night manager seldom writes up a bill for the erring employee. Instead, the establishment takes the loss, and the error goes unnoticed until the end of the month when the inventory is taken. That’s when the manager finds out that the percentage is high and that there will be no bonus.

In the present instance, the manager took retaliatory measures. Previously, each employee was entitled to a free pizza, salad, and all the soft drinks he or she could drink for every six hours of work. The manager raised this figure from six to twelve hours of work. However, the employees had received these six-hour benefits for a long time. Therefore, they simply took advantage of the situation whenever the manager or the assistant was not in the building. Although the night managers theoretically had complete control of the operation in the evenings, they did not command the respect that the manager or assistant manager did. That was because night
managers received the same pay as the regular employees, could not reprimand other employees, and were basically the same age or sometimes even younger than the other employees.

Thus, apathy grew within the pizzeria. There seemed to be a further separation between the manager and his workers, who started out to be a closely knit group. The manager made no attempt to alleviate the problem, because he felt it would iron itself out. Either the employees who were dissatisfied would quit or they would be content to put up with the new regulations. As it turned out, there was a rash of employee dismissals. The manager had no problem in filling the vacancies with new workers, but the loss of key personnel was costly to the business.

With the large turnover, the manager found he had to spend more time in the building, supervising and sometimes taking the place of inexperienced workers. This was in direct violation of the franchise regulation, which stated that a manager would act as a supervisor and at no time take part in the actual food preparation. Employees were not placed under strict supervision with the manager working alongside them. The operation no longer worked smoothly because of differences between the remaining experienced workers and the manager concerning the way in which a particular function should be performed.

Within a two-month period, the manager was again free to go back to his office and leave his subordinates in charge of the entire operation. During this two-month period, in spite of the differences between experienced workers and the manager, the unsold/damaged food percentage returned to the previous low level and the manager received a bonus each month. The manager felt that his problems had been resolved and that conditions would remain the same, since the new personnel had been properly trained.

It didn't take long for the new employees to become influenced by the other employees. Immediately after the manager returned to his supervisory role, the unsold/damaged food percentage began to rise. This time the manager took a bolder step. He cut out any benefits that the employees had—no free pizzas, salads, or drinks. With the job market at an even lower ebb than usual, most employees were forced to stay. The appointment of a new area supervisor made it impossible for the manager to work behind the counter, because the supervisor was centrally located in Southville.

The manager tried still another approach to alleviate the rising unsold/damaged food percentage problem and maintain his bonus. He placed a notice on the bulletin board, stating that if the percentage remained at a high level, a lie detector test would be given to all employees. All those found guilty of taking or purposefully wasting food or drinks would be immediately terminated. This did not have the desired effect on the employees, because they knew if they were all subjected to the test, all would be found guilty and the manager would have to dismiss all of them. This would leave him in a worse situation than ever.

Even before the following month’s unsold/damaged food percentage was calculated, the manager knew it would be high. He had evidently received information from one of the night managers about the employees’ feelings toward the notice. What he did not expect was that the percentage would reach an all-time high. That is the state of affairs at the present time.


Case 12: SIMMONS LABORATORIES

Adapted by William Starbuck from a case written by Alex Bavelas

Brandon Newbridge was sitting alone in the conference room of the laboratory. The rest of the group had gone. One of the secretaries had stopped and talked for a while about her husband’s coming enrollment in graduate school, then went home. Brandon, alone in the laboratory, slid a little farther down in his chair, looking with satisfaction at the results of the first test run of the new photon unit.
He liked to stay after the others had gone. His appointment as project head was still new enough to give him a deep sense of pleasure. His eyes were on the graphs before him, but in his mind he could hear Dr. William Goh, the project head, saying again, “There’s one thing about this place you can bank on. The sky is the limit for anyone who can produce!” Newbridge felt again the tingle of happiness and embarrassment. Well, dammit, he said to himself, he had produced. He wasn’t kidding anybody.

He had come to Simmons Laboratories two years ago. During a routine testing of some rejected Clanson components, he had stumbled on the idea of the photon correlator, and the rest just happened. Goh had been enthusiastic: A separate project had been set up for further research and development of the device, and Newbridge had gotten the job of running it. The whole sequence of events still seemed a little miraculous to him.

He shrugged out of the reverie and bent determinedly over the sheets when he heard someone come into the room behind him. He looked up expectantly; Goh often stayed late himself and now and then dropped in for a chat. This always made the day’s end especially pleasant for Newbridge. It wasn’t Goh. The man who had come in was a stranger. He was tall and thin. He wore steel-rimmed glasses and had a very wide leather belt with a large brass buckle. Lucy remarked later that it was the kind of belt the Pilgrims must have worn.

The stranger smiled and introduced himself. “I’m Lester Zapf. Are you Brandon Newbridge?” Newbridge said yes, and they shook hands. “Doctor Goh said I might find you in. We were talking about your work, and I’m very much interested in what you are doing.” Newbridge waved to a chair.

Zapf didn’t seem to belong in any of the standard categories of visitors: customer, visiting fireman, stockholder. Newbridge pointed to the sheets on the table. “There are the preliminary results of a test we’re running. We have a new gadget by the tail, and we’re trying to understand it. It’s not finished, but I can show you the section we’re testing.”

He stood up, but Zapf was deep in the graphs. After a moment, Zapf looked up with an odd grin. “These look like plots of a Jennings surface. I’ve been playing around with some autocorrelation functions of surfaces—you know that stuff.” Newbridge, who had no idea what he was referring to, grinned back and nodded, and immediately felt uncomfortable.

“Let me show you the monster,” he said, and he led the way to the workroom.

After Zapf left, Newbridge slowly put the graphs away, feeling vaguely annoyed. Then, as if he had made a decision, he quickly locked up and took the long way out so that he would pass Goh’s office. But the office was locked. Newbridge wondered whether Goh and Zapf had left together.

The next morning, Newbridge dropped into Goh’s office, mentioned that he had talked with Zapf, and asked who he was.

“Sit down for a minute,” Goh said. “I want to talk to you about him. What do you think of him?” Newbridge replied truthfully that he thought Zapf was very bright and probably very competent. Goh looked pleased.

“We’re taking him on,” he said. “He’s had a very good background in a number of laboratories, and he seems to have ideas about the problems we’re tackling here.” Newbridge nodded in agreement, instantly wishing that Zapf would not be placed with him.

“I don’t know yet where he will finally land,” Goh continued, “but he seems interested in what you are doing. I thought he might spend a little time with you by way of getting started.” Newbridge nodded thoughtfully. “If his interest in your work continues, you can add him to your group.”

“Well, he seemed to have some good ideas even without knowing exactly what we are doing,” Newbridge answered. “I hope he stays; we’d be glad to have him.”

Newbridge walked back to the lab with mixed feelings. He told himself that Zapf would be good for the group. He was no dunce; he’d produce. Newbridge thought again of Goh’s promise when he had promoted him: “The man who produces gets ahead in this outfit.” The words seemed to carry the overtones of a threat now.

That day Zapf didn’t appear until midafternoon. He explained that he had had a long lunch with Goh, discussing his place in the lab. “Yes,” said Newbridge, “I talked with Jerry this morning about it, and we both thought you might work with us for a while.”

Zapf smiled in the same knowing way that he had smiled when he mentioned the Jennings surfaces. “I’d like to,” he said.

Newbridge introduced Zapf to the other members of the lab. Zapf and Link, the group’s mathematician,
hit it off well and spent the rest of the afternoon discussing a method for analyzing patterns that Link had been worrying about over the last month.

It was 6:30 when Newbridge finally left the lab that night. He had waited almost eagerly for the end of the day to come—when they would all be gone and he could sit in the quiet rooms, relax, and think it over. “Think what over?” he asked himself. He didn’t know. Shortly after 5 p.m., they had almost all gone except Zapf, and what followed was almost a duel. Newbridge was annoyed that he was being cheated out of his quiet period and finally resentfully determined that Zapf should leave first.

Zapf was sitting at the conference table reading, and Newbridge was sitting at his desk in the little glass-enclosed cubby he used during the day when he needed to be undisturbed. Zapf had gotten the last year’s progress reports out and was studying them carefully. The time dragged. Newbridge doodled on a pad, the tension growing inside him. What the hell did Zapf think he was going to find in the reports?

Newbridge finally gave up, and they left the lab together. Zapf took several of the reports with him to study in the evening. Newbridge asked him if he thought the reports gave a clear picture of the lab’s activities.

“They’re excellent,” Zapf answered with obvious sincerity. “They’re not only good reports; what they report is damn good, too!” Newbridge was surprised at the relief he felt and grew almost jovial as he said good-night.

Driving home, Newbridge felt more optimistic about Zapf’s presence in the lab. He had never fully understood the analysis that Link was attempting. If there was anything wrong with Link’s approach, Zapf would probably spot it. “And if I’m any judge,” he murmured, “he won’t be especially diplomatic about it.”

He described Zapf to his wife, who was amused by the broad leather belt and brass buckle.

“It’s the kind of belt that Pilgrims must have worn,” she laughed.

“I’m not worried about how he holds his pants up,” he laughed with her. “I’m afraid that he’s the kind that just has to make like a genius twice each day. And that can be pretty rough on the group.”

Newbridge had been asleep for several hours when he was jerked awake by the telephone. He realized it had rung several times. He swung off the bed muttering about damn fools and telephones. It was Zapf. Without any excuses, apparently oblivious of the time, he plunged into an excited recital of how Link’s patterning problem could be solved.

Newbridge covered the mouthpiece to answer his wife’s stage-whispered “Who is it?” “It’s the genius,” replied Newbridge.

Zapf, completely ignoring the fact that it was two in the morning, went on in a very excited way, starting in the middle of an explanation of a completely new approach to some of the photon lab problems that he had stumbled on while analyzing past experiments. Newbridge managed to put some enthusiasm in his own voice and stood there, half-dazed and very uncomfortable, listening to Zapf talk endlessly about what he had discovered. It was probably not only a new approach but also an analysis that showed the inherent weakness of the previous experiment and how experimentation along that line would certainly have been inconclusive. The following day Newbridge spent the entire morning with Zapf and Link, the mathematician, the customary morning meeting of Newbridge’s group having been called off so that Zapf’s work of the previous night could be gone over intensively. Zapf was very anxious that this be done, and Newbridge was not too unhappy to call the meeting off for reasons of his own.

For the next several days Zapf sat in the back office that had been turned over to him and did nothing but read the progress reports of the work that had been done in the last six months. Newbridge caught himself feeling apprehensive about the reaction that Zapf might have to some of his work. He was a little surprised at his own feelings. He had always been proud—although he had put on a convincingly modest face—of the way in which new ground in the study of photon measuring devices had been broken in his group. Now he wasn’t sure, and it seemed to him that Zapf might easily show that the line of research they had been following was unsound or even unimaginative.

The next morning (as was the custom) the members of the lab, including the secretaries, sat around a conference table. Newbridge always prided himself on the fact that the work of the lab was guided and evaluated by the group as a whole, and he was fond of repeating that it was not a waste of time to include secretaries in such meetings. Often, what started out as a boring recital of fundamental
assumptions to a naive listener uncovered new ways of regarding these assumptions that would not have occurred to the researcher, who had long ago accepted them as a necessary basis for his work.

These group meetings also served Brandon in another sense. He admitted to himself that he would have felt far less secure if he had had to direct the work out of his own mind, so to speak. With the group meeting as the principle of leadership, it was always possible to justify the exploration of blind alleys because of the general educative effect on the team. Zapf was there; Lucy and Martha were there; Link was sitting next to Zapf, their conversation concerning Link’s mathematical study apparently continuing from yesterday. The other members, Bob Davenport, Georgia Thurlow, and Arthur Oliver, were waiting quietly.

Newbridge, for reasons that he didn’t quite understand, proposed for discussion this morning a problem that all of them had spent a great deal of time on previously, with the conclusion that a solution was impossible—there was no feasible way of treating the problem in an experimental fashion. When Newbridge proposed the problem, Davenport remarked that there was hardly any use of going over it again and that he was satisfied that there was no way of approaching the problem with the equipment and the physical capacities of the lab.

This statement had the effect of a shot of adrenaline on Zapf. He said he would like to know what the problem was in detail. Walking to the blackboard, he began writing down the “factors” as various members of the group began discussing the problem and simultaneously listing the reasons why it had been abandoned.

Very early in the description of the problem it was evident that Zapf was going to disagree about the impossibility of attacking it. The group realized this, and finally the descriptive materials and their recounting of the reasoning that had led to its abandonment dwindled away. Zapf began his statement, which, as it proceeded, might well have been prepared the previous night, although Newbridge knew this was impossible. He couldn’t help being impressed with the organized and logical way that Zapf was presenting ideas that must have occurred to him only a few minutes before.

Zapf had some things to say, however, that left Newbridge with a mixture of annoyance and irritation and, at the same time, a rather smug feeling of superiority over Zapf in at least one area. Zapf held the opinion that the way that the problem had been analyzed was very typical of group thinking. With an air of sophistication that made it difficult for a listener to dissent, he proceeded to comment on the American emphasis on team ideas, satirically describing the ways in which they led to a “high level of mediocrity.”

During this time Newbridge observed that Link stared studiously at the floor, and he was very conscious of Thurlow’s and Davenport’s glances toward him at several points of Zapf’s little speech. Inwardly, Newbridge couldn’t help feeling that this was one point at least in which Zapf was off on the wrong foot. The whole lab, following Goh’s lead, talked, if not practiced, the theory of small research teams as the basic organization for effective research. Zapf insisted that the problem could be approached and that he would like to study it for a while himself.

Newbridge ended the morning session by remarking that the meetings would continue and that the very fact that a supposedly insoluble experimental problem was now going to get another chance was another indication of the value of such meetings. Zapf immediately remarked that he was not at all averse to meetings to inform the group about the progress of its members. The point he wanted to make was that creative advances were seldom accomplished in such meetings—they were made by an individual “living with” a problem closely and continuously, in a rather personal relationship with it.

Newbridge went on to say to Zapf that he was very glad that Zapf had raised these points and that he was sure the group would profit by reexamining the basis on which they had been operating. Newbridge agreed that individual effort was probably the basis for making major advances. He considered the group meetings useful primarily because they kept the group together and they helped the weaker members of the group keep up with the ones who were able to advance more easily and quickly in the analysis of problems.

It was clear as days went by and meetings continued that Zapf came to enjoy them because of the pattern that the meetings assumed. It became typical for Zapf to hold forth, and it was unquestionably clear that he was more brilliant, better prepared on the various subjects that were germane to the problem being studied, and more capable of going ahead
than anyone else there. Newbridge grew increasingly disturbed as he realized that his leadership of the group had been, in fact, taken over.

Whenever the subject of Zapf was mentioned in occasional meetings with Goh, Newbridge would comment only on the ability and obvious capacity for work that Zapf had. Somehow he never felt that he could mention his own discomforts, not only because they revealed a weakness on his part but also because it was quite clear that Goh himself was considerably impressed with Zapf’s work and with the contacts he had with him outside the photon laboratory.

Newbridge now began to feel that perhaps the intellectual advantages that Zapf had brought to the group did not quite compensate for what he felt were evidences of a breakdown in the cooperative spirit he had seen in the group before Zapf’s arrival. More and more of the morning meetings were skipped. Zapf’s opinion concerning the abilities of others in the group, except for Link, was obviously low. At times during morning meetings or in smaller discussions he had been on the point of rudeness, refusing to pursue an argument when he claimed it was based on another person’s ignorance of the facts involved. His impatience with others led him to also make similar remarks to Goh. Newbridge inferred this from a conversation with Goh in which Goh asked whether Davenport and Oliver were going to be kept on; his failure to mention Link, the mathematician, led Newbridge to feel that this was the result of private conversations between Zapf and Goh.

It was not difficult for Newbridge to make quite a convincing case of whether the brilliance of Zapf was sufficient recompense for the beginning of this breaking up of the group. He spoke privately with Davenport and with Oliver, and it was quite clear that both of them were uncomfortable because of Zapf. Newbridge didn’t press the discussion beyond the point of hearing them say that they did feel awkward and that it was sometimes difficult to understand the arguments Zapf advanced but often embarrassing to ask him to fill in the basis for his arguments. Newbridge did not interview Link in this manner.

About six months after Zapf had joined the photon lab, a meeting was scheduled in which the sponsors of the research were visiting to get some idea of the work and its progress. It was customary at these meetings for project heads to present the research being conducted in their groups. The members of each group were invited to other meetings that were held later in the day and open to all, but the special meetings were usually made up only of project heads, the head of the laboratory, and the sponsors.

As the time for the special meeting approached, it seemed to Newbridge that he must avoid the presentation at all costs. His reasons for this were that he could not trust himself to present the ideas and work that Zapf had advanced because of his apprehension about whether he could present them in sufficient detail and answer such questions about them as might be asked. On the other hand, he did not feel he could ignore these newer lines of work and present only the material that he had done or that had been started before Zapf’s arrival. He felt also that it would not be beyond Zapf at all, in his blunt and undiplomatic way—if he were at the meeting, that is—to comment on his [Newbridge’s] presentation and reveal Newbridge’s inadequacy. It also seemed quite clear that it would not be easy to keep Zapf from attending the meeting, even though he was not on the administrative level of those invited.

Newbridge found an opportunity to speak to Goh and raised the question. He told Goh that, with the meetings coming up and with the interest in the work and with Zapf’s contributions to the work, Zapf would probably like to come to the meetings but there was a question of how the others in the group would feel if only Zapf were invited. Goh passed this over very lightly by saying that he didn’t think the group would fail to understand Zapf’s rather different position and that Zapf certainly should be invited. Newbridge immediately said he agreed: Zapf should present the work because much of it was work he had done, and this would be a nice way to recognize Zapf’s contributions and to reward him, because he was eager to be recognized as a productive member of the lab. Goh agreed, and so the matter was decided.

Zapf’s presentation was very successful and in some ways dominated the meeting. He attracted the interest and attention of many of those who had come, and a long discussion followed his presentation. Later in the evening—with the entire laboratory staff present—in the cocktail period before the dinner, a little circle of people formed around Zapf. One of them was Goh himself, and a lively discussion took place concerning the application of Zapf’s theory. All of this disturbed Newbridge, but his reaction and
behavior were characteristic. He joined the circle, praised Zapf to Goh and to others, and remarked on the brilliance of the work.

Newbridge, without consulting anyone, began at this time to take some interest in the possibility of a job elsewhere. After a few weeks he found that a new laboratory of considerable size was being organized in a nearby city and that the kind of training he had would enable him to get a project-head job equivalent to the one he had at the lab with slightly more money.

He immediately accepted it and notified Goh by letter, which he mailed on a Friday night to Goh’s home. The letter was quite brief, and Goh was stunned. The letter merely said that he had found a better position, that he didn’t want to appear at the lab any more for personal reasons, that he would be glad to come back at a later time to assist if there was any mix-up in the past work, that he felt sure Zapf could supply any leadership that the group required, and that his decision to leave so suddenly was based on personal problems—he hinted at problems of health in his family, his mother and father. All of this was fictitious, of course. Goh took it at face value but still felt that this was very strange behavior and quite unaccountable, for he had always felt his relationship with Newbridge had been warm and that Newbridge was satisfied and, in fact, quite happy and productive.

Goh was considerably disturbed, because he had already decided to place Zapf in charge of another project that was going to be set up very soon. He had been wondering how to explain this to Newbridge, in view of the obvious help Newbridge was getting from Zapf and the high regard in which he held him. Goh had, indeed, considered the possibility that Newbridge could add to his staff another person with the kind of background and training that had been unique in Zapf and had proved so valuable.

Goh did not make any attempt to meet Newbridge. In a way, he felt aggrieved about the whole thing. Zapf, too, was surprised at the suddenness of Newbridge’s departure. When Goh asked Zapf whether he preferred to stay with the photon group instead of heading the new project for the Air Force, Zapf chose the Air Force project and went on to that job the following week. The photon lab was hard hit. The leadership of the lab was given to Link with the understanding that this would be temporary until someone could come in to take over.


**Case 13: TREETOP FOREST PRODUCTS**

*Steven L. McShane, University of Western Australia, and David Lebeter*

Treetop Forest Products, Inc. is a sawmill operation in Oregon that is owned by a major forest products company but operates independently of headquarters. It was built 30 years ago and completely updated with new machinery five years ago. Treetop receives raw logs from the area for cutting and planning into building-grade lumber, mostly 2-by-4 and 2-by-6 pieces of standard lengths. Higher-grade logs leave Treetop’s sawmill department in finished form and are sent directly to the packaging department. The remaining 40 percent of sawmill output consists of cuts from lower-grade logs, requiring further work by the planning department.

Treetop has 1 general manager, 16 supervisors and support staff, and 180 unionized employees. The unionized employees are paid an hourly rate specified in the collective agreement, whereas management and support staff are paid a monthly salary. The mill is divided into six operating departments: boom, sawmill, planner, packaging, shipping, and maintenance. The sawmill, boom, and packaging departments operate a morning shift starting at 6 a.m. and an afternoon shift starting at 2 p.m. Employees in these departments rotate shifts every two weeks. The planner and shipping departments operate only morning shifts. Maintenance employees work the night shift (starting at 10 p.m.).

Each department, except for packaging, has a supervisor on every work shift. The planner supervisor is responsible for the packaging department on the morning shift, and the sawmill supervisor is responsible for the packaging department on the afternoon.
shift. However, the packaging operation is housed in a separate building from the other departments, so supervisors seldom visit the packaging department. This is particularly true for the afternoon shift because the sawmill supervisor is the farthest distance from the packaging building.

Packaging Quality

Ninety percent of Treetop’s product is sold on the open market through Westboard Co., a large marketing agency. Westboard represents all forest products mills owned by Treetop’s parent company, as well as several other clients in the region. The market for building-grade lumber is very price-competitive because there are numerous mills selling a relatively undifferentiated product. However, some differentiation does occur in product packaging and presentation. Buyers will look closely at the packaging when deciding whether to buy from Treetop or another mill.

To encourage its clients to package their products better, Westboard sponsors a monthly package quality award. The marketing agency samples and rates its clients’ packages daily, and the sawmill with the highest score at the end of the month is awarded a plaque. Package quality is a combination of how the lumber is piled (e.g., defects turned in), where the bands and dunnage are placed, how neatly the stencil and seal are applied, the stencil’s accuracy, and how neatly and tightly the plastic wrap is attached.

Treetop Forest Products won Westboard’s package quality award several times over the past five years and received high ratings in the months that it didn’t win. However, the mill’s ratings have started to decline over the past year or two, and several clients have complained about the appearance of the finished product. A few large customers switched to competitors’ lumber, saying that the decision was based on the substandard appearance of Treetop’s packaging when it arrived in their lumberyard.

Bottleneck in Packaging

The planing and sawmilling departments have significantly increased productivity over the past couple of years. The sawmill operation recently set a new productivity record on a single day. The planer operation has increased productivity to the point where last year it reduced operations to just one (rather than two) shift per day. These productivity improvements are due to better operator training, fewer machine breakdowns, and better selection of raw logs. (Sawmill cuts from high-quality logs usually do not require planing work.)

Productivity levels in the boom, shipping, and maintenance departments have remained constant. However, the packaging department has recorded decreasing productivity over the past couple of years, with the result that a large backlog of finished product is typically stockpiled outside the packaging building. The morning shift of the packaging department is unable to keep up with the combined production of the sawmill and planer departments, so the unpackaged output is left for the afternoon shift. Unfortunately, the afternoon shift packages even less product than the morning shift, so the backlog continues to build. The backlog adds to Treetop’s inventory costs and increases the risk of damaged stock.

Treetop has added Saturday overtime shifts as well as extra hours before and after the regular shifts for the packaging department employees to process this backlog. Last month, the packaging department employed 10 percent of the workforce but accounted for 85 percent of the overtime. This is frustrating to Treetop’s management because time-and-motion studies recently confirmed that the packaging department is capable of processing all of the daily sawmill and planer production without overtime. Moreover, with employees earning one and a half or two times their regular pay on overtime, Treetop’s cost competitiveness suffers.

Employees and supervisors at Treetop are aware that people in the packaging department tend to extend lunch by 10 minutes and coffee breaks by 5 minutes. They also typically leave work a few minutes before the end of the shift. This abuse has worsened recently, particularly on the afternoon shift. Employees who are temporarily assigned to the packaging department also seem to participate in this time-loss pattern after a few days. Although they are punctual and productive in other departments, these temporary employees soon adopt the packaging crew’s informal schedule when assigned to that department.

Copyright © 1995 Steven L. McShane and David Lebeter. This case is based on actual events, but names and some characteristics have been changed to maintain anonymity.
WAL-MART’S PUBLIC IMAGE CAMPAIGN

After years of criticism from various groups, Wal-Mart is paying more attention to its stakeholders. “We’ve talked to environmentalists; we’ve talked to NGOs; we’ve talked to people in neighborhoods. We’ve really reached out to say: What should we be doing differently?” says Mona Williams, Wal-Mart’s VP of corporate communications. In Aurora, Colorado, the world’s largest retailer has introduced numerous environmental initiatives, including solar and wind energy and recycled tires. Wal-Mart also claims that it has removed managers who acted unethically due to pressures to reduce costs. “We are light-years ahead of where we were even two or three years ago,” says Williams. This PBS program details some of the initiatives Wal-Mart has developed to change its relationship with stakeholders. We also hear from critics who explain why Wal-Mart’s recent public image campaign doesn’t correct the company’s underlying problems.

Discussion Questions

1. Which stakeholders does Wal-Mart seem to be serving better now than in the past? Why does this shift make a difference to Wal-Mart?
2. Are the ongoing criticisms about Wal-Mart justified? Is it possible to satisfy stakeholders more fully than Wal-Mart is currently attempting to do?

GOOD BUSINESS DEEDS

You might not expect to see British American Tobacco, McDonald’s, and Microsoft at a meeting on corporate social responsibility, but in their own way these firms are taking steps to become better employers and citizens in the community. This video program describes how these and other firms are embracing values and corporate social responsibility. It particularly highlights a few firms that serve as role models in this regard. One of these is Greyston Bakery, a multimillion-dollar gourmet operation that takes people who need help and turns them into contributing members of the organization and society. Another is Eileen Fisher Company, which promotes good labor practices both at home and overseas and helps customers meet their needs. At each firm, the company’s values are aligned more closely with employee values than is the case at a typical organization.

Discussion Questions

1. Employees at Greyston Bakery, Eileen Fisher Company, Feed the Children, Green@Work, and other organizations described in this video program seem to have a strong congruence of their personal values with the organization’s values. What are the apparent benefits of this value congruence?
2. Discuss the implications of corporate social responsibility in terms of organizational effectiveness.
JOHNSON & JOHNSON: (A) CREATING A GLOBAL LEARNING ORGANIZATION: THE Credo; (B) MANAGEMENT FUNDAMENTALS TRAINING AT JOHNSON & JOHNSON

Johnson & Johnson (J&J) is a family-oriented health care and personal products company with about 330 operating units and more than 150,000 employees around the world. The company is well known for “the Credo,” a set of value statements introduced in 1938 to help J&J’s executives and employees make better decisions. The Credo helps J&J staff to continuously be aware of and serve the needs of its core stakeholders. It also serves as the glue that holds the company’s geographically and industrially diverse operating units together. This program introduces Johnson & Johnson’s Credo and shows how the company instills the Credo values in its managers.

Discussion Questions
1. Why does Johnson & Johnson place so much importance on the Credo?
2. How does Johnson & Johnson ensure that managers understand and apply the Credo in their daily decisions and actions?

PIKE PLACE FISH MARKET

Fifteen years ago, Pike Place Fish Market in Seattle had unhappy employees and was in financial trouble. Rather than close shop, owner John Yokoyama sought help from consultant Jim Bergquist to improve his leadership and energize the workforce. Rather than rule as a tyrant, Yokoyama learned how to actively involve employees in the business. Soon, employees felt more empowered and gained more enjoyment from their work. They also began to actively have fun at work, doing things such as setting goals as a game, throwing fish to each other as sport, and pretending they are “world famous.” Today, thanks to these and other strategies described in this video case, Pike Place is world famous. The little shop has become a tourist attraction, and customers from California to New York call in orders.

Discussion Questions
1. On the basis of the model of emotions and attitudes in Chapter 4, explain how the changes at Pike Place Fish Market improved job satisfaction and reduced turnover. How did these attitude changes affect customer satisfaction?
2. Goal setting is discussed as an important activity at Pike Place. Evaluate the effectiveness of the firm’s goal setting process in the context of the characteristics of effective goals described in Chapter 5 of this textbook.
3. How is coaching applied at Pike Place, and how does this coaching influence employee performance?

STRESS IN JAPAN

Stress from overwork has become an epidemic in Japan. This video program consists of two segments that illustrate the degree to which some Japanese employees are overworked, as well as the consequences of their overwork. The first segment follows a typical day of a Japanese manager, from his two-hour morning commute to his late-night working hours. The program also shows that he is under constant pressure to improve efficiency and experiences a heavy burden and responsibility to do better. The second segment describes how karoshi—death from overwork—took the life of 23-year-old Yoshika. It reconstructs Yoshi’s work life as a graphic artist up to the time when she died suddenly on the job due to a brain hemorrhage.

Discussion Questions
1. Identify the various sources of stress (i.e., stressors) that the Japanese manager in the first segment likely experiences each day. Does he do anything to try to manage his stress?
2. What conditions led up to the karoshi death of Yoshika? Are these conditions commonly found in the country where you live?
CLOCKLESS OFFICE: BEST BUY’S ROWE PROGRAM

Kelly McDevitt has a busy job as online promotions manager for Best Buy. But McDevitt doesn’t have to worry about punching a time clock because of the retailer’s results-only work environment (ROWE). “I don’t count my hours—I don’t have hours,” she says. McDevitt attends office meetings, but even attending those events is optional. “It’s not how many hours somebody puts in face time at the office; it’s are they getting their work done” explains Calli Ressler. This BusinessWeek TV program describes the ROWE initiative, explains why it was introduced, and outlines its apparent benefits.

Discussion Questions

1. Why would productivity jump at Best Buy under ROWE, compared to the traditional employment arrangement where employees are expected to be at the office?
2. What effect would the ROWE program have on workplace stress? Explain your answer.
3. What are the limitations and risks of the ROWE program? Which jobs and employees would be poorly suited to this work arrangement?

VIDEO CASES FOR PART THREE

TEAM WORK: TEAM ACTIVITIES FOR CO-WORKERS

Companies have more ways than ever before to help employees with team building. Cooking classes, hula hoops, human-size Chinese checkers, and horse riding are just a few of the activities that help employees work more effectively together. This NBC program reveals three team-building activities—rodeos, field games, and hula hoops. We also hear the opinions of participants in these activities.

Discussion Questions

1. This program shows employees in three team-building activities: rodeo, field games, and hula hoops. Which of these three appeals to you the most as a team-building activity? Explain why.
2. What individual and team-building skills do participants believe will be improved by the hula hoops?
3. To what extent would each of these activities influence team dynamics back on the job? What conditions might further improve the transfer of team dynamics from these activities to the workplace?

GENERATION NEXT CHANGES THE FACE OF THE WORKPLACE

Jo Muse is baffled. The CEO of Muse Communications received requests from younger staff for vacation time after just two months on the job. “Why do you think that you can work places for a couple months and then get a vacation?” Muse asks his Generation-X and -Y staff. “And unpaid! You don’t care if you get paid. What’s up with that?” Baby-boomer managers such as Jo Muse face the challenge of figuring out the needs and expectations of young employees. The differences—which range from subtle to stark—also produce conflict in the workplace. “There is a clash,” suggests 24-year-old X-ray technician Doan Phan. Phan points to differences in technology skills as one source of conflict. Another is the urgency to change the workplace. “We want to bring in new ideas. We want to change things,” Phan says. This PBS program peeks into several organizations to see how younger- and older-generation employees are getting along. The program examines how Gen-X and -Y employees view their employment differently than do baby boomers. It also describes the actions of companies that are addressing these conflicts and changing expectations.
Discussion Questions

1. In this program, in what ways are Generation-X and -Y employees depicted differently from baby-boomer employees? Are the differences a reasonably accurate representation of generational differences in the workplace today?

2. What steps have Deloitte and other companies taken to adjust to the expectations of younger employees and to reduce potential generational conflict in the workplace?

CELEBRITY CEO CHARISMA

Does the cult of CEO charisma really make a difference to company profits? This NBC program takes a brief look at chief executives who acted like superheroes but failed to deliver, as well as a few low-key executives who really made a difference. The program hears from Harvard Business School professor Rakesh Khurana, author of *Searching for a Corporate Savior*, a book warning that charismatic leaders are not necessarily effective leaders.

Discussion Questions

1. Why do company boards tend to hire charismatic CEOs?

2. What can corporate boards do to minimize the charisma effect when filling chief executive officer and other senior executive positions?

SOUTHWEST CEO: GET TO KNOW GARY KELLY

Southwest Airlines remains one of the most successful airlines in the United States. Its secret to success? Treat customers as kings and queens, and treat employees even better. This video program shows how Southwest Airlines CEO Gary Kelly keeps in touch with day-to-day activities at the airline. It also describes some of the challenges that Kelly and his executive team have ahead of them.

Discussion Questions

1. Discuss the transactional and transformational leadership of Gary Kelly.

2. How does Gary Kelly’s leadership reinforce Southwest Airlines’ organizational culture?

VIDEO CASE FOR PART FOUR

LINDBLAD EXPEDITIONS: UNDER THE SURFACE

Traveling around the world for six months as a crew member of an expedition ship is a dream job in many respects. But as this recruitment video from Lindblad Expeditions describes, working on the National Geographic *Sea Bird* and other cruise ships requires a dedicated crew, and that means a real working day. This video program provides viewers with a realistic picture of what it is like to work on board one of these vessels. Crew members offer their candid thoughts about why they joined and what they experienced, including the most exciting and most arduous aspects of the job.

Discussion Questions

1. In your opinion, is this program effective in providing a realistic job preview of working life on board an expedition cruise ship? Why or why not?

2. Discuss the effectiveness of this video program in terms of the learning and adjustment of new employees. Are the risks of discouraging some job applicants offset by the positive effects on those who apply and are hired?

3. If you were responsible for the hiring and induction of new employees at Lindblad Expeditions or a similar organization, what other means would you apply to ensure that employees experience an effective socialization process?
RICARDO SEMLER: BRAZIL’S CARING CAPITALIST

This video program gives the viewer a rare glimpse inside the fabled operations of the Brazilian conglomerate, SEMCO SA. Two decades ago, Ricardo Semler transformed his father’s rigidly hierarchical shipbuilding supplies business into an organization that embraces egalitarianism and worker autonomy. Today, almost all of SEMCO’s 3,000 employees set their own work schedules. They are encouraged to move around to different workstations, in part so that supervisors have difficulty knowing who is at work and who has gone home. Employees are also key decision makers, choosing everything from the office furniture to how much they should get paid. But SEMCO is not a laid-back country club. Employees are rewarded for how well their work unit performs, so co-workers will not tolerate those who fail to pull their weight. Also, although employees can set their own salaries, those who ask for too much money find themselves without a team willing to keep them on the payroll.

This video program also describes Ricardo Semler’s recent initiatives in education and ecotourism, both of which also give employees authority and responsibility.

Discussion Questions

1. Describe SEMCO’s organizational culture. What artifacts are mentioned in this program that represent and reinforce this culture? What strategies or practices does SEMCO apply to specifically support its culture?

2. SEMCO is apparently a very successful company. Which of the four perspectives of organizational effectiveness described in Chapter 1 best explain this organization’s success?

3. SEMCO SA is featured in Chapter 12 of this book as an example of shared leadership. What information in this video program indicated that SEMCO encourages shared leadership?
Theory Building
People need to make sense of their world, so they form theories about the way the world operates. A theory is a general set of propositions that describes interrelationships among several concepts. We form theories for the purpose of predicting and explaining the world around us.¹ What does a good theory look like? First, it should be stated as clearly and simply as possible so that the concepts can be measured and there is no ambiguity regarding the theory’s propositions. Second, the elements of the theory must be logically consistent with each other, because we cannot test anything that doesn’t make sense. Third, a good theory provides value to society; it helps people understand their world better than they would without the theory.²

Theory building is a continuous process that typically includes the inductive and deductive stages shown in Exhibit A.1.³ The inductive stage draws on personal experience to form a preliminary theory, whereas the deductive stage uses the scientific method to test the theory.

The inductive stage of theory building involves observing the world around us, identifying a pattern of relationships, and then forming a theory from these personal observations. For example, you might casually notice that new employees want their supervisor to give direction, whereas this leadership style irritates long-service employees. From these observations, you form a theory about the effectiveness of directive leadership. (See Chapter 12 for a discussion of this leadership style.)

Positivism versus Interpretivism Research requires an interpretation of reality, and researchers tend to perceive reality in one of two ways. A common view, called positivism, is that reality exists independent of people. It is “out there” to be discovered and tested. Positivism is the foundation for most quantitative research (statistical analysis). It assumes that we can measure variables and that those variables have fixed relationships with other variables. For example, the positivist perspective says that we could study whether a supportive style of leadership reduces stress. If we find evidence that it does, then someone else studying leadership and stress would “discover” the same relationship.

Interpretivism takes a different view of reality. It suggests that reality comes from shared meaning.
among people in a particular environment. For example, supportive leadership is a personal interpretation of reality, not something that can be measured across time and people. Interpretivists rely mainly on qualitative data, such as observation and nondirective interviews. They particularly listen to the language people use to understand the common meaning that people have toward various events or phenomena. For example, they might argue that you need to experience and observe supportive leadership to effectively study it. Moreover, you can’t really predict relationships because the specific situation shapes reality. After the theory emerges, researchers shift reality. This process involves gathering qualitative data, such as observation and nondirective interviews. They particularly listen to the language people use to understand the common meaning among people in the situation being studied. In other words, researchers should let the participants define reality rather than let the researcher’s preconceived notions shape that reality. This process involves gathering qualitative information and letting this information shape the theory. After the theory emerges, researchers shift to the positivist perspective by quantitatively testing relationships in that theory.

**Theory Testing: The Deductive Process** Once a theory has been formed, we shift into the deductive stage of theory building. This process includes forming hypotheses, defining and measuring constructs, and testing hypotheses (see Exhibit A.1). Hypotheses make empirically testable declarations that certain variables and their corresponding measures are related in a specific way proposed by the theory. For instance, to find support for the directive leadership theory described earlier, we need to form and then test a specific hypothesis from that theory. One such hypothesis might be “New employees are more satisfied with supervisors who exhibit a directive rather than nondirective leadership style.” Hypotheses are indispensable tools of scientific research, because they provide the vital link between the theory and empirical verification.

Defining and Measuring Constructs Hypotheses are testable only if we can define and then form measurable indicators of the concepts stated in the hypotheses. Consider the hypothesis in the previous paragraph about new employees and directive leadership. To test this hypothesis, we first need to define the concepts, such as new employees, directive leadership, and supervisor. These are known as constructs, because they are abstract ideas constructed by the researcher that can be linked to observable information. Organizational behavior researchers developed the construct called directive leadership to help them understand the different effects that leaders have on followers. We can’t directly see, taste, or smell directive leadership; instead, we rely on indirect indicators of its existence by, for example, observing someone giving directions, maintaining clear performance standards, and ensuring that procedures and practices are followed.

As you can see, defining constructs well is very important because these definitions become the foundation for finding or developing acceptable measures of those constructs. We can’t measure directive leadership if we have only a vague idea about what this concept means. The better the construct is defined, the better our chances of finding or developing a good measure of that construct. However, even with a good definition, constructs can be difficult to measure because the empirical representation must capture several elements in the definition. A measure of directive leadership must be able to identify not only people who give directions but also those who maintain performance standards and ensure that procedures are followed.

**Testing Hypotheses** The third step in the deductive process is to collect data for the empirical measures of the variables. Following our directive leadership example, we might conduct a formal survey in which new employees indicate the behavior of their supervisors and their attitudes toward their supervisors. Alternatively, we might design an experiment in which people work with someone who applies either a directive or a nondirective leadership style. When the data have been collected, we can use various procedures to statistically test our hypotheses.

A major concern in theory building is that some researchers might inadvertently find support for their theory simply because they use the same information used to form the theory during the inductive stage. Consequently, the deductive stage must collect new data that are completely independent of the data used during the inductive stage. For instance, you might decide to test your theory of directive leadership by studying employees in another organization.
Moreover, the inductive process may have relied mainly on personal observation, whereas the deductive process might use survey questionnaires. By studying different samples and using different measurement tools, we minimize the risk of conducting circular research.

**Using the Scientific Method** Earlier, we said that the deductive stage of theory building follows the scientific method. The **scientific method** is a systematic, controlled, empirical, and critical investigation of hypothetical propositions about the presumed relationships among natural phenomena. There are several elements to this definition, so let’s look at each one. First, scientific research is **systematic and controlled** because researchers want to rule out all but one explanation for a set of interrelated events. To rule out alternative explanations, we need to control them in some way, such as by keeping them constant or removing them entirely from the environment.

Second, we say that scientific research is **empirical** because researchers need to use objective reality—or as close as we can get to it—to test a theory. They measure observable elements of the environment, such as what a person says or does, rather than relying on their own subjective opinion to draw conclusions. Moreover, scientific research analyzes these data using acceptable principles of mathematics and logic.

Third, scientific research involves **critical investigation**. This means that the study’s hypotheses, data, methods, and results are openly described so that other experts in the field can properly evaluate the research. It also means that scholars are encouraged to critique and build on previous research. The scientific method encourages the refinement and eventually the replacement of a particular theory with one that better suits our understanding of the world.

**Grounded Theory: An Alternative Approach**  The scientific method dominates the quantitative approach to systematic research, but another approach, called **grounded theory**, dominates research using qualitative methods. Grounded theory is a process of developing knowledge through the constant interplay of data collection, analysis, and theory development. It relies mainly on qualitative methods to form categories and variables, analyze relationships among these concepts, and form a model based on the observations and analysis. Grounded theory combines the inductive stages of theory development by cycling back and forth between data collection and analysis to converge on a robust explanatory model. This ongoing reciprocal process results in theory that is grounded in the data (thus, the name “grounded theory”).

Like the scientific method, grounded theory is a systematic and rigorous process of data collection and analysis. It requires specific steps and documentation, and it adopts a positivist view by assuming that the results are generalizable to other settings. However, grounded theory also takes an interpretivist view by building categories and variables from the perceived realities of the subjects rather than from an assumed universal truth. It also recognizes that personal biases are not easily removed from the research process.

**Selected Issues in Organizational Behavior Research**

There are many issues to consider in theory building, particularly when we use the deductive process to test hypotheses. Some of the more important issues are sampling, causation, and ethical practices in organizational research.

**Sampling in Organizational Research** When finding out why things happen in organizations, we typically gather information from a few sources and then draw conclusions about the larger population. If we survey several employees and determine that older employees are more loyal to their company, then we would like to generalize this statement to all older employees in our population, not just those whom we surveyed. Scientific inquiry generally requires that researchers engage in **representative sampling**, that is, sampling a population in such a way that we can extrapolate the results of the sample to the larger population.

One factor that influences representativeness is whether the sample is selected in an unbiased way from the larger population. Let’s suppose that you want to study organizational commitment among employees in your organization. A casual procedure might result in sampling too few employees from the head office and too many located elsewhere in the country. If head office employees actually have higher loyalty than employees located elsewhere, the biased sampling would cause the results to underestimate the true level of loyalty among employees in the company. If you repeat the process again next year but somehow overweight employees from the head office, the results might wrongly suggest
that employees have increased their organizational commitment over the past year. In reality, the only change may be the direction of sampling bias.

How do we minimize sampling bias? The answer is to randomly select the sample. A randomly drawn sample gives each member of the population an equal probability of being chosen, so there is less likelihood that a subgroup within that population will dominate the study’s results.

The same principle applies to random assignment of subjects to groups in experimental designs. If we want to test the effects of a team development training program, we need to randomly place some employees in the training group and randomly place others in a group that does not receive training. Without this random selection, each group might have different types of employees, so we wouldn’t know whether the training explains the differences between the two groups. Moreover, if employees respond differently to the training program, we couldn’t be sure that the training program results are representative of the larger population. Of course, random sampling does not necessarily produce a perfectly representative sample, but we do know that it is the best approach to ensure unbiased selection.

The other factor that influences representativeness is sample size. Whenever we select a portion of the population, there will be some error in our estimate of the population values. The larger the sample, the less error will occur in our estimate. Let’s suppose that you want to find out how employees in a 500-person firm feel about smoking in the workplace. If you asked 400 of those employees, the information would provide a very good estimate of how the entire workforce in that organization feels. If you survey only 100 employees, the estimate might deviate more from the true population. If you ask only 10 people, the estimate could be quite different from what all 500 employees feel.

Notice that sample size goes hand in hand with random selection. You must have a sufficiently large sample size for the principle of randomization to work effectively. In our example of attitudes toward smoking, we would do a poor job of random selection if our sample consisted of only 10 employees from the 500-person organization. The reason is that these 10 people probably wouldn’t capture the diversity of employees throughout the organization. In fact, the more diverse the population, the larger the sample size should be to provide adequate representation through random selection.

Causation in Organizational Research  Theories present notions about relationships among constructs. Often, these propositions suggest a causal relationship, namely, that one variable has an effect on another variable. When discussing causation, we refer to variables as being independent or dependent. Independent variables are the presumed causes of dependent variables, which are the presumed effects. In our earlier example of directive leadership, the main independent variable (there might be others) would be the supervisor’s directive or nondirective leadership style because we presume that it causes the dependent variable (satisfaction with supervision).

In laboratory experiments (described later), the independent variable is always manipulated by the experimenter. In our research on directive leadership, we might have subjects (new employees) work with supervisors who exhibit directive or nondirective leadership behaviors. If subjects are more satisfied under the directive leaders, we would be able to infer an association between the independent and dependent variables.

Researchers must satisfy three conditions to provide sufficient evidence of causality between two variables. The first condition of causality is that the variables are empirically associated with each other. An association exists whenever one measure of a variable changes systematically with a measure of another variable. This condition of causality is the easiest to satisfy because there are several well-known statistical measures of association. A research study might find, for instance, that heterogeneous groups (in which members come from diverse backgrounds) produce more creative solutions to problems. This might be apparent because the measure of creativity (such as number of creative solutions produced within a fixed time) is higher for teams that have a high score on the measure of group heterogeneity. They are statistically associated or correlated with each other.

The second condition of causality is that the independent variable precedes the dependent variable in time. Sometimes, this condition is satisfied through simple logic. In our group heterogeneity example, it doesn’t make sense to say that the number of creative solutions caused the group's heterogeneity, because the group's heterogeneity existed before the group produced the creative solutions. In other situations, however, the temporal relationship among variables is less clear. One example is the ongoing debate about job satisfaction and organizational
commitment. Do companies develop more loyal employees by increasing their job satisfaction, or do changes in organizational loyalty cause changes in job satisfaction? Simple logic does not answer these questions; researchers must use sophisticated longitudinal studies to build up evidence of a temporal relationship between these two variables.

The third requirement for evidence of a causal relationship is that the statistical association between two variables cannot be explained by a third variable. There are many associations that we quickly dismiss as being causally related. For example, there is a statistical association between the number of storks in an area and the birthrate in that area. We know that storks don’t bring babies, so something else must cause the association between these two variables. The real explanation is that both storks and birthrates have a higher incidence in rural areas.

In other studies, the third-variable effect is less apparent. Many years ago, before polio vaccines were available, a study in the United States reported a surprisingly strong association between consumption of a certain soft drink and the incidence of polio. Was polio caused by drinking this pop, or did people with polio have a unusual craving for this beverage? Neither. Both polio and consumption of the pop drink were caused by a third variable: climate. There was a higher incidence of polio in the summer months and in warmer climates, and people drink more liquids in these climates. As you can see from this example, researchers have a difficult time supporting causal inferences because third-variable effects are sometimes difficult to detect.

Ethics in Organizational Research Organizational behavior researchers need to abide by the ethical standards of the society in which the research is conducted. One of the most important ethical considerations is the individual subject’s freedom to participate in the study. For example, it is inappropriate to force employees to fill out a questionnaire or attend an experimental intervention for research purposes only. Moreover, researchers have an obligation to tell potential subjects about any possible risks inherent in the study so that participants can make an informed choice about whether to be involved.

Finally, researchers must be careful to protect the privacy of those who participate in the study. This usually includes letting people know when they are being studied as well as guaranteeing that their individual information will remain confidential (unless publication of identities is granted). Researchers maintain anonymity through careful security of data. The research results usually aggregate data in numbers large enough that they do not reveal the opinions or characteristics of any specific individual. For example, we would report the average absenteeism of employees in a department rather than state the absence rate of each person. When researchers are sharing data with other researchers, it is usually necessary to specially code each case so that individual identities are not known.

Research Design Strategies
So far, we have described how to build a theory, including the specific elements of empirically testing the theory within the standards of scientific inquiry. But what are the different ways to design a research study so that we get the data necessary to achieve our research objectives? There are many strategies, but they mainly fall under three headings: laboratory experiments, field surveys, and observational research.

Laboratory Experiments A laboratory experiment is any research study in which independent variables and variables outside the researcher’s main focus of inquiry can be controlled to some extent. Laboratory experiments are usually located outside the everyday work environment, such as in a classroom, simulation lab, or any other artificial setting in which the researcher can manipulate the environment. Organizational behavior researchers sometimes conduct experiments in the workplace (called field experiments) in which the independent variable is manipulated. However, the researcher has less control over the effects of extraneous factors in field experiments than he or she has in laboratory situations.

Advantages of Laboratory Experiments There are many advantages of laboratory experiments. By definition, this research method offers a high degree of control over extraneous variables that would otherwise confound the relationships being studied. Suppose we wanted to test the effects of directive leadership on the satisfaction of new employees. One concern might be that employees are influenced by how much leadership is provided, not just the type of leadership style. An experimental design would allow us to control how often the supervisor
exhibited this style so that this extraneous variable does not confound the results.

A second advantage of lab studies is that the independent and dependent variables can be developed more precisely than is possible in a field setting. For example, the researcher can ensure that supervisors in a lab study apply specific directive or nondirective behaviors, whereas real-life supervisors would use a more complex mixture of leadership behaviors. By using more precise measures, we are more certain that we are measuring the intended construct. Thus, if new employees are more satisfied with supervisors in the directive leadership condition, we are more confident that the independent variable was directive leadership rather than some other leadership style.

A third benefit of laboratory experiments is that the independent variable can be distributed more evenly among participants. In our directive leadership study, we can ensure that approximately half of the subjects have a directive supervisor and the other half have a nondirective supervisor. In natural settings, we might have trouble finding people who have worked with a nondirective leader, and consequently we might have difficulty determining the effects of this condition.

Disadvantages of Laboratory Experiments With these powerful advantages, you might wonder why laboratory experiments are the least appreciated form of organizational behavior research. One obvious limitation of this research method is that it lacks realism, and thus the results might be different in the real world. One argument is that laboratory experiment subjects are less involved than their counterparts in an actual work situation. This is sometimes true, although many lab studies have highly motivated participants. Another criticism is that the extraneous variables controlled in the lab setting might produce a different effect of the independent variable on the dependent variables. This might also be true, but remember that the experimental design controls variables in accordance with the theory and its hypotheses. Consequently, this concern is really a critique of the theory, not the lab study.

Finally, there is the well-known problem that participants are aware they are being studied and this causes them to act differently than they normally would. Some participants try to figure out how the researcher wants them to behave and then deliberately try to act that way. Other participants try to upset the experiment by doing just the opposite of what they believe the researcher expects. Still others might act unnaturally simply because they know they are being observed. Fortunately, experimenters are well aware of these potential problems and are usually (although not always) successful at disguising the study’s true intent.

Field Surveys Field surveys collect and analyze information in a natural environment—an office, a factory, or some other existing location. The researcher takes a snapshot of reality and tries to determine whether elements of that situation (including the attitudes and behaviors of people in that situation) are associated with each other as hypothesized. Everyone does some sort of field research. You might think that people from some states are better drivers than others, so you “test” your theory by looking at the way people with out-of-state license plates drive. Although your methods of data collection might not satisfy scientific standards, this is a form of field research because it takes information from a naturally occurring situation.

Advantages and Disadvantages of Field Surveys One advantage of field surveys is that the variables often have a more powerful effect than they would in a laboratory experiment. Consider the effect of peer pressure on the behavior of members within the team. In a natural environment, team members would form very strong cohesive bonds over time, whereas a researcher would have difficulty replicating this level of cohesiveness and corresponding peer pressure in a lab setting.

Another advantage of field surveys is that the researcher can study many variables simultaneously, thereby permitting a fuller test of more complex theories. Ironically, this is also a disadvantage of field surveys because it is difficult for the researcher to contain his or her scientific inquiry. There is a tendency to shift from deductive hypothesis testing to more inductive exploratory browsing through the data. If these two activities become mixed together, the researcher can lose sight of the strict covenants of scientific inquiry.

The main weakness with field surveys is that it is very difficult to satisfy the conditions for causal conclusions. One reason is that the data are usually collected at one point in time, so the researcher must rely on logic to decide whether the independent variable really preceded the dependent variable. Contrast this with the lab study in which the researcher can usually
be confident that the independent variable was applied before the dependent variable occurred. Increasingly, organizational behavior studies use longitudinal research to provide a better indicator of temporal relations among variables, but this is still not as precise as the lab setting. Another reason why causal analysis is difficult in field surveys is that extraneous variables are not controlled as they are in lab studies. Without this control, there is a higher chance that a third variable might explain the relationship between the hypothesized independent and dependent variables.

Observational Research In their study of brainstorming and creativity, Robert Sutton and Andrew Hargadon observed 24 brainstorming sessions at IDEO, a product design firm in Palo Alto, California. They also attended a dozen “Monday morning meetings,” conducted 60 semistructured interviews with IDEO executives and designers, held hundreds of informal discussions with these people, and read through several dozen magazine articles about the company.12

Sutton’s and Hargadon’s use of observational research and other qualitative methods was quite appropriate for their research objective, which was to reexamine the effectiveness of brainstorming beyond the number of ideas generated. Observational research generates a wealth of descriptive accounts about the drama of human existence in organizations. It is a useful vehicle for learning about the complex dynamics of people and their activities, such as brainstorming. (The results of Sutton and Hargadon’s study are discussed in the decision-making chapter.)

Participant observation takes the observation method one step further by having the observer take part in the organization’s activities. This experience gives the researcher a fuller understanding of the activities, compared to just watching others participate in those activities.

In spite of its intuitive appeal, observational research has a number of weaknesses. The main problem is that the observer is subject to the perceptual screening and organizing biases that we discuss in Chapter 3 of this textbook. There is a tendency to overlook the routine aspects of organizational life, even though they may prove to be the most important data for research purposes. Instead, observers tend to focus on unusual information, such as activities that deviate from what the observer expects. Because observational research usually records only what the observer notices, valuable information is often lost.

Another concern with the observation method is that the researcher’s presence and involvement may influence the people whom he or she is studying. This can be a problem in short-term observations, but in the long term people tend to return to their usual behavior patterns. With ongoing observations, such as Sutton and Hargadon’s study of brainstorming sessions at IDEO, employees eventually forget that they are being studied.

Finally, observation is usually a qualitative process, so it is more difficult to empirically test hypotheses with the data. Instead, observational research provides rich information for the inductive stages of theory building. It helps us to form ideas about the way things work in organizations. We begin to see relationships that lay the foundation for new perspectives and theory. We must not confuse this inductive process of theory building with the deductive process of theory testing.

Notes
3Ibid., pp. 6–7.
11Ibid., p. 45.
appendix B

Scoring Keys for Self-Assessment Activities

The following pages provide scoring keys for self-assessments that are fully presented in this textbook. These self-assessments, as well as the self-assessments that are only summarized in this book, can also be scored automatically at the student Online Learning Center.

Chapter 2

Scoring Key for “Are You Introverted or Extroverted?”

Scoring Instructions: Use the table below to assign numbers to each box you checked. For example, if you checked “Moderately inaccurate” for statement 1 (“I feel comfortable around people”), you would assign a “1” to that statement. After assigning numbers for all 10 statements, add up the numbers to estimate your extroversion-introversion personality.

<table>
<thead>
<tr>
<th>For statement items 1, 2, 6, 8, 9</th>
<th>For statement items 3, 4, 5, 7, 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very accurate description of me = 4</td>
<td>Very accurate description of me = 0</td>
</tr>
<tr>
<td>Moderately accurate = 3</td>
<td>Moderately accurate = 1</td>
</tr>
<tr>
<td>Neither accurate nor inaccurate = 2</td>
<td>Neither accurate nor inaccurate = 2</td>
</tr>
<tr>
<td>Moderately inaccurate = 1</td>
<td>Moderately inaccurate = 3</td>
</tr>
<tr>
<td>Very inaccurate description of me = 0</td>
<td>Very inaccurate description of me = 4</td>
</tr>
</tbody>
</table>

Interpreting Your Score: Extroversion characterizes people who are outgoing, talkative, sociable, and assertive. It includes several facets, such as friendliness, gregariousness, assertiveness, activity level, excitement seeking, and cheerfulness. The opposite of extroversion is introversion, which refers to the personality characteristics of being quiet, shy, and cautious. Extroverts get their energy from the outer world (people and things around them), whereas introverts get their energy from the internal world, such as personal reflection on concepts and ideas. Introverts are more inclined to direct their interests to ideas rather than to social events.

This is the short version of the IPIP Introversion-Extroversion Scale, so it estimates overall introversion-extroversion but not specific facets within the personality dimension. Scores range from 0 to 40. Low scores indicate introversion; high scores indicate extroversion. The norms in the following table are estimated from results of early adults (under 30 years old) in Scotland and undergraduate psychology students in the United States. However, introversion-extroversion norms vary from one group to the next; the best norms are likely based on the entire class you are attending or on past students in this course.

<table>
<thead>
<tr>
<th>IPIP introversion-extroversion</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 to 40</td>
<td>High extroversion</td>
</tr>
<tr>
<td>28 to 34</td>
<td>Moderate extroversion</td>
</tr>
<tr>
<td>21 to 27</td>
<td>Between extroversion and introversion</td>
</tr>
<tr>
<td>7 to 20</td>
<td>Moderate introversion</td>
</tr>
<tr>
<td>0 to 6</td>
<td>High introversion</td>
</tr>
</tbody>
</table>

Chapter 3

Scoring Key for “How Much Personal Structure Do You Need?”

Scoring Instructions: Use the table below to assign numbers to each box you checked. For example, if
Interpreting Your Score: Some people need to “make sense” of things around them more quickly or completely than do other people. This personal need for perceptual structure relates to selective attention as well as perceptual organization and interpretation. For instance, people with a strong personal need for closure might form first impressions, fill in missing pieces, and rely on stereotyping more quickly than people who don’t mind incomplete perceptual situations.

This scale, called the personal need for structure (PNS) scale, assesses the degree to which people are motivated to structure their world in a simple and unambiguous way. Scores range from 12 to 72, with higher scores indicating a high personal need for structure. PNS norms vary from one group to the next. For instance, a study of Finnish nurses reported a mean PNS score of 34, whereas a study of 236 male and 303 female undergraduate psychology students in the United States had a mean score of 42. The norms in the following table are based on scores from these undergraduate students.

<table>
<thead>
<tr>
<th>Personal need for structure scale</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>58 to 72</td>
<td>High need for personal structure</td>
</tr>
<tr>
<td>47 to 57</td>
<td>Above-average need for personal structure</td>
</tr>
<tr>
<td>38 to 46</td>
<td>Average need for personal structure</td>
</tr>
<tr>
<td>27 to 37</td>
<td>Below-average need for personal structure</td>
</tr>
<tr>
<td>12 to 26</td>
<td>Low need for personal structure</td>
</tr>
</tbody>
</table>

Chapter 4

Scoring Key for “Are You Committed to Your School?”

Scoring Instructions: Use the table below to assign numbers to each box you checked. Insert the number for each statement on the appropriate line below the table. For example, if you checked “Moderately disagree” for statement 1 (“I would be very happy . . .”), you would write a “2” on the line with “(1)” underneath it. After assigning numbers for all 12 statements, add up your scores to estimate your affective and continuance school commitment.

<table>
<thead>
<tr>
<th>For statement items 1, 2, 3, 4, 6, 8, 10, 11, 12</th>
<th>For statement items 5, 7, 9</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strongly agree = 7</td>
<td>Strongly agree = 1</td>
</tr>
<tr>
<td>Moderately agree = 6</td>
<td>Moderately agree = 2</td>
</tr>
<tr>
<td>Slightly agree = 5</td>
<td>Slightly agree = 3</td>
</tr>
<tr>
<td>Neutral = 4</td>
<td>Neutral = 4</td>
</tr>
<tr>
<td>Slightly disagree = 3</td>
<td>Slightly disagree = 5</td>
</tr>
<tr>
<td>Moderately disagree = 2</td>
<td>Moderately disagree = 6</td>
</tr>
<tr>
<td>Strongly disagree = 1</td>
<td>Strongly disagree = 7</td>
</tr>
</tbody>
</table>

Affective commitment:

\[
\frac{1}{(1)} + \frac{3}{(3)} + \frac{5}{(5)} + \frac{7}{(7)} + \frac{9}{(9)} + \frac{11}{(11)} = \frac{?}{(?)}
\]

Continuance commitment:

\[
\frac{2}{(2)} + \frac{4}{(4)} + \frac{6}{(6)} + \frac{8}{(8)} + \frac{10}{(10)} + \frac{12}{(12)} = \frac{?}{(?)}
\]

Interpreting Your Affective Commitment Score: This scale measures both affective commitment and continuance commitment. Affective commitment refers to a person’s emotional attachment to, identification with, and involvement in a particular organization. In this scale, the organization is the school you are attending. How high or low is your affective commitment? The ideal would be to compare your score with the collective results of other students in your class. You can also compare your score with the following results, which are based on a sample of employees.
Appendix B

Interpreting Your Continuance Commitment Score: Continuance commitment occurs when employees believe it is in their own personal interest to remain with the organization. People with a high continuance commitment have a strong calculative bond with the organization. In this scale, the organization is the school you are attending. How high or low is your continuance commitment? The ideal would be to compare your score with the collective results of other students in your class. You can also compare your score with the following results, which are based on a sample of employees.

<table>
<thead>
<tr>
<th>Affective commitment score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 37</td>
<td>High level of affective commitment</td>
</tr>
<tr>
<td>32 to 36</td>
<td>Above-average level of affective commitment</td>
</tr>
<tr>
<td>28 to 31</td>
<td>Average level of affective commitment</td>
</tr>
<tr>
<td>20 to 27</td>
<td>Below-average level of affective commitment</td>
</tr>
<tr>
<td>Below 20</td>
<td>Low level of affective commitment</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Continuance commitment score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Above 32</td>
<td>High level of continuance commitment</td>
</tr>
<tr>
<td>26 to 31</td>
<td>Above-average level of continuance commitment</td>
</tr>
<tr>
<td>21 to 25</td>
<td>Average level of continuance commitment</td>
</tr>
<tr>
<td>13 to 20</td>
<td>Below-average level of continuance commitment</td>
</tr>
<tr>
<td>Below 12</td>
<td>Low level of continuance commitment</td>
</tr>
</tbody>
</table>

Interpreting Your Need for Achievement Score: This scale, formally called achievement striving, estimates the extent to which you are motivated to take on and achieve challenging personal goals. This includes a desire to perform better than others and to reach one’s potential. The scale ranges from 0 to 28. How high or low is your need for achievement? The ideal would be to compare your score with the collective results of other students in your class. Otherwise, the following exhibit offers a rough set of norms with which you can compare your score on this scale.

Need for achievement:
\[
\frac{2}{2} + \frac{3}{6} + \frac{6}{9} + \frac{9}{12} = \frac{14}{14}
\]

Need for social approval:
\[
\frac{1}{1} + \frac{4}{4} + \frac{5}{8} + \frac{10}{11} + \frac{13}{15} = \frac{15}{15}
\]

Although everyone has the same innate drives, our secondary or learned needs vary on the basis of our self-concept. This self-assessment provides an estimate of your need strength on two secondary needs: need for achievement and need for social approval.

Interpreting Your Need for Achievement Score: This scale, formally called achievement striving, estimates the extent to which you are motivated to take on and achieve challenging personal goals. This includes a desire to perform better than others and to reach one’s potential. The scale ranges from 0 to 28. How high or low is your need for achievement? The ideal would be to compare your score with the collective results of other students in your class. Otherwise, the following exhibit offers a rough set of norms with which you can compare your score on this scale.
Appendix B

Chapter 6

Scoring Key for “What Is Your Attitude toward Money?”

Scoring Instructions: This instrument presents three dimensions with a smaller set of items from the original money attitude scale. To calculate your score on each dimension, write the number that you circled in the scale above the corresponding item number in the scoring key at the bottom of this page. For example, write the number you circled for the scale’s first statement (“I sometimes purchase things . . .”) on the line above “(1).” Then add up the numbers for that dimension. The money attitude total score is calculated by adding up all scores on all dimensions.

Interpreting Your Score: The three money attitude scale dimensions measured here, as well as the total score, are defined as follows:

Money as power/prestige: People with higher scores on this dimension tend to use money to influence and impress others.

Retention time: People with higher scores on this dimension tend to be careful financial planners.

Money anxiety: People with higher scores on this dimension tend to view money as a source of anxiety.

Money attitude total: This is a general estimate of how much respect and attention you give to money.

The table on page 518 shows how a sample of MBA students scored on the money attitude scale. The table shows percentiles, that is, the percentage of people with the same or lower score. For example, the table indicates that a score of 12 on the retention scale is quite low because only 20 percent of the MBA students scored at this level or lower (80 percent scored higher). However, a score of 12 on the prestige scale is quite high because 80 percent of the MBA students scored at or below this number (only 20 percent scored higher).
Chapter 7

Scoring Key for “Do You Have a Creative Personality?”

Scoring Instructions: Assign a positive point (+1) after each of the following words that you checked off in the self-assessment:

- Capable
- Inventive
- Clever
- Original
- Confident
- Reflective
- Egotistical
- Resourceful
- Humorous
- Self-confident
- Individualistic
- Sexy
- Informal
- Snobbish
- Insightful
- Unconventional
- Intelligent
- Wide interests

Assign a negative point (−1) after each of the following words that you checked off in the self-assessment:

- Affected
- Cautious
- Commonplace
- Mannerly
- Conservative
- Narrow interests
- Conventional
- Sincere
- Dissatisfied
- Submissive
- Honest
- Suspicious

Words without a check mark receive a zero. Add up the total score, which will range from −12 to +18.

Interpreting Your Score: This instrument estimates your creative potential as a personal characteristic. The scale recognizes that creative people are intelligent and persistent and possess an inventive thinking style. Creative personality varies somewhat from one occupational group to the next. The table below provides norms based on undergraduate and graduate university students.

<table>
<thead>
<tr>
<th>Percentile (% with scores at or below this number)</th>
<th>Prestige score</th>
<th>Retention score</th>
<th>Anxiety score</th>
<th>Total money score</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average score</td>
<td>9.89</td>
<td>14.98</td>
<td>12.78</td>
<td>37.64</td>
</tr>
<tr>
<td>Highest score</td>
<td>17</td>
<td>20</td>
<td>18</td>
<td>53</td>
</tr>
<tr>
<td>90</td>
<td>13</td>
<td>18</td>
<td>16</td>
<td>44</td>
</tr>
<tr>
<td>80</td>
<td>12</td>
<td>17</td>
<td>15</td>
<td>42</td>
</tr>
<tr>
<td>70</td>
<td>11</td>
<td>17</td>
<td>14</td>
<td>40</td>
</tr>
<tr>
<td>60</td>
<td>10</td>
<td>16</td>
<td>14</td>
<td>39</td>
</tr>
<tr>
<td>50</td>
<td>10</td>
<td>15</td>
<td>13</td>
<td>38</td>
</tr>
<tr>
<td>40</td>
<td>9</td>
<td>14</td>
<td>12</td>
<td>36</td>
</tr>
<tr>
<td>30</td>
<td>8</td>
<td>14</td>
<td>11</td>
<td>34</td>
</tr>
<tr>
<td>20</td>
<td>7</td>
<td>12</td>
<td>10</td>
<td>32</td>
</tr>
<tr>
<td>10</td>
<td>7</td>
<td>11</td>
<td>8</td>
<td>29</td>
</tr>
<tr>
<td>Lowest score</td>
<td>4</td>
<td>8</td>
<td>6</td>
<td>23</td>
</tr>
</tbody>
</table>

Creative disposition | Interpretation
---------------------|------------------
Above +9             | You have a high creative personality
+1 to +9             | You have an average creative personality
Below +1             | You have a low creative personality

Chapter 8

Scoring Key for “What Team Roles Do You Prefer?”

Scoring Instructions: Write the score circled for each item on the appropriate line below (statement numbers are in parentheses), and add up each scale.
Appendix B

Interpreting Your Score: The five team roles measured here are based on scholarship over the years. The following table defines these five roles and presents the range of scores for high, medium, and low levels of each role. These norms are based on results from a sample of MBA students.

<table>
<thead>
<tr>
<th>Team role and definition</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourager: People who score high on this dimension have a strong tendency to praise and support the ideas of other team members, thereby showing warmth and solidarity to the group.</td>
<td>High: 12 and above Medium: 9 to 11 Low: 8 and below</td>
</tr>
<tr>
<td>Gatekeeper: People who score high on this dimension have a strong tendency to encourage all team members to participate in the discussion.</td>
<td>High: 12 and above Medium: 9 to 11 Low: 8 and below</td>
</tr>
<tr>
<td>Harmonizer: People who score high on this dimension have a strong tendency to mediate intragroup conflicts and reduce tension.</td>
<td>High: 11 and above Medium: 9 to 10 Low: 8 and below</td>
</tr>
<tr>
<td>Initiator: People who score high on this dimension have a strong tendency to identify goals for the meeting, including ways to work on those goals.</td>
<td>High: 12 and above Medium: 9 to 11 Low: 8 and below</td>
</tr>
<tr>
<td>Summarizer: People who score high on this dimension have a strong tendency to keep track of what was said in the meeting (i.e., act as the team’s memory).</td>
<td>High: 10 and above Medium: 8 to 9 Low: 7 and below</td>
</tr>
</tbody>
</table>

Chapter 9

Scoring Key for “Are You an Active Listener?”

Scoring Instructions: Use the table below to score the response you circled for each statement. Write the score for each item on the appropriate line below the table (statement numbers are in parentheses), and add up each subscale. For example, if you checked “Very much” for statement 1 (“I keep an open mind . . .”), you would write a “3” on the line with “(1)” underneath it. Then calculate the overall active listening inventory score by summing all subscales.

<table>
<thead>
<tr>
<th>Team role and definition</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoiding interruption (AI)</td>
<td>High: 8 to 9 Medium: 5 to 7 Low: Below 5</td>
</tr>
<tr>
<td>Maintaining interest (MI)</td>
<td>High: 6 to 9 Medium: 3 to 5 Low: Below 3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Active listening dimension and definition</th>
<th>Score interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Avoiding interruption: People with high scores on this dimension have a strong tendency to let a speaker finish his or her statements before responding.</td>
<td>High: 8 to 9 Medium: 5 to 7 Low: Below 5</td>
</tr>
<tr>
<td>Maintaining interest: People with high scores on this dimension have a strong tendency to remain focused and concentrate on what a speaker is saying even when the conversation is boring or the information is well known.</td>
<td>High: 6 to 9 Medium: 3 to 5 Low: Below 3</td>
</tr>
</tbody>
</table>

Interpreting Your Score: The five active listening dimensions and the overall active listening scale measured here are defined below, along with the range of scores for high, medium, and low levels of each dimension based on a sample of MBA students.
Note: The active listening inventory does not explicitly measure two other dimensions of active listening, namely, empathizing and providing feedback. Empathizing is difficult to measure with behaviors; providing feedback involves behaviors similar to showing interest.

Chapter 10

Scoring Key for “How Do You Influence Your Boss?”

Scoring Instructions: To calculate your scores on the upward influence scale, write the number circled for each statement on the appropriate line below (statement numbers are in parentheses), and add up each scale.

<table>
<thead>
<tr>
<th>Active listening dimension and definition</th>
<th>Score interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Postponing evaluation: People with high scores on this dimension have a strong tendency to keep an open mind and avoid evaluating what the speaker is saying until the speaker has finished.</td>
<td>High: 7 to 9 Medium: 4 to 6 Low: Below 4</td>
</tr>
<tr>
<td>Organizing information: People with high scores on this dimension have a strong tendency to actively organize the speaker’s ideas into meaningful categories.</td>
<td>High: 8 to 9 Medium: 5 to 7 Low: Below 5</td>
</tr>
<tr>
<td>Showing interest: People with high scores on this dimension have a strong tendency to use nonverbal gestures or brief verbal acknowledgments to demonstrate that they are paying attention to the speaker.</td>
<td>High: 7 to 9 Medium: 5 to 6 Low: Below 5</td>
</tr>
<tr>
<td>Active listening (total): People with high scores on this total active listening scale have a strong tendency to actively sense a sender’s signals, evaluate them accurately, and respond appropriately.</td>
<td>High: Above 31 Medium: 26 to 31 Low: Below 26</td>
</tr>
</tbody>
</table>

Upward appeal: \[\text{Score} = \frac{4}{(4)} + \frac{12}{(12)} + \frac{17}{(17)}\]

Ingratiation: \[\text{Score} = \frac{3}{(3)} + \frac{6}{(6)} + \frac{9}{(9)}\]

Persuasion: \[\text{Score} = \frac{7}{(7)} + \frac{10}{(10)} + \frac{14}{(14)}\]

**Interpreting Your Score:** Influence refers to any behavior that attempts to alter someone’s attitudes or behavior. There are several types of influence, including the following six measured by this instrument: assertiveness, exchange, coalition formation, upward appeal, ingratiating, and persuasion. This instrument assesses your preference for using each type of influence on your boss or other people at higher levels in the organization. Each scale has a potential score ranging from 3 to 15 points. A higher score on a scale indicates that you have a higher preference for that particular tactic. The six upward influence dimensions measured here are defined below, along with the range of scores for high, medium, and low levels of each tactic.

<table>
<thead>
<tr>
<th>Influence tactic and definition</th>
<th>Score interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assertiveness: Assertiveness involves actively applying legitimate and coercive power to influence others. This tactic includes persistently reminding others of their obligations, frequently checking their work, confronting them, and using threats of sanctions to force compliance.</td>
<td>High: 8 to 15 Medium: 5 to 7 Low: 3 to 4</td>
</tr>
<tr>
<td>Exchange: Exchange involves the promise of benefits or resources in exchange for the target person’s compliance with your request. This tactic also includes reminding the target of past benefits or favors with the expectation that the target will now make up for that debt. Negotiation is also part of the exchange strategy.</td>
<td>High: 10 to 15 Medium: 6 to 9 Low: 3 to 5</td>
</tr>
<tr>
<td>Coalition formation: Coalition formation occurs when a group of people with common interests band together to influence others. This tactic pools the power and resources of many people, so the coalition potentially has more influence than would be the case if each person operated alone.</td>
<td>High: 11 to 15 Medium: 7 to 10 Low: 3 to 6</td>
</tr>
</tbody>
</table>
Appendix B

Chapter 11

Scoring Key for the Dutch Test for Conflict Handling

Scoring Instructions: To calculate your scores on the Dutch test for conflict handling, write the number circled for each statement on the appropriate line below (statement numbers are in parentheses), and add up each scale.

<table>
<thead>
<tr>
<th>Influence tactic and definition</th>
<th>Score interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yielding</strong></td>
<td>High: 9 to 15</td>
</tr>
<tr>
<td></td>
<td>Medium: 6 to 8</td>
</tr>
<tr>
<td></td>
<td>Low: 3 to 5</td>
</tr>
<tr>
<td><strong>Compromising</strong></td>
<td>High: 13 to 15</td>
</tr>
<tr>
<td></td>
<td>Medium: 9 to 12</td>
</tr>
<tr>
<td></td>
<td>Low: 3 to 8</td>
</tr>
<tr>
<td><strong>Forcing</strong></td>
<td>High: 15 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 9 to 14</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 8</td>
</tr>
<tr>
<td><strong>Problem solving</strong></td>
<td>High: 17 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 11 to 16</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 10</td>
</tr>
<tr>
<td><strong>Avoiding</strong></td>
<td>High: 13 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 8 to 12</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 7</td>
</tr>
</tbody>
</table>

Interpreting Your Score: The five conflict-handling dimensions are defined below, along with the range of scores for high, medium, and low levels of each dimension.

<table>
<thead>
<tr>
<th>Conflict-handling dimension and definition</th>
<th>Score interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Yielding</strong></td>
<td>High: 14 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 9 to 13</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 8</td>
</tr>
<tr>
<td><strong>Compromising</strong></td>
<td>High: 17 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 11 to 16</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 10</td>
</tr>
<tr>
<td><strong>Forcing</strong></td>
<td>High: 15 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 9 to 14</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 8</td>
</tr>
<tr>
<td><strong>Problem solving</strong></td>
<td>High: 17 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 11 to 16</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 10</td>
</tr>
<tr>
<td><strong>Avoiding</strong></td>
<td>High: 13 to 20</td>
</tr>
<tr>
<td></td>
<td>Medium: 8 to 12</td>
</tr>
<tr>
<td></td>
<td>Low: 4 to 7</td>
</tr>
</tbody>
</table>

Chapter 12

Scoring Key for ”What’s Your Boss's Approach to Leadership?”

Transactional Leadership

Scoring Instructions: Add up scores for the odd-numbered items (i.e., 1, 3, 5, 7, 9, 11, 13, 15). The maximum score is 40.
**Interpreting Your Score:** Transactional leadership is “managing”—helping organizations to achieve their current objectives more efficiently, such as by linking job performance to valued rewards and ensuring that employees have the resources needed to get the job done. The following table shows the range of scores for high, medium, and low levels of transactional leadership.

<table>
<thead>
<tr>
<th>Transactional leadership score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 to 40</td>
<td>The person you evaluated seems to be a highly transactional leader.</td>
</tr>
<tr>
<td>25 to 31</td>
<td>The person you evaluated seems to be a moderately transactional leader.</td>
</tr>
<tr>
<td>Below 25</td>
<td>The person you evaluated seems to display few characteristics of a transactional leader.</td>
</tr>
</tbody>
</table>

**Transformational Leadership**

**Scoring Instructions:** Add up scores for the even-numbered items (i.e., 2, 4, 6, 8, 10, 12, 14, 16). The maximum score is 40. A higher score indicates that your supervisor has a strong inclination toward transformational leadership.

**Interpreting Your Score:** Transformational leadership involves changing teams or organizations by creating, communicating, and modeling a vision for the organization or work unit and inspiring employees to strive for that vision. The following table shows the range of scores for high, medium, and low levels of transformational leadership.

<table>
<thead>
<tr>
<th>Transformational leadership score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 to 40</td>
<td>The person you evaluated seems to be a highly transformational leader.</td>
</tr>
<tr>
<td>25 to 31</td>
<td>The person you evaluated seems to be a moderately transformational leader.</td>
</tr>
<tr>
<td>Below 25</td>
<td>The person you evaluated seems to display few characteristics of a transformational leader.</td>
</tr>
</tbody>
</table>

**Chapter 13**

**Scoring Key for “What Organizational Structure Do You Prefer?”**

**Scoring Instructions:** Use the table below to assign numbers to each response you circled. Insert the number for each statement on the appropriate line below the table. For example, if you checked “Not at all” for item 1 (“A person’s career ladder . . .”), you would write a “0” on the line with “(1)” underneath it. After assigning numbers for all 15 statements, add up the scores to estimate your degree of preference for a tall hierarchy, formalization, and centralization. Then calculate the overall score by summing all scales.

<table>
<thead>
<tr>
<th>For statement items 2, 3, 8, 10, 11, 12, 14, 15</th>
<th>For statement items 1, 4, 5, 6, 7, 9, 13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not at all = 3</td>
<td>Not at all = 0</td>
</tr>
<tr>
<td>A little = 2</td>
<td>A little = 1</td>
</tr>
<tr>
<td>Somewhat = 1</td>
<td>Somewhat = 2</td>
</tr>
<tr>
<td>Very much = 0</td>
<td>Very much = 3</td>
</tr>
</tbody>
</table>

**Tall hierarchy**

\[
\text{Tall hierarchy} = \text{Item 1} + \text{Item 4} + \text{Item 10} + \text{Item 12} + \text{Item 15} \\
\quad \text{(H)}
\]

**Formalization**

\[
\text{Formalization} = \text{Item 2} + \text{Item 6} + \text{Item 8} + \text{Item 11} + \text{Item 13} \\
\quad \text{(F)}
\]

**Centralization**

\[
\text{Centralization} = \text{Item 3} + \text{Item 5} + \text{Item 7} + \text{Item 9} + \text{Item 14} \\
\quad \text{(C)}
\]

**Total score**

\[
\text{Total} = \text{Item 1} + \text{Item 2} + \text{Item 3} \\
\quad \text{(mechanistic)} \\
\quad \text{(H)} \quad \text{(F)} \quad \text{(C)}
\]

**Interpreting Your Score:** The three organizational structure dimensions and the overall score are defined below, along with the range of scores for high, medium, and low levels of each dimension based on a sample of MBA students.

<table>
<thead>
<tr>
<th>Organizational structure dimension and definition</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tall hierarchy: People with high scores on this dimension prefer to work in organizations with several levels of hierarchy and a narrow span of control (few employees per supervisor).</td>
<td>High: 11 to 15</td>
</tr>
<tr>
<td>Medium: 6 to 10</td>
<td></td>
</tr>
<tr>
<td>Low: Below 6</td>
<td></td>
</tr>
</tbody>
</table>
Chapter 14

Scoring Key for “What Are Your Corporate Culture Preferences?”

Scoring Instructions: On each line below, write a “1” if you circled the statement and a “0” if you did not. Then add up the scores for each subscale.

Interpreting Your Score: These corporate cultures may be found in many organizations, but they represent only four of many possible organizational cultures. Also, keep in mind that none of these cultures is inherently good or bad. Each is effective in different situations. The four corporate cultures are defined below, along with the range of scores for high, medium, and low levels of each dimension based on a sample of MBA students.

Organizational structure dimension and definition | Interpretation
--- | ---
**Formalization:** People with high scores on this dimension prefer to work in organizations where jobs are clearly defined with limited discretion.
| High: 12 to 15
| Medium: 9 to 11
| Low: Below 9

**Centralization:** People with high scores on this dimension prefer to work in organizations where decision making occurs mainly among top management rather than being spread out to lower-level staff.
| High: 10 to 15
| Medium: 7 to 9
| Low: Below 7

**Total score (mechanistic):** People with high scores on this dimension prefer to work in mechanistic organizations, whereas those with low scores prefer to work in organic organizational structures. Mechanistic structures are characterized by a narrow span of control and high degree of formalization and centralization. Organic structures have a wide span of control, little formalization, and decentralized decision making.
| High: 30 to 45
| Medium: 22 to 29
| Low: Below 22

Corporate culture dimension and definition | Score interpretation
--- | ---
**Control culture:** This culture values the role of senior executives to lead the organization. Its goal is to keep everyone aligned and under control.
| High: 3 to 6
| Medium: 1 to 2
| Low: 0

**Performance culture:** This culture values individual and organizational performance and strives for effectiveness and efficiency.
| High: 5 to 6
| Medium: 3 to 4
| Low: 0 to 2

**Relationship culture:** This culture values nurturing and well-being. It considers open communication, fairness, teamwork, and sharing to be a vital part of organizational life.
| High: 6
| Medium: 4 to 5
| Low: 0 to 3

**Responsive culture:** This culture values its ability to keep in tune with the external environment, including being competitive and realizing new opportunities.
| High: 6
| Medium: 4 to 5
| Low: 0 to 3

Chapter 15

Scoring Key for “Are You Tolerant of Change?”

Scoring Instructions: Use the table below to assign numbers to each box you checked. For example, if you checked “Moderately disagree” for statement 1 (“An expert who doesn’t come up . . .”), you would write a “6” beside that statement. After assigning numbers for all 16 statements, add up your scores to estimate your tolerance for change.

Control culture: $2a + 5a + 6b + 8b + 11b + 12a = ___$

Performance culture: $1b + 3b + 5b + 6a + 7a + 9b = ___$

Relationship culture: $1a + 3a + 4b + 8a + 10b + 12b = ___$

Responsive culture: $2b + 4a + 7b + 9a + 10a + 11a = ___$
Interpreting Your Score: This measurement instrument is formally known as the tolerance of ambiguity scale. Although it was developed 40 years ago, the instrument is still used today in research. People with a high tolerance of ambiguity are comfortable with uncertainty, sudden change, and new situations. These are characteristics of the hyperfast changes occurring in many organizations today. The table below indicates the range of scores for high, medium, and low tolerance for change. These norms are based on results for MBA students.

<table>
<thead>
<tr>
<th>Tolerance for change score</th>
<th>Interpretation</th>
</tr>
</thead>
<tbody>
<tr>
<td>81 to 112</td>
<td>You seem to have a high tolerance for change.</td>
</tr>
<tr>
<td>63 to 80</td>
<td>You seem to have a moderate level of tolerance for change.</td>
</tr>
<tr>
<td>Below 63</td>
<td>You seem to have a low degree of tolerance for change. Instead, you prefer stable work environments.</td>
</tr>
</tbody>
</table>

For statement items 2, 4, 6, 8, 10, 12, 14, 16

<table>
<thead>
<tr>
<th>Strongly agree = 7</th>
<th>Strongly agree = 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderately agree = 6</td>
<td>Moderately agree = 2</td>
</tr>
<tr>
<td>Slightly agree = 5</td>
<td>Slightly agree = 3</td>
</tr>
<tr>
<td>Neutral = 4</td>
<td>Neutral = 4</td>
</tr>
<tr>
<td>Slightly disagree = 3</td>
<td>Slightly disagree = 5</td>
</tr>
<tr>
<td>Moderately disagree = 2</td>
<td>Moderately disagree = 6</td>
</tr>
<tr>
<td>Strongly disagree = 1</td>
<td>Strongly disagree = 7</td>
</tr>
</tbody>
</table>

For statement items 1, 3, 5, 7, 9, 11, 13, 15

<table>
<thead>
<tr>
<th>Strongly agree = 1</th>
<th>Strongly agree = 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moderately agree = 2</td>
<td>Moderately agree = 6</td>
</tr>
<tr>
<td>Slightly agree = 3</td>
<td>Slightly agree = 5</td>
</tr>
<tr>
<td>Neutral = 4</td>
<td>Neutral = 4</td>
</tr>
<tr>
<td>Slightly disagree = 3</td>
<td>Slightly disagree = 5</td>
</tr>
<tr>
<td>Moderately disagree = 6</td>
<td>Moderately disagree = 2</td>
</tr>
<tr>
<td>Strongly disagree = 7</td>
<td>Strongly disagree = 1</td>
</tr>
</tbody>
</table>
A
ability  The natural aptitudes and learned capabilities required to successfully complete a task. (2)
absorptive capacity  The ability to recognize the value of new information, assimilate it, and use it for value-added activities. (1)
achievement-nurturing orientation  A cross-cultural value describing the degree to which people in a culture emphasize competitive versus cooperative relations with other people. (2)
action research  A problem-focused change process that combines action orientation (changing attitudes and behavior) and research orientation (testing theory through data collection and analysis). (15)
adaptive culture  An organizational culture in which employees are receptive to change, including the ongoing alignment of the organization to its environment and continuous improvement of internal processes. (14)
alternative dispute resolution (ADR)  An orderly process of third-party dispute resolution, typically including mediation followed by arbitration. (11)
anchoring and adjustment heuristic  A natural tendency for people to be influenced by an initial anchor point such that they do not sufficiently move away from that point as new information is provided. (7)
apprreciative inquiry  An organizational change strategy that directs the group's attention away from its own problems and focuses participants on the group's potential and positive elements. (15)
artifacts  The observable symbols and signs of an organization's culture. (14)
attitudes  The cluster of beliefs, assessed feelings, and behavioral intentions toward a person, object, or event (called an attitude object). (4)
attraction-selection-attrition (ASA) theory  A theory which states that organizations have a natural tendency to attract, select, and retain people with values and personality characteristics that are consistent with the organization's character, resulting in a more homogeneous organization and a stronger culture. (14)
attribution process  The perceptual process of deciding whether an observed behavior or event is caused largely by internal or external factors. (3)
autonomy  The degree to which a job gives employees the freedom, independence, and discretion to schedule their work and determine the procedures used in completing it. (6)
availability heuristic  A natural tendency to assign higher probabilities to objects or events that are easier to recall from memory, even though ease of recall is also affected by nonprobability factors (e.g., emotional response, recent events). (7)
B
balanced scorecard (BSC)  A goal-setting and reward system that translates the organization's vision and mission into specific, measurable performance goals related to financial, customer, internal, and learning/growth (i.e., human capital) processes. (5, 6)
behavior modification  A theory that explains learning in terms of the antecedents and consequences of behavior. (3)
bicultural audit  A process of diagnosing cultural relations between companies and determining the extent to which cultural clashes will likely occur. (14)
bounded rationality  The view that people are bounded in their decision-making capabilities, including access to limited information, limited information processing, and tendency toward satisficing rather than maximizing when making choices. (7)
brainstorming  A freewheeling, face-to-face meeting where team members aren't allowed to criticize but are encouraged to speak freely, generate as many ideas as possible, and build on the ideas of others. (8)
Brooks's law  The principle that adding more people to a late software project only makes it later. Also called the mythical man-month. (8)
categorical thinking  Organizing people and objects into preconceived categories that are stored in our long-term memory. (3)
centrality  A contingency of power pertaining to the degree and nature of interdependence between the power holder and others. (10)
centralization  The degree to which formal decision authority is held by a small group of people, typically those at the top of the organizational hierarchy. (13)
ceremonies  Planned displays of organizational culture, conducted specifically for the benefit of an audience. (14)
coalition  A group that attempts to influence people outside the group by pooling the resources and power of its members. (10)
cognitive dissonance  A condition that occurs when we perceive an inconsistency between our beliefs, feelings, and behavior. (4)
collectivism  A cross-cultural value describing the degree to which people in a culture emphasize duty to groups to which people belong and to group harmony. (2)
communication  The process by which information is transmitted and understood between two or more people. (9)
competencies  Skills, knowledge, aptitudes, and other personal characteristics that lead to superior performance. (2)
concurrent engineering  The organization of employees from several departments into a temporary team for the purpose of developing a product or service. (13)
conflict  A process in which one party perceives that his or her interests are being opposed or negatively affected by another party. (11)
conscientiousness  A personality dimension describing people who are careful, dependable, and self-disciplined. (2)
constructive conflict  A type of conflict in which people focus their discussion on the issue while maintaining respect for people having other points of view. (8, 11)
contact hypothesis  A theory stating that the more we interact with someone, the less prejudiced or perceptually biased we will be against that person. (3)
continuance commitment  An employee's calculative attachment to the organization, whereby the employee is motivated to stay only because leaving would be costly. (4)
corporate social responsibility (CSR)  Organizational activities intended to benefit society and the environment beyond the firm's immediate financial interests or legal obligations. (1)
counterproductive work behaviors (CWBs)  Voluntary behaviors that have
the potential to directly or indirectly harm the organization. (1)

countervailing power The capacity of a person, team, or organization to keep a more powerful person or group in the exchange relationship. (10)
creativity The development of original ideas that make a socially recognized contribution. (7)

decision making The conscious process of making choices among alternatives with the intention of moving toward some desired state of affairs. (7)
depth-level diversity Differences in the psychological characteristics of employees, including personalities, beliefs, values, and attitudes. (1)
distributive justice Perceived fairness in the individual’s ratio of outcomes to contributions compared with a comparison other’s ratio of outcomes to contributions. (5)
divergent thinking Reframing a problem in a unique way and generating different approaches to the issue. (7)
divisional structure An organizational structure in which employees are organized around geographic areas, outputs (products or services), or clients. (13)
drives Hardwired characteristics of the brain that correct deficiencies or maintain an internal equilibrium by producing emotions to energize individuals. (5)

electronic brainstorming A recent form of brainstorming that relies on networked computers for submitting and sharing creative ideas. (8)

emotional contagion The unconscious process of “catching” or sharing another person’s emotions by mimicking that person’s facial expressions and other nonverbal behavior. (9)

emotional dissonance The conflict between required and true emotions. (4)

emotional intelligence (EI) A set of abilities to perceive and express emotion, assimilate emotion in thought, understand and reason with emotion, and regulate emotion in oneself and others. (4)

emotional labor The effort, planning, and control needed to express organizationally desired emotions during interpersonal transactions. (4)

emotions Physiological, behavioral, and psychological episodes experienced toward an object, person, or event that create a state of readiness. (4)

empathy A person’s understanding of and sensitivity to the feelings, thoughts, and situations of others. (3)

employee engagement The employee’s emotional and cognitive motivation, self-efficacy to perform the job, perceived clarity of the organization’s vision and his or her specific role in that vision, and belief that he or she has the resources to get the job done. (5)

employee involvement The degree to which employees influence how their work is organized and carried out. (7)

employee stock ownership plan (ESOP) A reward system that encourages employees to buy company stock. (6)

empowerment A psychological concept in which people experience more self-determination, meaning, competence, and impact regarding their role in the organization. (6)

equity sensitivity An individual’s outcome/input preferences and reaction to various outcome/input ratios. (5)

equity theory A theory explaining how people develop perceptions of fairness in the distribution and exchange of resources. (5)

ERG theory A needs hierarchy theory consisting of three fundamental needs—existence, relatedness, and growth. (5)

escalation of commitment The tendency to repeat an apparently bad decision or allocate more resources to a failing course of action. (7)

ethical sensitivity A personal characteristic that enables people to recognize the presence of an ethical issue and determine its relative importance. (2)

ethics The study of moral principles or values that determine whether actions are right or wrong and outcomes are good or bad. (1)

evaluation apprehension A decision-making problem that occurs when individuals are reluctant to mention ideas that seem silly because they believe (often correctly) that other team members are silently evaluating them. (8)

evidence-based management The practice of making decisions and taking actions based on research evidence. (1)

exit-voice-loyalty-neglect (EVLN) model The four ways, as indicated in the name, that employees respond to job dissatisfaction. (4)

expectancy theory A motivation theory based on the idea that work effort is directed toward behaviors that people believe will lead to desired outcomes. (5)

extraversion A personality dimension describing people who are outgoing, talkative, sociable, and assertive. (2)

false-consensus effect A perceptual error in which we overestimate the extent to which others have beliefs and characteristics similar to our own. (3)

Fiedler’s contingency model Developed by Fred Fiedler, an early contingency leadership model that suggests that leader effectiveness depends on whether the person’s natural leadership style is appropriately matched to the situation. (12)

five-factor model (FFM) The five abstract dimensions representing most personality traits: conscientiousness, emotional stability, openness to experience, agreeableness, and extraversion. (2)

force field analysis Kurt Lewin’s model of systemwide change that helps change agents diagnose the forces that drive and restrain proposed organizational change. (15)

formalization The degree to which organizations standardize behavior through rules, procedures, formal training, and related mechanisms. (13)

four-drive theory A motivation theory that is based on the innate drives to acquire, bond, learn, and defend and that incorporates both emotions and rationality. (5)

functional structure An organizational structure in which employees are organized around specific knowledge or other resources. (13)

fundamental attribution error The tendency to see the person rather than the situation as the main cause of that person’s behavior. (3)

future search An organizational change strategy that consists of systemwide group sessions, usually lasting a few days, in which participants identify trends and establish ways to adapt to those changes. (15)

G

gainsharing plan A team-based reward that calculates bonuses from the work unit’s cost savings and productivity improvement. (6)
Glossary

general adaptation syndrome A model of the stress experience, consisting of three stages: alarm reaction, resistance, and exhaustion. (4)
global mindset The capacity for complex perceiving and thinking characterized by superior awareness of and openness to different ways that others perceive their environment. (5)
globalization Economic, social, and cultural connectivity with people in other parts of the world. (1)
globally integrated enterprise An organizational structure in which work processes and executive functions are distributed around the world through global centers, rather than developed in a home country and replicated in satellite countries or regions. (15)
goal setting The process of motivating employees and clarifying their role perceptions by establishing performance objectives. (5)
grapevine An unstructured and informal network founded on social relationships rather than organizational charts or job descriptions. (9)
groupthink The tendency of highly cohesive groups to value consensus at the price of decision quality. (8)

H
halo effect A perceptual error whereby our general impression of a person, usually based on one prominent characteristic, colors our perception of other characteristics of that person. (3)
high-performance work practices (HPWP) A perspective which holds that effective organizations incorporate several workplace practices that leverage the potential of human capital. (1)
human capital The stock of knowledge, skills, and abilities among employees that provides economic value to the organization. (1)

I
implicit favorite A preferred alternative that the decision maker uses repeatedly as a comparison with other choices. (7)
imPLICIT LEADERSHIP THEORY A theory stating that people evaluate a leader’s effectiveness in terms of how well that person fits preconceived beliefs about the features and behaviors of effective leaders (leadership prototypes) and that people tend to inflate the influence of leaders on organizational events. (12)
job burnout The process of emotional exhaustion, cynicism, and reduced personal accomplishment that results from prolonged exposure to stressors. (4)
job characteristics model A job design model that relates the motivational properties of jobs to specific personal and organizational consequences of those properties. (6)
job design The process of assigning tasks to a job, including the interdependency of those tasks with other jobs. (6)
job enlargement The practice of adding more tasks to an existing job. (6)
job enrichment The practice of giving employees more responsibility for scheduling, coordinating, and planning their own work. (6)
job evaluation Systematically rating the worth of jobs within an organization by measuring their required skill, effort, responsibility, and working conditions. (6)
job rotation The practice of moving employees from one job to another. (6)
job satisfaction A person’s evaluation of his or her job and work context. (4)

J
job specialization The result of division of labor in which work is subdivided into separate jobs assigned to different people. (6)
Johari Window A model of mutual understanding that encourages disclosure and feedback to increase our own openness and reduce the blind, hidden, and unknown areas. (3)

L
leadership Influencing, motivating, and enabling others to contribute toward the effectiveness and success of the organizations of which they are members. (12)
leadership substitutes A theory identifying contingencies that either limit a leader’s ability to influence subordinates or make a particular leadership style unnecessary. (12)
lean management A cluster of practices to improve organizational efficiency by continuously reducing waste, unevenness, and overburden in the production process. (1)
learning A relatively permanent change in behavior (or behavioral tendency) that occurs as a result of a person’s interaction with the environment. (3)
learning orientation An individual attitude and organizational culture in which people welcome new learning opportunities, actively experiment with new ideas and practices, view reasonable mistakes as a natural part of the learning process, and continuously question past practices. (3)
legitimate power An agreement among organizational members that people in certain roles can request certain behaviors of others. (10)
locus of control A person’s general belief about the amount of control he or she has over personal life events. (2)

M
Machiavellian values The beliefs that deceit is a natural and acceptable way to influence others and that getting more than one deserves is acceptable. (10)
management by walking around (MBWA) A communication practice in which executives get out of their offices and learn from others in the organization through face-to-face dialogue. (9)
Maslow’s needs hierarchy theory A motivation theory of needs arranged in a hierarchy, whereby people are motivated to fulfill a higher need as a lower one becomes gratified. (5)
matrix structure  An organizational structure that overlays two structures (such as a geographic divisional and functional structure) in order to leverage the benefits of both. (13)

mechanistic structure  An organizational structure with a narrow span of control and a high degree of formalization and centralization. (13)

media richness  A medium’s data-carrying capacity, that is, the volume and variety of information that can be transmitted during a specific time. (9)

mental imagery  The process of mentally practicing a task and visualizing its successful completion. (6)

mental models  Visual or relational images in our mind that represent the external world. (3)

moral intensity  The degree to which an issue demands the application of ethical principles. (2)

motivation  The forces within a person that affect his or her direction, intensity, and persistence of voluntary behavior. (2, 5)

motivator-hygiene theory  Herzberg’s theory stating that employees are primarily motivated by growth and esteem needs, not by lower-level needs. (6)

multisource (360-degree) feedback  Information about an employee’s performance collected from a full circle of people, including subordinates, peers, supervisors, and customers. (5)

Myers-Briggs Type Indicator (MBTI)  An instrument designed to measure the elements of Jungian personality theory, particularly preferences regarding perceiving and judging information. (2)

N

need for achievement (nAch)  A need in which people want to accomplish reasonably challenging goals and desire unambiguous feedback and recognition for their success. (5)

need for affiliation (nAff)  A need in which people seek approval from others, conform to their wishes and expectations, and avoid conflict and confrontation. (5)

need for power (nPow)  A need in which people want to control their environment, including people and material resources, to benefit either themselves (personalized power) or others (socialized power). (5)

needs  Goal-directed forces that people experience. (5)

negotiation  The process whereby two or more conflicting parties attempt to resolve their divergent goals by redefining the terms of their interdependence. (11)

network structure  An alliance of several organizations for the purpose of creating a product or serving a client. (13)

neuroticism  A personality dimension describing people with high levels of anxiety, hostility, depression, and self-consciousness. (2)

nominal group technique  A variation of brainstorming consisting of three stages: Participants (1) silently and independently document their ideas, (2) collectively describe these ideas to the other team members without critique, and then (3) silently and independently evaluate the ideas presented. (8)

norms  The informal rules and shared expectations that groups establish to regulate the behavior of their members. (8)

O

open systems  A perspective which holds that organizations depend on the external environment for resources, affect that environment through their output, and consist of internal subsystems that transform inputs to outputs. (1)

organic structure  An organizational structure with a wide span of control, little formalization, and decentralized decision making. (13)

organizational (affective) commitment  The employee’s emotional attachment to, identification with, and involvement in a particular organization. (4)

organizational behavior (OB)  The study of what people think, feel, and do in and around organizations. (1)

organizational citizenship behaviors (OCBs)  Various forms of cooperation and helpfulness to others that support the organization’s social and psychological context. (1)

organizational culture  The values and assumptions shared within an organization. (14)

organizational effectiveness  A broad concept represented by several perspectives, including the organization’s fit with the external environment, internal-subsystems configuration for high performance, emphasis on organizational learning, and ability to satisfy the needs of key stakeholders. (1)

organizational efficiency  The amount of outputs relative to inputs in the organization’s transformation process. (1)

organizational learning  A perspective which holds that organizational effectiveness depends on the organization’s capacity to acquire, share, use, and store valuable knowledge. (1)

organizational memory  The storage and preservation of intellectual capital. (1)

organizational politics  Behaviors that others perceive as self-serving tactics for personal gain at the expense of other people and possibly the organization. (10)

organizational socialization  The process by which individuals learn the values, expected behaviors, and social knowledge necessary to assume their roles in the organization. (14)

organizational strategy  The way the organization positions itself in its setting in relation to its stakeholders, given the organization’s resources, capabilities, and mission. (13)

organizational structure  The division of labor as well as the patterns of coordination, communication, workflow, and formal power that direct organizational activities. (13)

organizations  Groups of people who work interdependently toward some purpose. (1)

P

parallel learning structure  A highly participative arrangement composed of people from most levels of the organization who follow the action research model to produce meaningful organizational change. (15)

path-goal leadership theory  A contingency theory of leadership based on the expectancy theory of motivation that relates several leadership styles to specific employee and situational contingencies. (12)

perception  The process of receiving information about and making sense of the world around us. (3)

personality  The relatively enduring pattern of thoughts, emotions, and behaviors that characterize a person, along with the psychological processes behind those characteristics. (2)

persuasion  The use of facts, logical arguments, and emotional appeals to change
another person’s beliefs and attitudes, usually for the purpose of changing the person’s behavior. (9, 10)

**positive organizational behavior** A perspective of organizational behavior that focuses on building positive qualities and traits within individuals or institutions as opposed to focusing on what is wrong with them. (3)

**postdecisional justification** The tendency to support the selected alternative in a decision by forgetting or downplaying the negative features of that alternative, emphasizing its positive features, and doing the opposite for alternatives not selected. (7)

**power** The capacity of a person, team, or organization to influence others. (10)

**power distance** A cross-cultural value describing the degree to which people in a culture accept unequal distribution of power in a society. (2)

**primacy effect** A perceptual error in which we quickly form an opinion of people on the basis of the first information we receive about them. (3)

**procedural justice** Perceived fairness of the procedures used to decide the distribution of resources. (5)

**process losses** Resources (including time and energy) expended toward team development and maintenance rather than the task. (8)

**production blocking** A time constraint in team decision making due to the procedural requirement that only one person may speak at a time. (8)

**profit-sharing plan** A reward system that pays bonuses to employees on the basis of the previous year’s level of corporate profits. (6)

**prospect theory** A natural tendency to feel more dissatisfaction from losing a particular amount than satisfaction from gaining an equal amount. (7)

**psychological harassment** Repeated and hostile or unwanted conduct, verbal comments, actions, or gestures that affect an employee’s dignity or psychological or physical integrity and that result in a harmful work environment for the employee. (4)

**rational choice paradigm** The view in decision making that people should—and typically do—use logic and all available information to choose the alternative with the highest value. (7)

**realistic job preview (RJP)** A method of improving organizational socialization in which job applicants are given a balance of positive and negative information about the job and work context. (14)

**reality shock** The stress that results when employees perceive discrepancies between their preemployment expectations and on-the-job reality. (14)

**recency effect** A perceptual error in which the most recent information dominates our perception of others. (3)

**referent power** The capacity to influence others on the basis of an identification with and respect for the power holder. (10)

**refreezing** The latter part of the change process, in which systems and conditions are reintroduced that reinforce and maintain the desired behaviors. (15)

**relationship conflict** A type of conflict in which people focus on characteristics of other individuals, rather than on the issues, as the source of conflict. (11)

**representativeness heuristic** A natural tendency to evaluate probabilities of events or objects by the degree to which they resemble (are representative of) other events or objects rather than on objective probability information. (7)

**resilience** The capability of individuals to cope successfully in the face of significant change, adversity, or risk. (4)

**rituals** The programmed routines of daily organizational life that dramatize the organization’s culture. (14)

**role** A set of behaviors that people are expected to perform because of the positions they hold in a team and organization. (8)

**role perceptions** The extent to which people understand the job duties (roles) assigned to or expected of them. (2)

**satisficing** Selecting an alternative that is satisfactory or “good enough,” rather than the alternative with the highest value (maximization). (7)

**scenario planning** A systematic process of thinking about alternative futures and what the organization should do to anticipate and react to those environments. (7)

**scientific management** The practice of systematically partitioning work into its smallest elements and standardizing tasks to achieve maximum efficiency. (6)

**selective attention** The process of attending to some information received by our senses and ignoring other information. (3)

**self-concept** An individual’s self-beliefs and self-evaluations. (2)

**self-directed teams (SDTs)** Cross-functional work groups that are organized around work processes, complete an entire piece of work requiring several interdependent tasks, and have substantial autonomy over the execution of those tasks. (8)

**self-efficacy** A person’s belief that he or she has the ability, motivation, correct role perceptions, and favorable situation to complete a task successfully. (2)

**self-fulfilling prophecy** The perceptual process in which our expectations about another person cause that person to act in a way that is consistent with those expectations. (3)

**self-leadership** The process of influencing oneself to establish the self-direction and self-motivation needed to perform a task. (6)

**self-reinforcement** Reinforcement that occurs when an employee has control over a reinforcer but doesn’t “take” it until completing a self-set goal. (3)

**self-serving bias** The tendency to attribute our favorable outcomes to internal factors and our failures to external factors. (3)

**self-talk** The process of talking to ourselves about our own thoughts or actions. (6)

**servant leadership** The view that leaders serve followers, rather than vice versa; leaders help employees fulfill their needs and are coaches, stewards, and facilitators of employee performance. (12)

**sexual harassment** Unwelcome conduct of a sexual nature that detrimentally affects the work environment or leads to adverse job-related consequences for its victims. (4)

**shared leadership** The view that leadership is broadly distributed, rather than assigned to one person, such that people within the team and organization lead each other. (12)

**situational leadership theory** A commercially popular but poorly supported leadership model stating that effective leaders vary their style (telling, selling, participating, delegating) with the “readiness” of followers. (12)
**skill variety** The extent to which employees must use different skills and talents to perform tasks within their jobs. (6)

**social capital** The knowledge and other resources available to people or social units (teams, organizations) from a durable network that connects them to others. (8, 10)

**social identity theory** A theory that explains self-concept in terms of the person’s unique characteristics (personal identity) and membership in various social groups (social identity). (2)

**social learning theory** A theory stating that much learning occurs by observing others and then modeling the behaviors that lead to favorable outcomes and avoiding behaviors that lead to punishing consequences. (3)

**social loafing** The problem that occurs when you exert less effort (and usually perform at a lower level) when working in teams than when working alone. (8)

**span of control** The number of people directly reporting to the next level in the hierarchy. (15)

**stakeholders** Individuals, organizations, and other entities who affect, or are affected by, the organization’s objectives and actions. (1)

**stereotyping** The process of assigning traits to people on the basis of their membership in a social category. (3)

**stock option** A reward system that gives employees the right to purchase company stock at a future date at a predetermined price. (6)

**strength-based coaching** A positive organizational behavior approach to coaching and feedback that focuses on building and leveraging the employee’s strengths rather than trying to correct his or her weaknesses. (5)

**stress** An adaptive response to a situation that is perceived as challenging or threatening to a person’s well-being. (4)

**stressors** Any environmental conditions that place a physical or emotional demand on a person. (4)

**subjective expected utility** The probability (expectation) of satisfaction (utility) resulting from choosing a specific alternative in a decision. (7)

**substitutability** A contingency of power pertaining to the availability of alternatives. (10)

**surface-level diversity** The observable demographic or physiological differences in people, such as their race, ethnicity, gender, age, and physical disabilities. (1)

**task identity** The degree to which a job requires completion of a whole or an identifiable piece of work. (6)

**task interdependence** The extent to which team members must share materials, information, or expertise in order to perform their jobs. (8)

**task significance** The degree to which a job has a substantial impact on the organization and/or larger society. (6)

**team-based structure** An organizational structure built around self-directed teams that complete an entire piece of work. (13)

**team building** A process that consists of formal activities intended to improve the development and functioning of a work team. (8)

**team cohesion** The degree of attraction people feel toward the team and their motivation to remain members. (8)

**teams** Groups of two or more people who interact and influence each other, are mutually accountable for achieving common goals associated with organizational objectives, and perceive themselves as a social entity within an organization. (8)

**third-party conflict resolution** Any attempt by a relatively neutral person to help conflicting parties resolve their differences. (11)

**transactional leadership** Leadership that helps organizations achieve their current objectives more efficiently, such as by linking job performance to valued rewards and ensuring that employees have the resources needed to get the job done. (12)

**transformational leadership** A leadership perspective that explains how leaders change teams or organizations by creating, communicating, and modeling a vision for the organization or work unit and inspiring employees to strive for that vision. (12)

**trust** A psychological state comprising the intention to accept vulnerability on the basis of positive expectations of the intent or behavior of another person. (4, 8)

**uncertainty avoidance** A cross-cultural value describing the degree to which people in a culture tolerate ambiguity (low uncertainty avoidance) or feel threatened by ambiguity and uncertainty (high uncertainty avoidance). (2)

**unfreezing** The first part of the change process, in which the change agent produces disequilibrium between the driving and restraining forces. (15)

**upward appeal** A type of influence in which someone with higher authority or expertise is called on in reality or symbolically to support the influencer’s position. (10)

**values** Relatively stable, evaluative beliefs that guide a person’s preferences for outcomes or courses of action in a variety of situations. (1)

**virtual teams** Teams whose members operate across space, time, and organizational boundaries and are linked through information technologies to achieve organizational tasks. (8)

**virtual work** Work performed away from the traditional physical workplace by means of information technology. (1)

**wikis** Collaborative Web spaces at which anyone in a group can write, edit, or remove material from the Web site. (9)

**win-lose orientation** The belief that conflicting parties are drawing from a fixed pie, so the more one party receives, the less the other party will receive. (11)

**win-win orientation** The belief that conflicting parties will find a mutually beneficial solution to their disagreement. (11)

**work–life balance** The degree to which a person minimizes conflict between work and nonwork demands. (1)

**workaholic** A person who is highly involved in work, feels compelled to work, and has a low enjoyment of work. (4)
references

CHAPTER 1


References

20. C. Ostrov and N. Schmitt, “Configurations of Organizational Effectiveness and Efficiency,” *Academy of Management Journal* 36, no. 6 (1993), p. 1345. There are different ways of defining efficiency, as well as some disagreement whether work efficiency and productivity are the same thing.


References


CHAPTER 2


References


12. Personality researchers agree on one point about the definition of personality: It is difficult to pin down. A definition necessarily captures one perspective of the topic more than others, and the concept of personality is itself very broad. The definition presented here is based on C.S. Carver and M.F. Scheier, *Perspectives on Personality*, 6th ed. (Boston: Allyn & Bacon, 2007); D.C. Funder, *The Personality Puzzle*, 4th ed. (New York: Norton, 2007).


References


References


The relationship between individualism and collectivism is still being debated, but most experts now agree that individualism and collectivism have serious problems with conceptualization and measurement.


62. Hofstede, Culture’s Consequences. Hofstede used the terms masculinity and femininity for achievement and nurturing orientation, respectively. We have adopted the latter two terms to minimize the sexist perspective of these concepts.


CHAPTER 3


5. Confirmation bias is defined as “unwitting selectivity in the acquisition and use of evidence.” R.S. Nickerson, “Confirmation Bias: A Ubiquitous Phenomenon in Many Guises,” Review of General Psychology 2, no. 2 (1998), pp. 175–220. This occurs in a variety of ways, including over-weighting positive information, perceiving only positive information, and restricting cognitive attention to a favored hypothesis. Research has found that confirmation bias is typically unconscious and driven by emotions.


References


30. I. Choi, R.E. Nisbett, and A. Norenzayan, “Causal Attribution across Cultures:
References

For a variation of the classic halo effect in business settings, see P. Rosenzweig, The Halo Effect . . . And the Eight Other Business Delusions That Deceive Managers [New York: Free Press, 2007].
41. B. George, Authentic Leadership [San Francisco: Jossey-Bass, 2004];
B. George, True North [San Francisco: Jossey-Bass, 2007].
References


54. Miltenberger, Behavior Modification, chaps. 4–6.

55. Punishment can also include removing a pleasant consequence, such as when employees must switch from business-class to economy-class flying when their sales fall below the threshold for top-tier sales “stars.”


60. ExxonMobil, “UK and Ireland Corporate Citizenship,” August 2004; Wecslar, “Sick Day Incentive Plan” Favored by NLR Board.”


References


CHAPTER 4


References

Bullen 126, no. 6 (2000), pp. 925–945; 


34. Which model best represents EI and its abilities is debated in several sources, including several chapters in K.R. Murphy, ed., A Critique of Emotional Intelligence: What Are the Problems and How Can They Be Fixed? (Mahwah, NJ: Lawrence Erlbaum, 2006).


36. The hierarchical nature of the four EI dimensions is discussed by Goleman, but it is more explicit in the Salovey and Mayer model. See D.R. Caruso and P. Salovey, The Emotionally Intelligent Manager (San Francisco: Jossey-Bass, 2004).


References


61. J.P. Meyer, “Organizational Commitment,” International Review of Industrial and Organizational Psychology 12 (1997), pp. 175–228. Along with affective and continuance commitment, Meyer identifies “normative commitment,” which refers to employee feelings of obligation to remain with the organization. This commitment has been excluded so that students focus on the two most common perspectives of commitment.


References


## CHAPTER 5


References


40. Ibid., chap. 11.


43. Nadler and Lawler, “Motivation.”


References

50. G.P. Latham, “Goal Setting: A Five-Step Approach to Behavior Change,” Organizational Dynamics 32, no. 3 (2003), pp. 309–318; E.A. Locke and G.P. Latham, A Theory of Goal Setting and Task Performance (Englewood Cliffs, NJ: Prentice Hall, 1990). The acronym SMART refers to goals that are specific, measurable, acceptable, relevant, and timely. However, this list duplicates some characteristics (e.g., specific goals are measurable and timely) and overlooks the characteristics of challenging and feedback-related.
71. Latham, Work Motivation, p. 188.
84. Miller, “Disrespect and the Experience of Injustice.”

CHAPTER 6

References

References


38. E.E. Lawler III, High-Involvement Management (San Francisco: Jossey-Bass, 1986), p. 120.


References


65. The positive relationship between these structural empowerment conditions and psychological empowerment is reported in H. K. S. Laschinger et al., “A Longitudinal Analysis of the Impact of Workplace Empowerment on Work Satisfaction,” *Journal of Organizational Behavior* 25, no. 4 (June 2004), pp. 527–545.


CHAPTER 7


19. “Over the Last Ten Years, Google Has Become a Poster Child,” *Computer Weekly*, 9 September 2008, p. 188.


References

...


References


CHAPTER 8


References


References


References


References

564

565


CHAPTER 9


References

17. S. Williams, “Apologies and Rows by Email Are a New Sin for Hi-Tech Cowards,” Western Mail (Cardiff, Wales), 1 April 2006, p. 11.


References


63. R. Rodwell, “Regular Staff Meetings Help Build Morale,” *South China Morning Post* (Hong Kong), 27 August 2005, p. 4.
CHAPTER 10

1. D.A. Brown, A Matter of Trust (Ottawa: Government of Canada, 15 June 2007);


38. Laghi and Moore, “Mounties Say Top Ranks Covered Up Mismanagement of Pension Fund.”


40. A.T. Cobb, “Toward the Study of Organizational Coalitions: Participant Concerns and Activities in a Simulated


58. This definition of organizational politics has become the dominant perspective over the past 15 years. See G.R. Ferris and K.M. Kacmar, “Perceptions of Organizational Politics,” Journal of Management 18 (1992), pp. 93–116; R. Cropanzano et al., “The Relationship of Organizational Politics and Support to Work Behaviors, Attitudes, and Stress,” Journal of Organizational Behavior 18 (1997), pp. 159–180; E. Vigoda, “Stress-Related Aftermaths to Workplace Politics: The Relationships among Politics, Job Distress, and Aggressive Behavior in Organizations,” Journal of Organizational Behavior 23 (2002), pp. 571–591. However, organizational politics was previously viewed as influence tactics outside the formal role that could be either selfish or altruistic. This older definition is less common today, possibly because it is incongruent with popular views of politics and because it overlaps too much with the concept of influence. For the older perspective of organizational politics, see J. Pfeffer, Power in Organizations (Boston: Pitman, 1981); Mintzberg, Power in and around Organizations.


CHAPTER 11


References


27. Jehn and Bendersky, “Intragroup Conflict in Organizations.”


30. Jehn, “A Multimethod Examination of the Benefits and Detriments of Intragroup Conflict.”


References


45. Triandis, “The Future of Workforce Diversity in International Organizations.”

46. Von Glinow, Shapiro, and Brett, “Can We Talk, and Should We?”


References


CHAPTER 12


References


References


27. For a thorough study of how expectancy theory of motivation relates to leadership, see Isaac, Zerbe, and Pitt, “Leadership and Motivation.”


43. For a summary of criticisms, see Yukl, Leadership in Organizations, pp. 217–218.


45. This observation has also been made by C.A. Schriesheim, “Substitutes-for-Leadership Theory: Development and Basic Concepts,” Leadership Quarterly 8 (1997), pp. 103–108.


53. Both transformational and transactional leadership improve work unit performance. See B.M. Bass et al., “Predicting Unit Performance by Assessing Transformational and Transactional Leadership,” *Journal of Applied Psychology* 88 (April 2003), pp. 207–218. This point is also argued in Yukl and Lepsinger, “Why Integrating the Leading and Managing Roles Is Essential for Organizational Effectiveness.”

54. For a discussion on the tendency to slide from transformational to transactional leadership, see W. Bennis, *An Invented Life: Reflections on Leadership and Change* (Reading, MA: Addison-Wesley, 1993).


CHAPTER 13
28. Littler, Wiesner, and Dunford, “The Dynamics of Delayering.”
References


31. Mintzberg, The Structuring of Organizations, chap. 5.


40. Ibid., chap. 17.

41. Galbraith, Designing Organizations, pp. 23–25.


43. These structures were identified from corporate Web sites and annual reports. These organizations typically rely on a mixture of other structures, so the charts shown have been adapted for learning purposes.


References


CHAPTER 14

References


25. Churchill apparently made this statement on October 28, 1943, in the British House of Commons, when London, damaged by bombings in World War II, was about to be rebuilt.

References


77. Porter, Lawler III, and Hackman, Behavior in Organizations, chap. 5.

78. Louis, “Surprise and Sensemaking.”


87. L. Buchanan et al., “That’s Chief Entertainment Officer,” Inc. 29, no. 8 (August 2007), pp. 86–94; Burke Erickson, “Welcoming Employees.”

CHAPTER 15


10. Variations of this often-cited quotation are found in several books, articles, and Web sites, but unfortunately none cite the original source. This quotation is from D.R. Henderson, “The New Industrial Economist,” Wall Street Journal, 2 May 2006.


References


17. Bosses Want Change but Workers Want More of the Same! [Sydney: Talent2, 29 June 2005].
References


photo credits

CHAPTER 1
page 2: Red Prouser / Reuters / Landov
page 5: Courtesy of Schlesinger Library, Radcliffe Institute for Advanced Study, Harvard University
page 10: © Jim Varney Photography
page 15: Courtesy of Lockheed Martin Corporation
page 19: Courtesy of Camenzind Evolution
page 22: © Dave Krieger

CHAPTER 2
page 32: © National Post, Nathan Denette
page 37: Reprinted with permission of the Rocky Mountain News; Photo by JUDY DEHAAS / Rocky Mountain News
page 40: © The Dallas Morning News
page 44: © India Today Group; Reprinted with permission
page 52: © David Hartung / OnAsia Images
page 55: © James Leynse / Corbis

CHAPTER 3
page 66: Courtesy of John S. Leiter
page 70: © Ashley Cooper / Corbis
page 74: © John Angerson
page 81: © Kenny Rodger / The New Zealand Herald
page 85: Courtesy of Humana, Inc. and Virgin HealthMiles, Inc.
page 87: © Ken Chermus / The Image Bank / Getty Images

CHAPTER 4
page 96: Courtesy of Mott MacDonald
page 98: Copyright © Ted Goff, www.tedgoff.com, used with permission
page 104: © Wolfgang Kumm / dpa / Landov
page 107: © GM Corp.
page 111: Courtesy of Wegmans
page 117: Photo by Mikael Kjellstrom / Calgary Herald, May 18, 2005
page 120: Courtesy of Mark Wells

CHAPTER 5
page 130: © 2008 Rackspace US, Inc., Used under license
page 133: © AP Images
page 137: Courtesy of Sarova Panafirc Hotel
page 146: Photo by Edward Reed, Courtesy of New York City Office of the Mayor
page 149: © Jens Kalaene / DPA / Landov
page 154: © The New Yorker Collection 2001 Barbara Smaller from cartoonbank.com. All rights reserved
page 155: © Chris Mueller / Redux Pictures

CHAPTER 6
page 164: © Francis Dean / The Image Works
page 171: © Will Crockett, Shoot Smarter
page 174: © Robert Caplin / Bloomberg News / Landov
page 179: Courtesy of Rolls-Royce plc.
page 183: Courtesy of Semco
page 184: Courtesy of Bayer CropScience

CHAPTER 7
page 196: © Matthew Staver / Bloomberg News / Landov Images
page 201: Courtesy of NASA
page 202: Copyright © Randy Glasbergen. Reprinted with special permission from www.glasbergen.com
page 207: © Stockbyte / Alamy
page 211: © Irish Times LTD
page 213: © OnAsia Images / Yvan Cohen
page 217: © Chris Mueller / Redux

CHAPTER 8
page 232: Courtesy of Whole Foods Market
page 240: Courtesy of La-Z-Boy Inc.
page 247: U.S. Navy Photo by Michelle Wisniewski
page 254: Dean Smith / camera crew photography
page 256: Photo courtesy of brass | MEDIA Inc.
page 259: Johnson Space Center / NASA

CHAPTER 9
page 268: Courtesy of International Business Machines Corporation. Unauthorized use not permitted.
page 274: The Boston Globe
page 276: © Nancy Kuehn, The Minneapolis Business Journal
page 280: © Tim Fraser
page 282: Copyright © Ted Goff, www.tedgoff.com, used with permission
page 284: © Mark M. Lawrence / Corbis
page 288: Photo courtesy of Kowloon Shangri-LA

CHAPTER 10
page 298: Jean Levac / Ottawa Citizen Group, Inc.
page 305: © Erwin Brown
page 308: Courtesy of Karl J. Arunski, Raytheon
page 312: © David Paul Morris / Getty Images
page 313: Copyright © Ted Goff, www.tedgoff.com, used with permission

CHAPTER 11
page 326: © ImageState / PunchStock
page 331: © Reza Estakhrian / Getty Images
page 334: © Stephan Schraps / AFP / Getty Images
CHAPTER 12

page 339: © AP Images
page 348: © AP Images

CHAPTER 13

page 358: © AP Images
page 361: © Bill Cramer
page 367: © Theresa Barraclough / AFP / Getty Images
page 372: © AP Images
page 377: © Mathias Woltmann

CHAPTER 14

page 384: © The Edmonton Journal
page 389: © Edward Smith / Artizans.com, Reprinted with permission
page 391: © AP Images
page 394: Photo by Christopher Barth, Courtesy of TAXI New York
page 398: Robert Gilhooly / Bloomberg News / Landov Photos
page 403: © Kevin Foy / Alamy
page 407: © AP Images

CHAPTER 15

page 414: © Frederic Larson / San Francisco Chronicle
page 421: © The Canadian Press
page 423: © AP Images

page 429: © AP Images
page 431: © The Canadian Press
page 435: Photos courtesy of Lindblad Expeditions

page 442: Courtesy of Umpqua Bank
page 446: The Japan Times
page 448: © AP Images
page 450: © AP Images
page 453: © Vito Palmisano
page 458: BananaStock / PictureQuest
page 460: © Sichov / SIPA Press
name index

A
Abel, M. H., 549
Abrahamson, E., 570
Abusah, D., 565
Ackerman, F., 533
Ackley, Ray, 22
Adams, J. S., 553
Adams, L., 562
Adams, Lisa, 254
Aditya, R. N., 576
Adler, P. S., 532, 570
Adomdza, G. K., 560
Agle, B. R., 533, 538, 551, 582
Agor, W. H., 559
Ai, S., 566
Aiello, J. R., 562
Ajzen, I., 543
Akgün, A. E., 532
Aksoy, L, 538
Akter, M., 580
Alam, K., 579
Alam, K. F., 539
Albarracín, D., 543
Alderfer, C. P., 550
Alexander, G. S., 583
Alexander, P., 411
Allen, D. G., 585
Allen, L. A., 547
Allen, M., 539
Allen, N. J., 128, 533, 562
Allen, R. W., 572
Allen, T. J., 568
Aloysius, J. A., 559
Alsop, R., 537
Altmann, E. M., 540, 558
Amabile, T. M., 560, 561
Amason, A. C., 572, 573
Ambady, N., 540, 545
Ambrose, M. L., 553
Ambwani, Narendra, 44
Anders, G., 580
Anderson, B., 124
Anderson, Dave, 374
Anderson, J., 571
Anderson, J. W., 540
Anderson, N., 562, 585, 586
Andrew, S., 547
Andrews, M., 553
Andrews, M. C., 571
Andriopoulos, C., 560
Ang, S., 546
Ang, S. H., 554
Angle, H. L., 572
Anglim, J., 563
Anhalt, R. L., 541
Ante, S. E., 552
Anthony, S., 585
Anthony, W. P., 567
Appelbaum, E., 532
Applebaum, S. H., 534, 550
Argyris, C., 560, 572
Ariely, D., 558
Aritzeta, A., 563
Arlidge, J., 532
Armour, S., 549
Armstrong, R. W., 538
Arndt, M., 554, 586
Aronson, E., 539, 564
Aronson, N., 588
Arrow, H., 562
Arunski, Karl, 308
Ash, L., 540
Ashford, S. J., 547, 552
Ashforth, B. E., 537, 544, 584, 585, 586
Ashkanasy, N. M., 543, 545, 550, 557, 582
Ashton, M. C., 63, 162
Assael, H., 572
Assanand, S., 537
Astrobro, T., 560
Athos, A. G., 561
Atuahene-Gima, K., 570
Atwater, L. E., 542, 552
Atzeni, T., 567
Au, K., 546
Aubé, C., 244, 563
Auh, S., 546
Avolio, B. J., 382, 577
Axelrod, E., 588
Axtell, C. M., 542
Axtell, R. E., 568
Axtman, K., 582
Aycan, Z., 538
Ayers, S., 547

Backover, A., 319
Bacon, N., 540
Bader, P., 576
Bagozzi, R. P., 551
Bailey, D. E., 535, 565, 573
Bailor, C., 551
Baker, G., 573
Baker, V., 537
Baker, W. E., 543, 584
Bakker, A., 548
Baldwin, C., 582
Balfour, F., 293
Balkundi, P., 561
Ballard, Geoffrey, 218
Ballmer, Steve, 150
Balsaer, D., 533
Balsillie, Jim, 428
Baltazar, R., 563
Balthazard, P. A., 583
Baltzley, D., 539
Bamberger, P., 535
Banaji, M. R., 539
Bandura, A., 537, 542
Bansal, P., 532
Barak, Eran, 308
Barbaro, M., 551–552
Barbuto, J. E., Jr., 545, 578
Bardi, A., 533, 538
Barger, P. B., 546
Bargh, J. A., 539, 540, 542, 543–544, 558
Barker, B. A., 563
Barki, H., 566, 573
Barley, S. R., 531
Barling, J., 547, 578, 588
Barnard, Chester, 5, 270, 566, 569
Barnash, Jim, 365
Barnes, B., 531
Barnes, J. W., 584
Barnes, V. A., 549
Barnett, M. L., 533
Barnett, W. P., 564
Barney, J. B., 532, 533
Barnlund, D. C., 568
Barron, R. A., 571
Barrett, F. J., 459, 588
Barrett, L. F., 552
Barrett, R., 584
Barrick, M. R., 536, 563
Barry, B., 567
Barsade, S. G., 550, 559, 567
Bartol, K. M., 554

Baba, V. V., 547–548, 577
Babcock, P., 541, 588
Baber, A., 586
Bacharach, S. B., 535
Bachman, Greg, 249

Name Index
Bartram, D., 535
Bartunek, J. M., 552
Basch, R., 532, 534
Bass, B. M., 382, 557, 577, 578, 584
Bass, Carl, 374
Bastianutti, L. M., 566
Basuroy, S., 551
Bateman, T. S., 513, 540
Bauer, T. N., 585–586
Baum, A., 547
Baum, J. R., 578
Bauman, J., 557
Baumeister, R. F., 550, 551, 562, 566, 569
Baumruk, R., 549
Bavelas, Alex, 495
Bazerman, M. H., 574
Beach, L. R., 557
Beal, D. J., 564
Bear, D., 532
Beasley, M., 548
Beatty, C. A., 563
Beavers, Brad, 274
Bedeian, A. G., 546, 553, 572, 580
Beechler, S., 539
Beegh, T. A., 538
Beer, J. S., 550
Beer, M., 555, 587
Beersma, B., 336, 357
Behling, O., 559
Beith, M., 566
Belanger, F., 567
Belkin, L., 572
Bell, B. S., 565
Bell, D. W., 544
Bell, S. J., 546
Belz, Dorothee, 377
Benady, A., 561
Benbow, C. P., 538
Bendersky, C., 572, 573
Bendick, M., 541
Bendt, Steve, 276
Benesh, P., 578
Bengtsson, U., 588
Bennett, J., 566
Bennett, Steve, 451
Bennis, W. G., 534, 557
Benson, G. S., 532
Benson, J., 578
Benzing, C. D., 573
Berdaill, J. L., 562
Berend, D., 560
Beresford, Dennis R., 319
Bers, Achim, 377
Berg, J., 554
Bergman, T. J., 573
Bergquist, Jim, 503
Bergquist, Jim, 503
Berlew, D. E., 578
Berner, M. M., 538
Bernstel, J. B., 586
Berridge, K. C., 544, 550, 551, 557, 567
Bersoff, S., 588
Berson, Y., 578, 585
Bes, J. S., 541
Bessis, J., 555
Bettis, R., 581
Betz, E. L., 550
Bexton, W. H., 551
Beyer, J. M., 586
Bhagwat, I., 534
Bianco, A., 533
Bielski, L., 586
Bijttebier, P., 557
Billing, Sean, 32
Billo, M. T., 535
Black, D., 548
Black, S. J., 539
Blacksmith, N., 572
Billing, Sean, 32
Bilovsky, F., 546
Bingham, L. B., 575
Binkert, Jacqueline, 125, 552
Bird, Brad, 2, 109
Birkenshaw, J., 582
Birritteri, A., 534
Bitt, M. T., 535
Black, D., 548
Black, S. J., 539
Blacksmith, N., 572
Bland, H., 568
Blake, R., 563
Blakely, G., 553
Blanchard, Ken H., 369, 577
Blank, W., 577
Blanton, H., 541
Blasi, A., 550
Blau, G., 553
Blayney, D., 534
Blazekiewski, S., 571
Blckle, G., 571
Bliese, P. D., 551
Bloom, M. C., 553
Bloomberg, Michael R., 146
Blossom, D., 587
Blotnicky, K., 530
Bluedorn, A. C., 547
Blyton, P., 540
Bobko, P., 547
Bobocel, D. R., 544
Bock, Laszlo, 196, 220
Bodenhausen, G. V., 539, 540
Boehnke, K., 538
Boer, Klaus, 104
Bogner, W. C., 532
Bogyo, Terrance, 464, 465
Boies, K., 561
Boismier, Alicia, 482, 583
Bolch, M., 554, 569
Bolden, R., 576
Bolino, M. C., 571
Boman, Par, 164
Bonanno, G. A., 548
Bonaparte, Napoleon, 390
Bonasia, J., 581
Bond, S. D., 541, 558
Bong, Angela, 243
Bong, M., 577
Bono, J. E., 537, 552
Boos, M., 567–568
Bopp, M. I., 556
Borch, C., 570
Bordass, B., 568
Bordia, P., 565
Borh, L., 580
Borkenau, P., 536
Borroll, C. S., 562
Bos, J., 539
Bos, R. W., 234, 571
Bossidy, Lawrence A., 210, 363, 559, 576
Boswell, W. R., 553
Botero, I. C., 546
Botti, S., 558
Bouchardon, T., 536
Boucher, H. C., 562
Boukenooghe, D., 538
Boumans, J., 583
Boulding, K. E., 572
Boulding, W., 559
Boulton, C., 567
Bourgeois, L., 580
Bourgeois, L., 580
Bourges, L., 557
Boudin, C., 572
Bouvin, Anders, 182
Bouw, B., 585
Bowness, S., 552
Boyatzis, R. E., 105, 542, 545, 568, 576
<table>
<thead>
<tr>
<th>Name</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boyle, M.</td>
<td>546</td>
</tr>
<tr>
<td>Bozon, I. J.</td>
<td>587</td>
</tr>
<tr>
<td>Brackett, M. A.</td>
<td>545</td>
</tr>
<tr>
<td>Bradbury, H.</td>
<td>587</td>
</tr>
<tr>
<td>Bradford, R.</td>
<td>559</td>
</tr>
<tr>
<td>Brady, D.</td>
<td>570, 586</td>
</tr>
<tr>
<td>Bragg, J. D.</td>
<td>559</td>
</tr>
<tr>
<td>Braica, P.</td>
<td>585</td>
</tr>
<tr>
<td>Brand, R.</td>
<td>585</td>
</tr>
<tr>
<td>Brandon, Yvonne</td>
<td>147</td>
</tr>
<tr>
<td>Brandstadter, J.</td>
<td>557</td>
</tr>
<tr>
<td>Brannick, T.</td>
<td>586, 587</td>
</tr>
<tr>
<td>Branson, Richard</td>
<td>371</td>
</tr>
<tr>
<td>Brantmeier, C.</td>
<td>575</td>
</tr>
<tr>
<td>Brass, D. J.</td>
<td>569, 570</td>
</tr>
<tr>
<td>Bravo, Rose Marie</td>
<td>236</td>
</tr>
<tr>
<td>Brazil, J. J.</td>
<td>587</td>
</tr>
<tr>
<td>Breaugh, J. A.</td>
<td>586</td>
</tr>
<tr>
<td>Brechu, M. B.</td>
<td>579</td>
</tr>
<tr>
<td>Breeze, J. D.</td>
<td>580</td>
</tr>
<tr>
<td>Brender, Y.</td>
<td>551</td>
</tr>
<tr>
<td>Brett, J.</td>
<td>552</td>
</tr>
<tr>
<td>Brett, J. M.</td>
<td>573, 574, 575</td>
</tr>
<tr>
<td>Brew, F. P.</td>
<td>574</td>
</tr>
<tr>
<td>Brewer, N.</td>
<td>574</td>
</tr>
<tr>
<td>Brickson, S.</td>
<td>574</td>
</tr>
<tr>
<td>Bridgwater, L. G.</td>
<td>550</td>
</tr>
<tr>
<td>Brief, A. P.</td>
<td>531, 543, 571</td>
</tr>
<tr>
<td>Bright, D. S.</td>
<td>588</td>
</tr>
<tr>
<td>Brimble, S.</td>
<td>585</td>
</tr>
<tr>
<td>Brockner, J.</td>
<td>559</td>
</tr>
<tr>
<td>Brodbeck, F. C.</td>
<td>579</td>
</tr>
<tr>
<td>Brodt, S. E.</td>
<td>541, 575</td>
</tr>
<tr>
<td>Brodzinski, C.</td>
<td>554</td>
</tr>
<tr>
<td>Bromiley, P.</td>
<td>555</td>
</tr>
<tr>
<td>Brooker, K.</td>
<td>578</td>
</tr>
<tr>
<td>Brooks, F. P.</td>
<td>562</td>
</tr>
<tr>
<td>Brotheridge, C. M.</td>
<td>544</td>
</tr>
<tr>
<td>Brown, B. R.</td>
<td>575</td>
</tr>
<tr>
<td>Brown, D. A.</td>
<td>569, 571</td>
</tr>
<tr>
<td>Brown, D. J.</td>
<td>576, 579</td>
</tr>
<tr>
<td>Brown, K. S.</td>
<td>561</td>
</tr>
<tr>
<td>Brown, R. P.</td>
<td>541</td>
</tr>
<tr>
<td>Brown, S. P.</td>
<td>552</td>
</tr>
<tr>
<td>Brown, V. R.</td>
<td>566</td>
</tr>
<tr>
<td>Brownstein, A. L.</td>
<td>558</td>
</tr>
<tr>
<td>Brtek, M. D.</td>
<td>555</td>
</tr>
<tr>
<td>Brusoni, S.</td>
<td>532</td>
</tr>
<tr>
<td>Brutus, S.</td>
<td>552</td>
</tr>
<tr>
<td>Bryant, B.</td>
<td>562</td>
</tr>
<tr>
<td>Bryant, Elizabeth</td>
<td>42</td>
</tr>
<tr>
<td>Bryman, A.</td>
<td>578</td>
</tr>
<tr>
<td>Buchanan, D.</td>
<td>587</td>
</tr>
<tr>
<td>Buchanan, L.</td>
<td>586</td>
</tr>
<tr>
<td>Buckingham, M.</td>
<td>125, 552, 555</td>
</tr>
<tr>
<td>Buckler, G.</td>
<td>565</td>
</tr>
<tr>
<td>Buckley, M. R.</td>
<td>548</td>
</tr>
<tr>
<td>Buckley, N.</td>
<td>578, 581</td>
</tr>
<tr>
<td>Budner, S.</td>
<td>468</td>
</tr>
<tr>
<td>Buelen, M.</td>
<td>580</td>
</tr>
<tr>
<td>Bueffet, Warren, J.</td>
<td>567</td>
</tr>
<tr>
<td>Bulkeley, W. M.</td>
<td>567</td>
</tr>
<tr>
<td>Burkard, M. E.</td>
<td>570</td>
</tr>
<tr>
<td>Burnes, B.</td>
<td>586</td>
</tr>
<tr>
<td>Burnham, D. H.</td>
<td>551</td>
</tr>
<tr>
<td>Burns, B. D.</td>
<td>540, 558</td>
</tr>
<tr>
<td>Burns, J. M.</td>
<td>577</td>
</tr>
<tr>
<td>Burns, T.</td>
<td>581, 582</td>
</tr>
<tr>
<td>Burrows, P.</td>
<td>582</td>
</tr>
<tr>
<td>Burton, M.</td>
<td>561, 584</td>
</tr>
<tr>
<td>Burton, Pierre</td>
<td>154</td>
</tr>
<tr>
<td>Busch, Heike</td>
<td>104</td>
</tr>
<tr>
<td>Bushe, G. R.</td>
<td>563, 588</td>
</tr>
<tr>
<td>Bushey, D.</td>
<td>570</td>
</tr>
<tr>
<td>Bussey, N.</td>
<td>570</td>
</tr>
<tr>
<td>Butler, A. B.</td>
<td>552</td>
</tr>
<tr>
<td>Butler, K. M.</td>
<td>536</td>
</tr>
<tr>
<td>Buttermore, N. R.</td>
<td>537</td>
</tr>
<tr>
<td>Butz, D. A.</td>
<td>540</td>
</tr>
<tr>
<td>Butz, H. R.</td>
<td>587</td>
</tr>
<tr>
<td>Bycio, P.</td>
<td>546</td>
</tr>
<tr>
<td>Byham, W. C.</td>
<td>542</td>
</tr>
<tr>
<td>Byrne, J. C.</td>
<td>532</td>
</tr>
<tr>
<td>Byrnes, N.</td>
<td>411, 554, 582</td>
</tr>
<tr>
<td>Byron, E.</td>
<td>539</td>
</tr>
<tr>
<td>Byron, K.</td>
<td>566</td>
</tr>
<tr>
<td>Cabanac, M.</td>
<td>543</td>
</tr>
<tr>
<td>Cable, D. M.</td>
<td>547, 585</td>
</tr>
<tr>
<td>Cacioppo, J. T.</td>
<td>567, 571</td>
</tr>
<tr>
<td>Cai, D. A.</td>
<td>574</td>
</tr>
<tr>
<td>Cairns, D. R.</td>
<td>574</td>
</tr>
<tr>
<td>Cairns, G.</td>
<td>559</td>
</tr>
<tr>
<td>Calabrese, G.</td>
<td>581–582</td>
</tr>
<tr>
<td>Calcraft, Stef</td>
<td>220</td>
</tr>
<tr>
<td>Caldwell, C. B.</td>
<td>533, 538, 551, 582</td>
</tr>
<tr>
<td>Caldwell, D. E.</td>
<td>564</td>
</tr>
<tr>
<td>Caldwell, D. F.</td>
<td>419, 583</td>
</tr>
<tr>
<td>Caldwell, R.</td>
<td>587</td>
</tr>
<tr>
<td>Caldwell, S.</td>
<td>586</td>
</tr>
<tr>
<td>Callan, Patricia</td>
<td>137</td>
</tr>
<tr>
<td>Callanan, Gerard A.</td>
<td>352, 356, 573</td>
</tr>
<tr>
<td>Callery, P.</td>
<td>513</td>
</tr>
<tr>
<td>Callister, R. R.</td>
<td>545, 572</td>
</tr>
<tr>
<td>Cameron, A. F.</td>
<td>567</td>
</tr>
<tr>
<td>Cameron, K.</td>
<td>531, 588</td>
</tr>
<tr>
<td>Campbell, A.</td>
<td>581, 582</td>
</tr>
<tr>
<td>Campbell, E. A.</td>
<td>575</td>
</tr>
<tr>
<td>Campbell, J. D.</td>
<td>537</td>
</tr>
<tr>
<td>Campbell, J. P.</td>
<td>533, 535, 551</td>
</tr>
<tr>
<td>Campbell-Sills, L.</td>
<td>548</td>
</tr>
<tr>
<td>Campion, M. A.</td>
<td>546, 552, 555, 562, 563, 580</td>
</tr>
<tr>
<td>Cannon, M. D.</td>
<td>555</td>
</tr>
<tr>
<td>Cantril, H.</td>
<td>550</td>
</tr>
<tr>
<td>Capraro, M. M.</td>
<td>536</td>
</tr>
<tr>
<td>Capraro, R. M.</td>
<td>536</td>
</tr>
<tr>
<td>Carapiet, L.</td>
<td>585</td>
</tr>
<tr>
<td>Card, Sharon</td>
<td>322</td>
</tr>
<tr>
<td>Carey, B.</td>
<td>534</td>
</tr>
<tr>
<td>Caritat, M. J.-A.-N.</td>
<td>[Marquis de Condorcet], 214</td>
</tr>
<tr>
<td>Carli, L. L.</td>
<td>579</td>
</tr>
<tr>
<td>Carlson, J. R.</td>
<td>566, 567</td>
</tr>
<tr>
<td>Carmeli, A.</td>
<td>584</td>
</tr>
<tr>
<td>Carnegie, Andrew</td>
<td>462</td>
</tr>
<tr>
<td>Carpenter, M. A.</td>
<td>570</td>
</tr>
<tr>
<td>Carr, S.</td>
<td>567</td>
</tr>
<tr>
<td>Carroll, J. S.</td>
<td>559</td>
</tr>
<tr>
<td>Carroll, S. A.</td>
<td>545</td>
</tr>
<tr>
<td>Carroll, Tom</td>
<td>305</td>
</tr>
<tr>
<td>Carron, A. V.</td>
<td>564</td>
</tr>
<tr>
<td>Carson, K. D.</td>
<td>569</td>
</tr>
<tr>
<td>Carson, K. P.</td>
<td>565</td>
</tr>
<tr>
<td>Carson, P. P.</td>
<td>569</td>
</tr>
<tr>
<td>Carter, Maurice</td>
<td>179</td>
</tr>
<tr>
<td>Caruso, D. R.</td>
<td>544–545, 568</td>
</tr>
<tr>
<td>Carver, C. S.</td>
<td>536</td>
</tr>
<tr>
<td>Casciaro, T.</td>
<td>533</td>
</tr>
<tr>
<td>Case, J.</td>
<td>554</td>
</tr>
<tr>
<td>Caspi, A.</td>
<td>536</td>
</tr>
<tr>
<td>Castleberry, S. B.</td>
<td>568</td>
</tr>
<tr>
<td>Catan, T.</td>
<td>319</td>
</tr>
<tr>
<td>Catmull, Ed</td>
<td>2</td>
</tr>
<tr>
<td>Catteeuw, F.</td>
<td>537, 549</td>
</tr>
<tr>
<td>Cavusgil, S. T.</td>
<td>543, 584</td>
</tr>
<tr>
<td>Cawsey, T. F.</td>
<td>587</td>
</tr>
<tr>
<td>Cegarra-Navarro, J. G.</td>
<td>532, 543</td>
</tr>
<tr>
<td>Cha, S. E.</td>
<td>584</td>
</tr>
<tr>
<td>Chabris, C. F.</td>
<td>539</td>
</tr>
<tr>
<td>Chaiken, S.</td>
<td>543</td>
</tr>
<tr>
<td>Challagalla, G.</td>
<td>552</td>
</tr>
<tr>
<td>Champagne, M. V.</td>
<td>574</td>
</tr>
<tr>
<td>Champoux, J. E.</td>
<td>555</td>
</tr>
<tr>
<td>Name</td>
<td>Page Numbers</td>
</tr>
<tr>
<td>-------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Chan, J. W. K.</td>
<td>563</td>
</tr>
<tr>
<td>Chan, L. Y.</td>
<td>581</td>
</tr>
<tr>
<td>Chandler, A. D.</td>
<td>582</td>
</tr>
<tr>
<td>Chang-Schneider, C.</td>
<td>537</td>
</tr>
<tr>
<td>Chao, G. T.</td>
<td>585</td>
</tr>
<tr>
<td>Chapman, D. S.</td>
<td>585</td>
</tr>
<tr>
<td>Chapman, P.</td>
<td>568</td>
</tr>
<tr>
<td>Charan, R.</td>
<td>559, 576, 585, 586</td>
</tr>
<tr>
<td>Charles, A. C.</td>
<td>552</td>
</tr>
<tr>
<td>Chartrand, T. L.</td>
<td>540, 558</td>
</tr>
<tr>
<td>Chatman, J. A.</td>
<td>419, 583, 584</td>
</tr>
<tr>
<td>Chebat, J.-C.</td>
<td>556</td>
</tr>
<tr>
<td>Chelius, J.</td>
<td>554</td>
</tr>
<tr>
<td>Chemers, M. M.</td>
<td>577</td>
</tr>
<tr>
<td>Chen, C.-I. B.</td>
<td>585</td>
</tr>
<tr>
<td>Chen, C.-J.</td>
<td>581</td>
</tr>
<tr>
<td>Chen, G.</td>
<td>537</td>
</tr>
<tr>
<td>Chen, S.</td>
<td>562</td>
</tr>
<tr>
<td>Chen, Y.-J.</td>
<td>553–554</td>
</tr>
<tr>
<td>Chen, Z. X.</td>
<td>547</td>
</tr>
<tr>
<td>Cheng, A.</td>
<td>535</td>
</tr>
<tr>
<td>Cheng, Albert</td>
<td>307</td>
</tr>
<tr>
<td>Chidambaram, L. L.</td>
<td>562</td>
</tr>
<tr>
<td>Child, P. N.</td>
<td>587</td>
</tr>
<tr>
<td>Chmiel, N.</td>
<td>548</td>
</tr>
<tr>
<td>Cho, H.</td>
<td>535</td>
</tr>
<tr>
<td>Cho, Jeewon</td>
<td>482</td>
</tr>
<tr>
<td>Choi, I.</td>
<td>540–541</td>
</tr>
<tr>
<td>Choi, J.</td>
<td>558</td>
</tr>
<tr>
<td>Choi, J. N.</td>
<td>562, 565</td>
</tr>
<tr>
<td>Chordes, L.</td>
<td>549</td>
</tr>
<tr>
<td>Chow, Terence</td>
<td>87</td>
</tr>
<tr>
<td>Chreim, S.</td>
<td>586</td>
</tr>
<tr>
<td>Christensen, C.</td>
<td>585</td>
</tr>
<tr>
<td>Christiansen, C. M.</td>
<td>535</td>
</tr>
<tr>
<td>Christiansen, N. D.</td>
<td>537, 554</td>
</tr>
<tr>
<td>Christie, P. M. J.</td>
<td>582</td>
</tr>
<tr>
<td>Christie, R.</td>
<td>572</td>
</tr>
<tr>
<td>Christman, S. D.</td>
<td>558</td>
</tr>
<tr>
<td>Churchill, G. A. J.</td>
<td>535</td>
</tr>
<tr>
<td>Churchill, Winston</td>
<td>422, 583</td>
</tr>
<tr>
<td>Cialdini, R. B.</td>
<td>569, 570</td>
</tr>
<tr>
<td>Ciampa, D.</td>
<td>582</td>
</tr>
<tr>
<td>Cicchetti, D.</td>
<td>548</td>
</tr>
<tr>
<td>Ciriacks, T.</td>
<td>575</td>
</tr>
<tr>
<td>Clancy, Ann L.</td>
<td>125, 552</td>
</tr>
<tr>
<td>Clark, Carolyn</td>
<td>32</td>
</tr>
<tr>
<td>Clark, K.</td>
<td>582</td>
</tr>
<tr>
<td>Clark, S. C.</td>
<td>545</td>
</tr>
<tr>
<td>Clayton, T.</td>
<td>587</td>
</tr>
<tr>
<td>Clayton, M.</td>
<td>544</td>
</tr>
<tr>
<td>Clegg, C. W.</td>
<td>556, 580</td>
</tr>
<tr>
<td>Clegg, S. R.</td>
<td>531, 569</td>
</tr>
<tr>
<td>Clement, R. W.</td>
<td>541</td>
</tr>
<tr>
<td>Clifton, D. O.</td>
<td>552, 555</td>
</tr>
<tr>
<td>Cloninger, C. R.</td>
<td>63, 162</td>
</tr>
<tr>
<td>Cobb, A. T.</td>
<td>570–571</td>
</tr>
<tr>
<td>Cobbin, D. M.</td>
<td>539</td>
</tr>
<tr>
<td>Coetzee, G. H.</td>
<td>563</td>
</tr>
<tr>
<td>Coffman, C.</td>
<td>125</td>
</tr>
<tr>
<td>Coghlan, D.</td>
<td>586, 587</td>
</tr>
<tr>
<td>Cohan, S. L.</td>
<td>548</td>
</tr>
<tr>
<td>Cohen, D. S.</td>
<td>587</td>
</tr>
<tr>
<td>Cohen, N.</td>
<td>557</td>
</tr>
<tr>
<td>Cohen, S.</td>
<td>561, 566</td>
</tr>
<tr>
<td>Cohen, S. G.</td>
<td>561, 564</td>
</tr>
<tr>
<td>Cohen, W.</td>
<td>532</td>
</tr>
<tr>
<td>Cohen-Charash, Y.</td>
<td>553</td>
</tr>
<tr>
<td>Colbert, A. E.</td>
<td>552, 576</td>
</tr>
<tr>
<td>Coleman, Bob</td>
<td>331</td>
</tr>
<tr>
<td>Colas, M.</td>
<td>542</td>
</tr>
<tr>
<td>Collingwood, H.</td>
<td>565</td>
</tr>
<tr>
<td>Collins, C. J.</td>
<td>551</td>
</tr>
<tr>
<td>Collins, D.</td>
<td>559</td>
</tr>
<tr>
<td>Collins, J. C.</td>
<td>584</td>
</tr>
<tr>
<td>Combs, J.</td>
<td>532</td>
</tr>
<tr>
<td>Comer, L. B.</td>
<td>568</td>
</tr>
<tr>
<td>Condorcet, Marquis de</td>
<td>214</td>
</tr>
<tr>
<td>Cone, E.</td>
<td>568</td>
</tr>
<tr>
<td>Confucius</td>
<td>5</td>
</tr>
<tr>
<td>Conger, J. A.</td>
<td>531, 575, 576, 578</td>
</tr>
<tr>
<td>Conley, L.</td>
<td>586</td>
</tr>
<tr>
<td>Conlin, M.</td>
<td>190, 293, 534, 549</td>
</tr>
<tr>
<td>Conlon, D. E.</td>
<td>575</td>
</tr>
<tr>
<td>Connellan, T. K.</td>
<td>83, 542</td>
</tr>
<tr>
<td>Connelly, M.</td>
<td>555, 564</td>
</tr>
<tr>
<td>Conn, H.</td>
<td>555</td>
</tr>
<tr>
<td>Connor, C. E.</td>
<td>539</td>
</tr>
<tr>
<td>Constantino, M. J.</td>
<td>537</td>
</tr>
<tr>
<td>Conway, N.</td>
<td>554–555</td>
</tr>
<tr>
<td>Cook, Mimi</td>
<td>307</td>
</tr>
<tr>
<td>Cooke, R. A.</td>
<td>583</td>
</tr>
<tr>
<td>Coombs, T.</td>
<td>542</td>
</tr>
<tr>
<td>Coon, H. M.</td>
<td>51, 538</td>
</tr>
<tr>
<td>Cooper, B. J.</td>
<td>585</td>
</tr>
<tr>
<td>Cooper, C. L.</td>
<td>533</td>
</tr>
<tr>
<td>Cooper, H.</td>
<td>536</td>
</tr>
<tr>
<td>Cooper, J.</td>
<td>544</td>
</tr>
<tr>
<td>Cooper, W. H.</td>
<td>541, 545, 566</td>
</tr>
<tr>
<td>Cooper-Jordan, D. L.</td>
<td>459, 588</td>
</tr>
<tr>
<td>Cooper-Thomas, H. D.</td>
<td>585, 586</td>
</tr>
<tr>
<td>Cooper, C.</td>
<td>556, 564</td>
</tr>
<tr>
<td>Corace, C. J.</td>
<td>537</td>
</tr>
<tr>
<td>Corbin, J.</td>
<td>513</td>
</tr>
<tr>
<td>Cordery, J. L.</td>
<td>555, 556, 580</td>
</tr>
<tr>
<td>Corelli, R.</td>
<td>544</td>
</tr>
<tr>
<td>Corning, P. A.</td>
<td>550</td>
</tr>
<tr>
<td>Corts, Paul R.</td>
<td>452</td>
</tr>
<tr>
<td>Coser, L. A.</td>
<td>572</td>
</tr>
<tr>
<td>Costa, P. T.</td>
<td>536, 537, 552</td>
</tr>
<tr>
<td>Costello, T. W.</td>
<td>541–542</td>
</tr>
<tr>
<td>Coughlin, K.</td>
<td>534</td>
</tr>
<tr>
<td>Covey, Stephen</td>
<td>345</td>
</tr>
<tr>
<td>Cowell, H.</td>
<td>548</td>
</tr>
<tr>
<td>Cox, A.</td>
<td>587</td>
</tr>
<tr>
<td>Cox, D.</td>
<td>574</td>
</tr>
<tr>
<td>Cox, K.</td>
<td>567</td>
</tr>
<tr>
<td>Cox, T.</td>
<td>570</td>
</tr>
<tr>
<td>Coyle, John</td>
<td>274</td>
</tr>
<tr>
<td>Craig, S.</td>
<td>583</td>
</tr>
<tr>
<td>Crano, W. D.</td>
<td>571</td>
</tr>
<tr>
<td>Crant, J. M.</td>
<td>540</td>
</tr>
<tr>
<td>Crawford, M.</td>
<td>568</td>
</tr>
<tr>
<td>Cremer, J.</td>
<td>576</td>
</tr>
<tr>
<td>Crispin, S. W.</td>
<td>560</td>
</tr>
<tr>
<td>Cronshaw, S. F.</td>
<td>579</td>
</tr>
<tr>
<td>Croon, M. A.</td>
<td>579</td>
</tr>
<tr>
<td>Croupiano, R.</td>
<td>543, 544, 547, 552, 553, 571, 575</td>
</tr>
<tr>
<td>Cross, R.</td>
<td>561, 581, 586</td>
</tr>
<tr>
<td>Crowther, S.</td>
<td>588</td>
</tr>
<tr>
<td>Croyle, M. H.</td>
<td>544</td>
</tr>
<tr>
<td>Crump, J.</td>
<td>536</td>
</tr>
<tr>
<td>Crundwell, N.</td>
<td>575</td>
</tr>
<tr>
<td>Cruthers, K. W.</td>
<td>549</td>
</tr>
<tr>
<td>Cruz, S.</td>
<td>585</td>
</tr>
<tr>
<td>Cummings, A.</td>
<td>561</td>
</tr>
<tr>
<td>Cummings, L. L.</td>
<td>549, 557, 560, 587</td>
</tr>
<tr>
<td>Cummins, T. G.</td>
<td>587</td>
</tr>
<tr>
<td>Cunningham, W. A.</td>
<td>543</td>
</tr>
<tr>
<td>Cyr, L. A.</td>
<td>538, 547</td>
</tr>
</tbody>
</table>

**D**

<table>
<thead>
<tr>
<th>Name</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Daft, R. L.</td>
<td>279, 567</td>
</tr>
<tr>
<td>Dahl, R. A.</td>
<td>569</td>
</tr>
<tr>
<td>Dalal, M.</td>
<td>581</td>
</tr>
<tr>
<td>Daly, J.</td>
<td>582</td>
</tr>
<tr>
<td>Daly, J. P.</td>
<td>584</td>
</tr>
<tr>
<td>Damasio, A. R.</td>
<td>539, 544, 551, 557</td>
</tr>
<tr>
<td>D’Amelio, A.</td>
<td>586</td>
</tr>
<tr>
<td>Name</td>
<td>Page(s)</td>
</tr>
<tr>
<td>-----------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Dane, E.</td>
<td>559</td>
</tr>
<tr>
<td>Danna, K.</td>
<td>548</td>
</tr>
<tr>
<td>D'Annunzio, L. S.</td>
<td>582</td>
</tr>
<tr>
<td>Darce, K.</td>
<td>565</td>
</tr>
<tr>
<td>Darlin, D.</td>
<td>587</td>
</tr>
<tr>
<td>Darrow, B.</td>
<td>583</td>
</tr>
<tr>
<td>Das, T. K.</td>
<td>557</td>
</tr>
<tr>
<td>Dastmalchian, A.</td>
<td>579</td>
</tr>
<tr>
<td>Daus, C. S.</td>
<td>545</td>
</tr>
<tr>
<td>Davenport, T. H.</td>
<td>557, 581</td>
</tr>
<tr>
<td>Davidoff, Jeffrey</td>
<td>148</td>
</tr>
<tr>
<td>Davidovitz, R.</td>
<td>576</td>
</tr>
<tr>
<td>Davidson, Diane</td>
<td>361</td>
</tr>
<tr>
<td>Davidson, J. E.</td>
<td>560</td>
</tr>
<tr>
<td>Davidson, N.</td>
<td>547</td>
</tr>
<tr>
<td>Davies, G.</td>
<td>572</td>
</tr>
<tr>
<td>Davis, A. M.</td>
<td>531</td>
</tr>
<tr>
<td>Davis, G. M.-T.</td>
<td>554</td>
</tr>
<tr>
<td>Davis, J.</td>
<td>535</td>
</tr>
<tr>
<td>Davis, K.</td>
<td>568, 569</td>
</tr>
<tr>
<td>Davis, R.</td>
<td>586</td>
</tr>
<tr>
<td>Davis, R. C.</td>
<td>555</td>
</tr>
<tr>
<td>Davis, Ray</td>
<td>442, 444, 449, 454, 455</td>
</tr>
<tr>
<td>Davis, W. L.</td>
<td>569</td>
</tr>
<tr>
<td>Davu, Jovie</td>
<td>249</td>
</tr>
<tr>
<td>Dawes, P. L.</td>
<td>569</td>
</tr>
<tr>
<td>Dawley, D. D.</td>
<td>567</td>
</tr>
<tr>
<td>Day, A. L.</td>
<td>545</td>
</tr>
<tr>
<td>Day, Christine</td>
<td>431</td>
</tr>
<tr>
<td>Day, D. V.</td>
<td>542</td>
</tr>
<tr>
<td>Day, T. A.</td>
<td>547</td>
</tr>
<tr>
<td>Deal, J. J.</td>
<td>572</td>
</tr>
<tr>
<td>Deal, T. E.</td>
<td>584</td>
</tr>
<tr>
<td>Deaneer, C. M. D.</td>
<td>588</td>
</tr>
<tr>
<td>De Blasio, P.</td>
<td>568</td>
</tr>
<tr>
<td>DeChurch, L. A.</td>
<td>573</td>
</tr>
<tr>
<td>DeConinck, J. B.</td>
<td>542</td>
</tr>
<tr>
<td>DeCotiis, T.</td>
<td>546</td>
</tr>
<tr>
<td>DeCourcy, Colleen</td>
<td>305</td>
</tr>
<tr>
<td>De Dreu, C. K. W.</td>
<td>336, 357, 534, 563, 564, 565, 572, 573, 574</td>
</tr>
<tr>
<td>DeFelice, A.</td>
<td>570</td>
</tr>
<tr>
<td>DeFrank, R. S.</td>
<td>547</td>
</tr>
<tr>
<td>De Geus, A.</td>
<td>531</td>
</tr>
<tr>
<td>De Grassi, A.</td>
<td>588</td>
</tr>
<tr>
<td>DeGross, R.</td>
<td>586</td>
</tr>
<tr>
<td>Delbecq, A. L.</td>
<td>557, 566, 580</td>
</tr>
<tr>
<td>Delbridge, R.</td>
<td>569</td>
</tr>
<tr>
<td>Delio, M.</td>
<td>568</td>
</tr>
<tr>
<td>Dell, Michael</td>
<td>414, 420, 425, 426, 429</td>
</tr>
<tr>
<td>Dellaportas, S.</td>
<td>585</td>
</tr>
<tr>
<td>Dell’Orto, G.</td>
<td>554</td>
</tr>
<tr>
<td>DelVecchio, W. F.</td>
<td>536</td>
</tr>
<tr>
<td>DeMatteo, J. S.</td>
<td>555, 562</td>
</tr>
<tr>
<td>Demerouti, E.</td>
<td>548</td>
</tr>
<tr>
<td>Denend, L.</td>
<td>533</td>
</tr>
<tr>
<td>DeNeve, K. M.</td>
<td>536</td>
</tr>
<tr>
<td>Den Hartog, D. N.</td>
<td>382, 579</td>
</tr>
<tr>
<td>DeNisi, A. S.</td>
<td>552, 553</td>
</tr>
<tr>
<td>Denning, S.</td>
<td>583</td>
</tr>
<tr>
<td>Dennis, A. R.</td>
<td>566, 567</td>
</tr>
<tr>
<td>Dennison, Richard</td>
<td>293</td>
</tr>
<tr>
<td>Dent, E. B.</td>
<td>586</td>
</tr>
<tr>
<td>Depledge, G.</td>
<td>559</td>
</tr>
<tr>
<td>De Pree, Max</td>
<td>430–431, 585</td>
</tr>
<tr>
<td>Derayeh, M.</td>
<td>552</td>
</tr>
<tr>
<td>de Rosa, D. M.</td>
<td>566</td>
</tr>
<tr>
<td>de Ruyter, K.</td>
<td>568</td>
</tr>
<tr>
<td>Dessein, W.</td>
<td>581</td>
</tr>
<tr>
<td>Deszca, G.</td>
<td>587</td>
</tr>
<tr>
<td>Detar, J.</td>
<td>573</td>
</tr>
<tr>
<td>Detillion, C. E.</td>
<td>561</td>
</tr>
<tr>
<td>Deutschman, A.</td>
<td>576</td>
</tr>
<tr>
<td>DeVore, C. J.</td>
<td>574</td>
</tr>
<tr>
<td>DeVries, A. C.</td>
<td>561</td>
</tr>
<tr>
<td>De Vries, R. E.</td>
<td>578</td>
</tr>
<tr>
<td>Dewe, P.</td>
<td>554–555</td>
</tr>
<tr>
<td>Dhall, A.</td>
<td>583</td>
</tr>
<tr>
<td>Dholakia, U. M.</td>
<td>551</td>
</tr>
<tr>
<td>Diamond, M. L.</td>
<td>124</td>
</tr>
<tr>
<td>Dickens, L.</td>
<td>587</td>
</tr>
<tr>
<td>Dickson, M. W.</td>
<td>551, 561, 585</td>
</tr>
<tr>
<td>Diefendorf, J. M.</td>
<td>544</td>
</tr>
<tr>
<td>Diehl, M.</td>
<td>565</td>
</tr>
<tr>
<td>Diener, E.</td>
<td>99, 543</td>
</tr>
<tr>
<td>Dieroff, E. C.</td>
<td>554</td>
</tr>
<tr>
<td>Digh, P.</td>
<td>61</td>
</tr>
<tr>
<td>Digman, J. M.</td>
<td>536</td>
</tr>
<tr>
<td>Dirschert, S.</td>
<td>536</td>
</tr>
<tr>
<td>DiLiello, T. C.</td>
<td>560</td>
</tr>
<tr>
<td>DiMicco, Dan</td>
<td>391</td>
</tr>
<tr>
<td>Dimon, James L.</td>
<td>155</td>
</tr>
<tr>
<td>D’Innocenzio, A.</td>
<td>584</td>
</tr>
<tr>
<td>Dionne, S. D.</td>
<td>562, 577</td>
</tr>
<tr>
<td>Di Paula, A.</td>
<td>537</td>
</tr>
<tr>
<td>DiRocco, N.</td>
<td>537</td>
</tr>
<tr>
<td>Dirks, K. T.</td>
<td>560, 564, 587</td>
</tr>
<tr>
<td>DiTomaso, N.</td>
<td>584</td>
</tr>
<tr>
<td>Dittrich, J. E.</td>
<td>494, 495</td>
</tr>
<tr>
<td>Dixon, J.</td>
<td>542, 574</td>
</tr>
<tr>
<td>Dixon, Lauren</td>
<td>96, 111</td>
</tr>
<tr>
<td>Djukastein, Erik</td>
<td>150</td>
</tr>
<tr>
<td>Doane, D.</td>
<td>534</td>
</tr>
<tr>
<td>Dobbs, S. M.</td>
<td>587</td>
</tr>
<tr>
<td>Dobson, P.</td>
<td>582</td>
</tr>
<tr>
<td>Doctoroff, S.</td>
<td>574</td>
</tr>
<tr>
<td>Dodd, N. G.</td>
<td>555</td>
</tr>
<tr>
<td>Doehrman, M.</td>
<td>583</td>
</tr>
<tr>
<td>Dolan, R. J.</td>
<td>544</td>
</tr>
<tr>
<td>Dollinger, S. J.</td>
<td>560</td>
</tr>
<tr>
<td>Dollier, M.</td>
<td>576</td>
</tr>
<tr>
<td>Donahue, L. M.</td>
<td>564</td>
</tr>
<tr>
<td>Donaldson, L.</td>
<td>582</td>
</tr>
<tr>
<td>Doolen, T. L.</td>
<td>562</td>
</tr>
<tr>
<td>Doosje, B.</td>
<td>566</td>
</tr>
<tr>
<td>Dorfman, P.</td>
<td>534, 575, 579, 585</td>
</tr>
<tr>
<td>Dormann, C.</td>
<td>544</td>
</tr>
<tr>
<td>Doro, W.</td>
<td>571</td>
</tr>
<tr>
<td>Dose, J. J.</td>
<td>564</td>
</tr>
<tr>
<td>Dougall, A. L.</td>
<td>547</td>
</tr>
<tr>
<td>Douglas, C.</td>
<td>581</td>
</tr>
<tr>
<td>Doukas, J. A.</td>
<td>537</td>
</tr>
<tr>
<td>Dowling, G. R.</td>
<td>569</td>
</tr>
<tr>
<td>Dowling, S.</td>
<td>544</td>
</tr>
<tr>
<td>Dowling, W. F.</td>
<td>555</td>
</tr>
<tr>
<td>Doyle, K. O.</td>
<td>554</td>
</tr>
<tr>
<td>Doyle, M.</td>
<td>587</td>
</tr>
<tr>
<td>Drach-Zahavy, A.</td>
<td>570</td>
</tr>
<tr>
<td>Drago, R.</td>
<td>548</td>
</tr>
<tr>
<td>Drexler, A. B.</td>
<td>562</td>
</tr>
<tr>
<td>Drickhamer, D.</td>
<td>580</td>
</tr>
<tr>
<td>Driscoll, J. E.</td>
<td>556</td>
</tr>
<tr>
<td>Drollinger, T.</td>
<td>568</td>
</tr>
<tr>
<td>Drucker, Peter F.</td>
<td>148–149, 535, 552, 557, 569</td>
</tr>
<tr>
<td>Du, R.</td>
<td>566</td>
</tr>
<tr>
<td>Duarte, D. L.</td>
<td>564</td>
</tr>
<tr>
<td>Duarte, M.</td>
<td>572</td>
</tr>
<tr>
<td>Ducheneault, N. B.</td>
<td>566</td>
</tr>
<tr>
<td>Duddenhoefler, Ferdinand</td>
<td>334</td>
</tr>
<tr>
<td>Dudley, B.</td>
<td>573</td>
</tr>
<tr>
<td>Duerden Comeau, T.</td>
<td>573</td>
</tr>
<tr>
<td>Dugosh, K. Leggett</td>
<td>566</td>
</tr>
<tr>
<td>Duguid, P.</td>
<td>542</td>
</tr>
<tr>
<td>Dukerich, J. M.</td>
<td>531</td>
</tr>
<tr>
<td>Duncan, R. M.</td>
<td>556</td>
</tr>
<tr>
<td>Dunckel, H.</td>
<td>565</td>
</tr>
<tr>
<td>Dunford, R.</td>
<td>580</td>
</tr>
<tr>
<td>Dunlop, P. D.</td>
<td>533</td>
</tr>
<tr>
<td>Dunphy, D.</td>
<td>562</td>
</tr>
<tr>
<td>Durham, C. C.</td>
<td>544</td>
</tr>
<tr>
<td>Durisin, B.</td>
<td>532</td>
</tr>
<tr>
<td>Durrheim, K.</td>
<td>542, 574</td>
</tr>
<tr>
<td>Dutton, J. E.</td>
<td>556, 588</td>
</tr>
<tr>
<td>Dutton, J. M.</td>
<td>573</td>
</tr>
<tr>
<td>Duxbury, L.</td>
<td>535</td>
</tr>
<tr>
<td>Dvir, T.</td>
<td>585</td>
</tr>
<tr>
<td>Dwyer, D.</td>
<td>547</td>
</tr>
<tr>
<td>Dwyer, J.</td>
<td>582</td>
</tr>
<tr>
<td>Dye, K.</td>
<td>550</td>
</tr>
<tr>
<td>Dye, R.</td>
<td>557</td>
</tr>
<tr>
<td>Name</td>
<td>Page Numbers</td>
</tr>
<tr>
<td>------</td>
<td>--------------</td>
</tr>
<tr>
<td>Dyer, B.</td>
<td>573</td>
</tr>
<tr>
<td>Dyer, W. G.</td>
<td>563</td>
</tr>
<tr>
<td>Dyke, Greg</td>
<td>458</td>
</tr>
<tr>
<td>Dzieweczynski, J. L.</td>
<td>537</td>
</tr>
<tr>
<td>Eagly, A. H.</td>
<td>543, 579</td>
</tr>
<tr>
<td>Earley, P. C.</td>
<td>538, 573</td>
</tr>
<tr>
<td>Eastman, K. K.</td>
<td>578–579</td>
</tr>
<tr>
<td>Eber, H. W.</td>
<td>63, 162</td>
</tr>
<tr>
<td>Eby, L. T.</td>
<td>537, 549, 555, 562</td>
</tr>
<tr>
<td>Eccles, J.</td>
<td>541</td>
</tr>
<tr>
<td>Eckel, N. L.</td>
<td>559</td>
</tr>
<tr>
<td>Edelson, S.</td>
<td>550</td>
</tr>
<tr>
<td>Eden, C.</td>
<td>533</td>
</tr>
<tr>
<td>Eden, D.</td>
<td>537, 541</td>
</tr>
<tr>
<td>Edison, Thomas</td>
<td>216, 218</td>
</tr>
<tr>
<td>Edmunds, A.</td>
<td>568</td>
</tr>
<tr>
<td>Edwards, C.</td>
<td>466</td>
</tr>
<tr>
<td>Edwards, J. R.</td>
<td>555, 585</td>
</tr>
<tr>
<td>Edwards, M. R.</td>
<td>538</td>
</tr>
<tr>
<td>Egan, M. L.</td>
<td>541</td>
</tr>
<tr>
<td>Egan, T. M.</td>
<td>587</td>
</tr>
<tr>
<td>Eghe, H. E.</td>
<td>539</td>
</tr>
<tr>
<td>Eggan, L.</td>
<td>537</td>
</tr>
<tr>
<td>Eggins, R. A.</td>
<td>537</td>
</tr>
<tr>
<td>Eggleton, C.</td>
<td>543</td>
</tr>
<tr>
<td>Egri, C. P.</td>
<td>579</td>
</tr>
<tr>
<td>Ehrlich, P.</td>
<td>536</td>
</tr>
<tr>
<td>Einstein, Albert</td>
<td>200</td>
</tr>
<tr>
<td>Eisenhardt, K. M.</td>
<td>565, 572, 574</td>
</tr>
<tr>
<td>Eisenstat, R. A.</td>
<td>587</td>
</tr>
<tr>
<td>Eiser, R.</td>
<td>549, 561</td>
</tr>
<tr>
<td>Ekman, P.,</td>
<td>544, 567</td>
</tr>
<tr>
<td>Elandovan, A. R.</td>
<td>575</td>
</tr>
<tr>
<td>Ellenbein, H. A.</td>
<td>545</td>
</tr>
<tr>
<td>Ellering, A.</td>
<td>586</td>
</tr>
<tr>
<td>Elias, S. M.</td>
<td>544</td>
</tr>
<tr>
<td>Ellemers, N.</td>
<td>564, 566</td>
</tr>
<tr>
<td>Eller, C.</td>
<td>531</td>
</tr>
<tr>
<td>Ellis R. E.</td>
<td>564</td>
</tr>
<tr>
<td>Ellis, Steve</td>
<td>429</td>
</tr>
<tr>
<td>Ellison, Jay</td>
<td>274</td>
</tr>
<tr>
<td>Ellison, S.</td>
<td>578</td>
</tr>
<tr>
<td>Elloy, D. F.</td>
<td>577</td>
</tr>
<tr>
<td>Elsbach, K. D.</td>
<td>584</td>
</tr>
<tr>
<td>Elly, R. J.</td>
<td>534, 560</td>
</tr>
<tr>
<td>Emans, B. J. M.</td>
<td>573</td>
</tr>
<tr>
<td>Emans, J. M.</td>
<td>562</td>
</tr>
<tr>
<td>Emden, Z.</td>
<td>543, 584</td>
</tr>
<tr>
<td>Emerson, R. M.</td>
<td>569</td>
</tr>
<tr>
<td>Emery, C. R.</td>
<td>562, 565</td>
</tr>
<tr>
<td>Enge, R. S.</td>
<td>564</td>
</tr>
<tr>
<td>Engen, M. L.</td>
<td>541</td>
</tr>
<tr>
<td>Enright, T. M.</td>
<td>587</td>
</tr>
<tr>
<td>Enge, J.</td>
<td>579</td>
</tr>
<tr>
<td>Egeth, H. E.</td>
<td>539</td>
</tr>
<tr>
<td>Eggen, D.</td>
<td>587</td>
</tr>
<tr>
<td>Eggins, R. A.</td>
<td>537</td>
</tr>
<tr>
<td>Ehrlich, P.</td>
<td>536</td>
</tr>
<tr>
<td>Einstein, Albert</td>
<td>200</td>
</tr>
<tr>
<td>Eisenhardt, K. M.</td>
<td>565, 572, 574</td>
</tr>
<tr>
<td>Eisenstat, R. A.</td>
<td>587</td>
</tr>
<tr>
<td>Eiser, R.</td>
<td>549, 561</td>
</tr>
<tr>
<td>Ekman, P.,</td>
<td>544, 567</td>
</tr>
<tr>
<td>Elandovan, A. R.</td>
<td>575</td>
</tr>
<tr>
<td>Ellenbein, H. A.</td>
<td>545</td>
</tr>
<tr>
<td>Ellering, A.</td>
<td>586</td>
</tr>
<tr>
<td>Elias, S. M.</td>
<td>544</td>
</tr>
<tr>
<td>Ellemers, N.</td>
<td>564, 566</td>
</tr>
<tr>
<td>Eller, C.</td>
<td>531</td>
</tr>
<tr>
<td>Ellis R. E.</td>
<td>564</td>
</tr>
<tr>
<td>Ellis, Steve</td>
<td>429</td>
</tr>
<tr>
<td>Ellison, Jay</td>
<td>274</td>
</tr>
<tr>
<td>Ellison, S.</td>
<td>578</td>
</tr>
<tr>
<td>Elloy, D. F.</td>
<td>577</td>
</tr>
<tr>
<td>Elsbach, K. D.</td>
<td>584</td>
</tr>
<tr>
<td>Elly, R. J.</td>
<td>534, 560</td>
</tr>
<tr>
<td>Emans, B. J. M.</td>
<td>573</td>
</tr>
<tr>
<td>Emans, J. M.</td>
<td>562</td>
</tr>
<tr>
<td>Emden, Z.</td>
<td>543, 584</td>
</tr>
<tr>
<td>Emerson, R. M.</td>
<td>569</td>
</tr>
<tr>
<td>Emery, C. R.</td>
<td>562, 565</td>
</tr>
<tr>
<td>Enge, R. S.</td>
<td>564</td>
</tr>
<tr>
<td>Engen, J.,</td>
<td>550</td>
</tr>
<tr>
<td>Engen, J. R.</td>
<td>586</td>
</tr>
<tr>
<td>Enrich, D.</td>
<td>582</td>
</tr>
<tr>
<td>Ensiari, N.</td>
<td>579</td>
</tr>
<tr>
<td>Enslein, W. M.</td>
<td>549</td>
</tr>
<tr>
<td>Ensigh, P. C.</td>
<td>581</td>
</tr>
<tr>
<td>Epitropaki, O.</td>
<td>579</td>
</tr>
<tr>
<td>Epley, N.</td>
<td>558, 566</td>
</tr>
<tr>
<td>Erez, A.</td>
<td>533</td>
</tr>
<tr>
<td>Erez, M.</td>
<td>562</td>
</tr>
<tr>
<td>Erickson, T. J.</td>
<td>563</td>
</tr>
<tr>
<td>Esser, J. K.</td>
<td>565</td>
</tr>
<tr>
<td>Esses, V. M.</td>
<td>544</td>
</tr>
<tr>
<td>Estabrooks, C. A.</td>
<td>583</td>
</tr>
<tr>
<td>Estabrooks, P. A.</td>
<td>564</td>
</tr>
<tr>
<td>Evans, G.</td>
<td>568</td>
</tr>
<tr>
<td>Evans, M. G.</td>
<td>577</td>
</tr>
<tr>
<td>Evers, A.</td>
<td>316, 537</td>
</tr>
<tr>
<td>Ezzaee, M.</td>
<td>553</td>
</tr>
<tr>
<td>Ezzeedeen, S. R.</td>
<td>546</td>
</tr>
<tr>
<td>Fabish, L.</td>
<td>539</td>
</tr>
<tr>
<td>Fabrigar, L. R.</td>
<td>543</td>
</tr>
<tr>
<td>Fackler, M.</td>
<td>559</td>
</tr>
<tr>
<td>Fairhurst, G. T.</td>
<td>578</td>
</tr>
<tr>
<td>Falbe, C. M.</td>
<td>569, 571</td>
</tr>
<tr>
<td>Falkenberg, L.</td>
<td>540</td>
</tr>
<tr>
<td>Fallow, D.</td>
<td>568</td>
</tr>
<tr>
<td>Fan, Y.</td>
<td>571</td>
</tr>
<tr>
<td>Fanelli, A.</td>
<td>578</td>
</tr>
<tr>
<td>Fanning, M. M.</td>
<td>581</td>
</tr>
<tr>
<td>Farmer, S. M.</td>
<td>572</td>
</tr>
<tr>
<td>Farrell, B.</td>
<td>539</td>
</tr>
<tr>
<td>Farrell, H. M.</td>
<td>539</td>
</tr>
<tr>
<td>Farrell, Peter</td>
<td>374</td>
</tr>
<tr>
<td>Farson, R.</td>
<td>543</td>
</tr>
<tr>
<td>Fassina, N. E.</td>
<td>585</td>
</tr>
<tr>
<td>Fawcett, A.</td>
<td>557</td>
</tr>
<tr>
<td>Fayol, Henri</td>
<td>390, 555, 580</td>
</tr>
<tr>
<td>Fazio, R. H.</td>
<td>544</td>
</tr>
<tr>
<td>Fedor, D. B.</td>
<td>586</td>
</tr>
<tr>
<td>Feeley, T. H.</td>
<td>541</td>
</tr>
<tr>
<td>Fehr, E.</td>
<td>564</td>
</tr>
<tr>
<td>Fehr, E. E.</td>
<td>550</td>
</tr>
<tr>
<td>Feinberg, J. M.</td>
<td>562</td>
</tr>
<tr>
<td>Feist, G. J.</td>
<td>560</td>
</tr>
<tr>
<td>Feldman, D. C.</td>
<td>544, 545–546, 563–564, 586</td>
</tr>
<tr>
<td>Feldman, J. M.</td>
<td>540</td>
</tr>
<tr>
<td>Feldman, M. W.</td>
<td>536</td>
</tr>
<tr>
<td>Feldman Barrett, L.</td>
<td>548</td>
</tr>
<tr>
<td>Felfe, J.</td>
<td>579</td>
</tr>
<tr>
<td>Fells, R. E.</td>
<td>574</td>
</tr>
<tr>
<td>Fend, R.</td>
<td>579</td>
</tr>
<tr>
<td>Fenton, N. E.</td>
<td>583</td>
</tr>
<tr>
<td>Fenton, T.</td>
<td>568–569</td>
</tr>
<tr>
<td>Fenton, Traci</td>
<td>213</td>
</tr>
<tr>
<td>Fenton–O’Creevy, M.</td>
<td>559–560, 581</td>
</tr>
<tr>
<td>Ferguson, M. J.</td>
<td>539, 542, 543–544</td>
</tr>
<tr>
<td>Ferguson, R. B.</td>
<td>567</td>
</tr>
<tr>
<td>Fernandes, Tony</td>
<td>303</td>
</tr>
<tr>
<td>Fernandez, J. A.</td>
<td>531</td>
</tr>
<tr>
<td>Ferrin, D. L.</td>
<td>564</td>
</tr>
<tr>
<td>Ferris, G. R.</td>
<td>571, 572</td>
</tr>
<tr>
<td>Fettig, L.,</td>
<td>544</td>
</tr>
<tr>
<td>Fetters, M. D.</td>
<td>568</td>
</tr>
<tr>
<td>Fiedler, Fred E.</td>
<td>369–370, 577</td>
</tr>
<tr>
<td>Field, R. H. G.</td>
<td>541, 557</td>
</tr>
<tr>
<td>Figart, D. M.</td>
<td>554</td>
</tr>
<tr>
<td>Filipczak, B.</td>
<td>534, 550</td>
</tr>
<tr>
<td>Finchilescu, G.</td>
<td>542</td>
</tr>
<tr>
<td>Findley, A.</td>
<td>545</td>
</tr>
<tr>
<td>Findley, Keith</td>
<td>70</td>
</tr>
<tr>
<td>Finegan, J. E.</td>
<td>547, 556</td>
</tr>
<tr>
<td>Fink, E. L.</td>
<td>574</td>
</tr>
<tr>
<td>Finkelson, S.</td>
<td>544, 558, 565</td>
</tr>
<tr>
<td>Finlay, K. A.</td>
<td>542</td>
</tr>
<tr>
<td>Finnegan, R. P.</td>
<td>549</td>
</tr>
<tr>
<td>Fischbacher, U.</td>
<td>564</td>
</tr>
<tr>
<td>Fischer, S.</td>
<td>534</td>
</tr>
<tr>
<td>Fisher, A.</td>
<td>560</td>
</tr>
<tr>
<td>Fisher, C. D.</td>
<td>543</td>
</tr>
<tr>
<td>Fisher, L. M.</td>
<td>556, 579, 582, 584</td>
</tr>
<tr>
<td>Fisher, R. J.</td>
<td>564</td>
</tr>
<tr>
<td>Fishman, C.</td>
<td>533, 561, 563, 586</td>
</tr>
<tr>
<td>Fiske, S. T.</td>
<td>540</td>
</tr>
<tr>
<td>Fitzpatrick, S.</td>
<td>553</td>
</tr>
<tr>
<td>Fizel, J.</td>
<td>553</td>
</tr>
<tr>
<td>Flavelle, D.</td>
<td>585</td>
</tr>
<tr>
<td>Fleeson, W.</td>
<td>536</td>
</tr>
<tr>
<td>Fleetwood, S.</td>
<td>533</td>
</tr>
<tr>
<td>Fleishman, E. A.</td>
<td>576–577</td>
</tr>
<tr>
<td>Fleming, Ann</td>
<td>10</td>
</tr>
<tr>
<td>Florea, N. B.</td>
<td>574</td>
</tr>
<tr>
<td>Flynn, E.</td>
<td>537, 549</td>
</tr>
<tr>
<td>Fogg, P.</td>
<td>572</td>
</tr>
<tr>
<td>Foley, Stephen R.</td>
<td>247, 540</td>
</tr>
<tr>
<td>Folloz, Mary Parker</td>
<td>5, 329, 336, 572, 573</td>
</tr>
<tr>
<td>Foo, Douglas</td>
<td>367</td>
</tr>
<tr>
<td>Ford, J. D.</td>
<td>586</td>
</tr>
<tr>
<td>Ford, L. W.</td>
<td>586</td>
</tr>
<tr>
<td>Ford, P.</td>
<td>540</td>
</tr>
<tr>
<td>Ford, R. C.</td>
<td>581</td>
</tr>
<tr>
<td>Forgas, J. P.</td>
<td>558</td>
</tr>
<tr>
<td>Forman, E.</td>
<td>544</td>
</tr>
<tr>
<td>Forrester, R.</td>
<td>556, 562</td>
</tr>
</tbody>
</table>
Forsyth, D. R., 579
Fortier, J., 539
Foster, C., 543
Foster, E. K., 569
Foust, D., 293
Fox, A., 533
Fox, C., 545
Fox, M., 547
Fragale, A. R., 567
Francesco, A. M., 547
Frank, F. D., 549
Frank, R., 583
Frankel, S., 566
Fraser, Peter [Lord Fraser of Carmyllie QC], 559
Fraser, R., 553
Frayne, C. A., 542
Fredenhall, L. D., 562, 565
Fredrickson, B. L., 548
Freeman, R. E., 533
French, J. R. P., 569
Frey, B. H., 539
Frey, B. S., 554
Frey, W., 542
Fried, Y., 555
Friedman, A. L., 533, 540
Friedman, Milton, 16
Friedman, R. A., 573
Frink, D. D., 534
Frith, C., 539
Frost, Harriet, 219
Frost, P. J., 583
Fu, H.-Y., 574
Fu, P. P., 571
Fuji, M., 568
Fulmer, I. S., 531, 536, 567
Funder, D. C., 588
Furnham, A., 536, 537, 553, 554, 583
Furukawa, M. F., 554
Fussell, S. R., 566
Fyne, Rob, 81

G
Gable, S. L., 550, 588
Gachuru, David, 137
Gaertner, L., 551
Gailliot, M. T., 566
Gaines, S. O., 540
Galbraith, J., 387
Galbraith, J. R., 580, 581, 582
Galbraith, John Kenneth, 447
Galimba, M., 556
Galinsky, A. D., 544, 569, 570
Galinsky, E., 548
Galloway, W. B., 588
Gallupe, R. B., 565, 566
Gal, V., 535
Gammage, K. L., 564
Gander, Mary, 294
Ganesan, S., 552, 563
Ganster, D. C., 544, 555
Ganzach, Y., 559, 586
Garda, G., 581
Gardner, D. G., 559
Gardner, M., 568
Gardner, R., 581
Gardner, W. L., 541, 576, 581
Garud, R., 543
Garvin, D. A., 532
Gates, D., 570
Gebauer, J. E., 538
Geis, F., 572
Geiser, S., 562, 565, 566, 582
Geisler, A. G., 546
Gellatly, I. R., 546–547
Geller, E. S., 557
Gemmell, J. M., 575
Gentner, D., 540
George, B., 541, 576
George, J., 576
George, J. M., 546, 558
Geo, M. A., 587
Gerdes, L., 159
Gerhardt, M. W., 536, 579
Gerhart, B., 531, 554, 555
Geringer, J. M., 542
Gerwin, D., 582
Gherardi, S., 542
Ghosh, D., 559
Ghosn, Carlos, 371
Giancola, F., 554
Giberson, T. R., 585
Gibson, C., 557
Gibson, C. B., 531, 538
Gibson, D., 542
Gibson, D. E., 550, 567
Gibson, F. Y., 580
Gilbert, D. T., 540
Gilder, G., 565
Gill, D., 549
Gillespie, T. L., 574
Gilmore, D., 571
Gilmour, M. F., 580
Gilylich, T., 558
Gilson, L. L., 565
Gilson, R. L., 549
Ginsberg, G., 549
Gioja, L., 531, 588
Gittell, J. H., 580
Glader, P., 554, 580
Gladstone, D., 580
Gladwell, M., 536, 539, 544
Gladen, B. G., 513
Glaser, R. E., 561
Glomb, T. M., 544
Glock, U., 584
Glycas, R., 585
Glyl, S. J., 556
Godard, J., 533, 556
Goddard, P., 556
Gogoi, P., 59
Goldberg, L. R., 63, 162
Goldberg, S. G., 586
Golden, B. R., 570
Goldstein, N. J., 569, 570
Goleman, D., 105, 543, 568, 576
Gollan, P. J., 532
Gomez-Mejia, L. R., 554
Good, D. H., 575
Goodenow, Bob, 339
Goodnight, Jim, 418
Goodstein, L. D., 587
Goodwin, G. F., 563
Goodwin, P., 559
Goodwin, V. L., 577
Goold, M., 581, 582
Gordon, G. G., 584
Gordon, J., 565
Gordon, L. A., 568
Gordon, S., 552
Gosling, J., 576
Gossend, R. H., 544
Goudrea, J., 124
Gough, H. C., 63, 162
Gough, H. G., 230
Gould, J., 243
Gouldner, A. W., 571
Grafc, C. L., 577
Grandey, A. A., 544, 546
Granka, L., 566
Grant, A. M., 562
Graton, L., 563
Gravett, Linda, 326, 572
Gray, M., 470
Grayson, K., 567
Green, H., 567
Green, I., 532
Green, S. G., 577
Green, W., 541
Greenaway, N., 569
Greenberg, J., 552, 553
<table>
<thead>
<tr>
<th>Name</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greenblatt, E. D. Y.</td>
<td>534</td>
</tr>
<tr>
<td>Greenburg, L.</td>
<td>547</td>
</tr>
<tr>
<td>Greene, J.</td>
<td>190, 573</td>
</tr>
<tr>
<td>Greengard, S.</td>
<td>539, 584</td>
</tr>
<tr>
<td>Greenhouse, S.</td>
<td>553</td>
</tr>
<tr>
<td>Greenwald, A. G.</td>
<td>541</td>
</tr>
<tr>
<td>Greenwald, J.</td>
<td>580</td>
</tr>
<tr>
<td>Greenwood, R.</td>
<td>580</td>
</tr>
<tr>
<td>Gregg, A. P.</td>
<td>537</td>
</tr>
<tr>
<td>Greguras, G. J.</td>
<td>546</td>
</tr>
<tr>
<td>Greiner, L. E.</td>
<td>531</td>
</tr>
<tr>
<td>Greitemeyer, T.</td>
<td>572</td>
</tr>
<tr>
<td>Gresham, L.</td>
<td>549</td>
</tr>
<tr>
<td>Griffin, D.</td>
<td>558</td>
</tr>
<tr>
<td>Griffin, M.</td>
<td>568</td>
</tr>
<tr>
<td>Griffin, M. A.</td>
<td>534, 535, 578</td>
</tr>
<tr>
<td>Griffin, R. W.</td>
<td>548, 556</td>
</tr>
<tr>
<td>Griffiths, K.</td>
<td>567</td>
</tr>
<tr>
<td>Griswold, M.</td>
<td>534</td>
</tr>
<tr>
<td>Griswold, W.</td>
<td>584</td>
</tr>
<tr>
<td>Gross, R. L.</td>
<td>541</td>
</tr>
<tr>
<td>Grossi, David</td>
<td>70</td>
</tr>
<tr>
<td>Grossman, L.</td>
<td>587</td>
</tr>
<tr>
<td>Grove, A.</td>
<td>573</td>
</tr>
<tr>
<td>Grove, Andy</td>
<td>331</td>
</tr>
<tr>
<td>Grow, B.</td>
<td>586</td>
</tr>
<tr>
<td>Gruber, J.</td>
<td>562</td>
</tr>
<tr>
<td>Gruenfeld, D. H.</td>
<td>570</td>
</tr>
<tr>
<td>Guenzl, P.</td>
<td>546</td>
</tr>
<tr>
<td>Guest, D.</td>
<td>554–555</td>
</tr>
<tr>
<td>Guest, R. H.</td>
<td>555</td>
</tr>
<tr>
<td>Guetzkow, H.</td>
<td>572</td>
</tr>
<tr>
<td>Guillén, M. F.</td>
<td>534</td>
</tr>
<tr>
<td>Guinn, J. S.</td>
<td>537</td>
</tr>
<tr>
<td>Gulati, R.</td>
<td>569, 580</td>
</tr>
<tr>
<td>Gulley, S. M., 537, 562-563</td>
<td></td>
</tr>
<tr>
<td>Gumbel, P.</td>
<td>540</td>
</tr>
<tr>
<td>Gunter, B.</td>
<td>583</td>
</tr>
<tr>
<td>Gushin, Vadim</td>
<td>470</td>
</tr>
<tr>
<td>Gustafson, D. H.</td>
<td>566</td>
</tr>
<tr>
<td>Gutwin, C.</td>
<td>532</td>
</tr>
<tr>
<td>Guzzo, R. A.</td>
<td>561, 562</td>
</tr>
<tr>
<td>Gyr, J.</td>
<td>572</td>
</tr>
<tr>
<td>Haas, C.</td>
<td>573</td>
</tr>
<tr>
<td>Hacker, M. E.</td>
<td>562</td>
</tr>
<tr>
<td>Hackett, R. D.</td>
<td>533, 546</td>
</tr>
<tr>
<td>Hacki, R.</td>
<td>582</td>
</tr>
<tr>
<td>Hackman, J. R.</td>
<td>189, 192, 555, 556, 562, 563, 570, 586</td>
</tr>
<tr>
<td>Hadley, L.</td>
<td>553</td>
</tr>
<tr>
<td>Hagel, J.</td>
<td>III, 582</td>
</tr>
<tr>
<td>Haguey, R.</td>
<td>553</td>
</tr>
<tr>
<td>Haidt, J.</td>
<td>550, 588</td>
</tr>
<tr>
<td>Haka, S.</td>
<td>568</td>
</tr>
<tr>
<td>Hallbeslen, J. R. B.</td>
<td>548</td>
</tr>
<tr>
<td>Hall, A.</td>
<td>264</td>
</tr>
<tr>
<td>Hall, C.</td>
<td>585</td>
</tr>
<tr>
<td>Hall, D. T.</td>
<td>550</td>
</tr>
<tr>
<td>Hall, J.</td>
<td>542</td>
</tr>
<tr>
<td>Hall, R. H.</td>
<td>531</td>
</tr>
<tr>
<td>Hall, R. J.</td>
<td>576, 579</td>
</tr>
<tr>
<td>Hall, W. A.</td>
<td>513</td>
</tr>
<tr>
<td>Hambrick, D. C.</td>
<td>537, 570</td>
</tr>
<tr>
<td>Hame, G.</td>
<td>554, 576</td>
</tr>
<tr>
<td>Hamilton, Chuck</td>
<td>268</td>
</tr>
<tr>
<td>Hamilton, K. L.</td>
<td>573</td>
</tr>
<tr>
<td>Hamilton, Michael</td>
<td>55</td>
</tr>
<tr>
<td>Hamilton, R. A.</td>
<td>557</td>
</tr>
<tr>
<td>Hamilton, T.</td>
<td>585</td>
</tr>
<tr>
<td>Hamm, S.</td>
<td>566</td>
</tr>
<tr>
<td>Hammarström, O.</td>
<td>553</td>
</tr>
<tr>
<td>Hammer, W. C.</td>
<td>555</td>
</tr>
<tr>
<td>Hampden-Turner, C.</td>
<td>544</td>
</tr>
<tr>
<td>Hanacek, A.</td>
<td>587</td>
</tr>
<tr>
<td>Hance, Steve</td>
<td>120</td>
</tr>
<tr>
<td>Haner, U.-E.</td>
<td>560</td>
</tr>
<tr>
<td>Hanna, R.</td>
<td>557</td>
</tr>
<tr>
<td>Hannah, D. R.</td>
<td>586</td>
</tr>
<tr>
<td>Hansen, M. T.</td>
<td>561, 566</td>
</tr>
<tr>
<td>Hanson, J. R.</td>
<td>569, 570</td>
</tr>
<tr>
<td>Hanuta, D. A.</td>
<td>566</td>
</tr>
<tr>
<td>Hara, N.</td>
<td>566</td>
</tr>
<tr>
<td>Haratani, T.</td>
<td>547</td>
</tr>
<tr>
<td>Hardin, C. D.</td>
<td>542</td>
</tr>
<tr>
<td>Harding, Jack, 183-184</td>
<td></td>
</tr>
<tr>
<td>Hardy, C.</td>
<td>569, 571</td>
</tr>
<tr>
<td>Hardy, J.,</td>
<td>557</td>
</tr>
<tr>
<td>Hare, A. P.</td>
<td>563</td>
</tr>
<tr>
<td>Hargadon, Andrew</td>
<td>513, 561, 565-566</td>
</tr>
<tr>
<td>Harley, B.</td>
<td>533</td>
</tr>
<tr>
<td>Harnischfeger, U., 555</td>
<td></td>
</tr>
<tr>
<td>Harpaz, I., 548</td>
<td></td>
</tr>
<tr>
<td>Harrington, S. D., 570</td>
<td></td>
</tr>
<tr>
<td>Harris, J.</td>
<td>555</td>
</tr>
<tr>
<td>Harris, J. G.</td>
<td>581</td>
</tr>
<tr>
<td>Harris, L. C.</td>
<td>583</td>
</tr>
<tr>
<td>Harris, P.</td>
<td>568</td>
</tr>
<tr>
<td>Harris, S. G.</td>
<td>584</td>
</tr>
<tr>
<td>Harrison, D. A., 534, 545, 546</td>
<td></td>
</tr>
<tr>
<td>Harrison, J. S., 533</td>
<td></td>
</tr>
<tr>
<td>Hart, C. M.</td>
<td>561</td>
</tr>
<tr>
<td>Hart, S.</td>
<td>533</td>
</tr>
<tr>
<td>Härter, C. E., J., 543, 550, 557, 563</td>
<td></td>
</tr>
<tr>
<td>Harter, L. M., 549</td>
<td></td>
</tr>
<tr>
<td>Hartwick, J., 573</td>
<td></td>
</tr>
<tr>
<td>Harvey, Cheryl</td>
<td>412</td>
</tr>
<tr>
<td>Hashimoto, K., 570</td>
<td></td>
</tr>
<tr>
<td>Haslam, S. A., 534, 537, 540, 566</td>
<td></td>
</tr>
<tr>
<td>Hassan, Arif</td>
<td>488</td>
</tr>
<tr>
<td>Hassard, J., 580</td>
<td></td>
</tr>
<tr>
<td>Hatch, S., 566</td>
<td></td>
</tr>
<tr>
<td>Hatfield, E., 567</td>
<td></td>
</tr>
<tr>
<td>Hattrup, K., 537</td>
<td></td>
</tr>
<tr>
<td>Haukelid, K., 583</td>
<td></td>
</tr>
<tr>
<td>Hausdorf, P. A., 546</td>
<td></td>
</tr>
<tr>
<td>Haukelid, O., 560</td>
<td></td>
</tr>
<tr>
<td>Healy, P.</td>
<td>537</td>
</tr>
<tr>
<td>Heath, C., 535</td>
<td></td>
</tr>
<tr>
<td>Hechter, D., 561</td>
<td></td>
</tr>
<tr>
<td>Hecht, T. D., 562</td>
<td></td>
</tr>
<tr>
<td>Hedlund, J., 570</td>
<td></td>
</tr>
<tr>
<td>Heffernan, M., 585</td>
<td></td>
</tr>
<tr>
<td>Heffner, T. S., 547</td>
<td></td>
</tr>
<tr>
<td>Heilbrun, A. B., Jr., 230</td>
<td></td>
</tr>
<tr>
<td>Heilman, M. E., 579</td>
<td></td>
</tr>
<tr>
<td>Heinsman, H., 535</td>
<td></td>
</tr>
<tr>
<td>Helfrich, C., 583</td>
<td></td>
</tr>
<tr>
<td>Helft, M., 557</td>
<td></td>
</tr>
<tr>
<td>Helms Mills, J. C., 584</td>
<td></td>
</tr>
<tr>
<td>Hemphill, T. A., 533</td>
<td></td>
</tr>
<tr>
<td>Hemsley, S., 561</td>
<td></td>
</tr>
<tr>
<td>Henderson, D. R., 586</td>
<td></td>
</tr>
<tr>
<td>Hendrix, Diana, 347</td>
<td></td>
</tr>
<tr>
<td>Hendry, C., 547</td>
<td></td>
</tr>
<tr>
<td>Hendry, D., 552</td>
<td></td>
</tr>
<tr>
<td>Hendry, D., 552</td>
<td></td>
</tr>
<tr>
<td>Henning, R. A., 556</td>
<td></td>
</tr>
<tr>
<td>Henningsen, D. D., 565</td>
<td></td>
</tr>
<tr>
<td>Henry, P. J., 542</td>
<td></td>
</tr>
<tr>
<td>Herman, S., 579</td>
<td></td>
</tr>
<tr>
<td>Herold, D. M., 586</td>
<td></td>
</tr>
<tr>
<td>Heron, J., 587</td>
<td></td>
</tr>
<tr>
<td>Heron, W., 551</td>
<td></td>
</tr>
<tr>
<td>Hersey, Paul, 369, 577</td>
<td></td>
</tr>
<tr>
<td>Herschovis, M. S., 548</td>
<td></td>
</tr>
<tr>
<td>Hertel, G., 562, 565, 566, 582</td>
<td></td>
</tr>
<tr>
<td>Herting, A., 556</td>
<td></td>
</tr>
<tr>
<td>Hertzfeld, Andy, 312</td>
<td></td>
</tr>
<tr>
<td>Herzberg, Frederick, 177, 555</td>
<td></td>
</tr>
<tr>
<td>Hesketh, A., 533</td>
<td></td>
</tr>
<tr>
<td>Heskett, J. L., 546, 584</td>
<td></td>
</tr>
<tr>
<td>Heslin, P. A., 552</td>
<td></td>
</tr>
<tr>
<td>Hettema, J., 536</td>
<td></td>
</tr>
</tbody>
</table>
Name Index

<table>
<thead>
<tr>
<th>Name</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hewes, C.</td>
<td>558</td>
</tr>
<tr>
<td>Hewstone, M.</td>
<td>540, 573</td>
</tr>
<tr>
<td>Heymann, J.</td>
<td>549</td>
</tr>
<tr>
<td>Heywood, Mark</td>
<td>288</td>
</tr>
<tr>
<td>Hiam, A.</td>
<td>561</td>
</tr>
<tr>
<td>Hibbard, J. D.</td>
<td>546</td>
</tr>
<tr>
<td>Hickman, J. S.</td>
<td>557</td>
</tr>
<tr>
<td>Hickson, D. J.</td>
<td>570</td>
</tr>
<tr>
<td>Higgins, C.</td>
<td>535</td>
</tr>
<tr>
<td>Higgins, C. A.</td>
<td>571</td>
</tr>
<tr>
<td>Higgins, J. M.</td>
<td>585</td>
</tr>
<tr>
<td>Hill, S. Jr.</td>
<td>578</td>
</tr>
<tr>
<td>Hiller, N. J.</td>
<td>537</td>
</tr>
<tr>
<td>Hills, G.</td>
<td>539</td>
</tr>
<tr>
<td>Hilton, T. F.</td>
<td>571</td>
</tr>
<tr>
<td>Hiltzik, M.</td>
<td>571</td>
</tr>
<tr>
<td>Hilzenrath, D. S.</td>
<td>319</td>
</tr>
<tr>
<td>Hinds, P.</td>
<td>565, 573</td>
</tr>
<tr>
<td>Himings, C. R.</td>
<td>570, 580, 582</td>
</tr>
<tr>
<td>Hinkin, T. R.</td>
<td>324, 542</td>
</tr>
<tr>
<td>Hirschman, A. O.</td>
<td>546</td>
</tr>
<tr>
<td>Hirsh, L.</td>
<td>562</td>
</tr>
<tr>
<td>Hitlin, S.</td>
<td>533, 538, 550, 551, 582</td>
</tr>
<tr>
<td>Hitt, M.</td>
<td>581</td>
</tr>
<tr>
<td>Ho, D.</td>
<td>584</td>
</tr>
<tr>
<td>Ho, Elizabeth</td>
<td>188</td>
</tr>
<tr>
<td>Hochwarter, W. A.</td>
<td>571</td>
</tr>
<tr>
<td>Hock, M.</td>
<td>557</td>
</tr>
<tr>
<td>Hoe, S. L.</td>
<td>578</td>
</tr>
<tr>
<td>Hoffmann, E. A.</td>
<td>546</td>
</tr>
<tr>
<td>Hofling, C. K.</td>
<td>569</td>
</tr>
<tr>
<td>Hofmann, W.</td>
<td>541</td>
</tr>
<tr>
<td>Holdeste, G.</td>
<td>51, 538, 583</td>
</tr>
<tr>
<td>Hogan, D. E.</td>
<td>541</td>
</tr>
<tr>
<td>Hogan, J.</td>
<td>536</td>
</tr>
<tr>
<td>Hogan, R.</td>
<td>63, 162, 537</td>
</tr>
<tr>
<td>Hogg, M. A.</td>
<td>537, 540, 561, 571</td>
</tr>
<tr>
<td>Hohmann, G.</td>
<td>556</td>
</tr>
<tr>
<td>Holahan, C.</td>
<td>581</td>
</tr>
<tr>
<td>Holahan, P. J.</td>
<td>559, 572</td>
</tr>
<tr>
<td>Holden, L.</td>
<td>570</td>
</tr>
<tr>
<td>Holecek, A.</td>
<td>555</td>
</tr>
<tr>
<td>Holland, B.</td>
<td>536</td>
</tr>
<tr>
<td>Holland, R. W.</td>
<td>538, 551</td>
</tr>
<tr>
<td>Holliday, K. K.</td>
<td>539</td>
</tr>
<tr>
<td>Hollman, L.</td>
<td>552</td>
</tr>
<tr>
<td>Holmes, Deborah K.</td>
<td>66</td>
</tr>
<tr>
<td>Holmes, Josh</td>
<td>114</td>
</tr>
<tr>
<td>Holt, J. L.</td>
<td>574</td>
</tr>
<tr>
<td>Holtom, B. C.</td>
<td>546</td>
</tr>
<tr>
<td>Homan, A. C.</td>
<td>534, 563, 564</td>
</tr>
<tr>
<td>Homburg, C.</td>
<td>581</td>
</tr>
<tr>
<td>Hong, Koh Ching</td>
<td>118</td>
</tr>
<tr>
<td>Hook, C. S.</td>
<td>587</td>
</tr>
<tr>
<td>Hook, J.</td>
<td>549</td>
</tr>
<tr>
<td>Hoops, Jeffrey</td>
<td>55</td>
</tr>
<tr>
<td>Hoover, N. J.</td>
<td>567</td>
</tr>
<tr>
<td>Hope, J.</td>
<td>553</td>
</tr>
<tr>
<td>Hoque, M.</td>
<td>580</td>
</tr>
<tr>
<td>Horn, E.</td>
<td>567</td>
</tr>
<tr>
<td>Hornak, K.</td>
<td>538</td>
</tr>
<tr>
<td>Horvitz, T.</td>
<td>564</td>
</tr>
<tr>
<td>Horwitt, E.</td>
<td>574</td>
</tr>
<tr>
<td>Hosford, C.</td>
<td>555, 576</td>
</tr>
<tr>
<td>Hotchkiss, Harley</td>
<td>339</td>
</tr>
<tr>
<td>Houghton, J. D.</td>
<td>556, 557, 560, 577</td>
</tr>
<tr>
<td>Houlde, V.</td>
<td>582</td>
</tr>
<tr>
<td>House, Robert J.</td>
<td>536, 534, 572, 575, 576, 577, 578, 579, 585</td>
</tr>
<tr>
<td>Howard, A.</td>
<td>557</td>
</tr>
<tr>
<td>Howe, N.</td>
<td>534</td>
</tr>
<tr>
<td>Howell, D.</td>
<td>586</td>
</tr>
<tr>
<td>Howell, J. M.</td>
<td>561</td>
</tr>
<tr>
<td>Hoyer, M.</td>
<td>536</td>
</tr>
<tr>
<td>Hrycaiko, D. W.</td>
<td>557</td>
</tr>
<tr>
<td>Hsieh, Y.-M.</td>
<td>580</td>
</tr>
<tr>
<td>Hu, C.</td>
<td>585</td>
</tr>
<tr>
<td>Huang, J.-W.</td>
<td>581</td>
</tr>
<tr>
<td>Huang, Y. M.</td>
<td>546</td>
</tr>
<tr>
<td>Huber, G.</td>
<td>532</td>
</tr>
<tr>
<td>Huber, V. L.</td>
<td>542</td>
</tr>
<tr>
<td>Huberman, G.</td>
<td>558</td>
</tr>
<tr>
<td>Huettel, S.</td>
<td>585</td>
</tr>
<tr>
<td>Hughes, Ian</td>
<td>271</td>
</tr>
<tr>
<td>Humphrey, R. H.</td>
<td>544</td>
</tr>
<tr>
<td>Hunger, J. D.</td>
<td>574</td>
</tr>
<tr>
<td>Hummcutt, B. K.</td>
<td>548</td>
</tr>
<tr>
<td>Hunt, J. G.</td>
<td>577</td>
</tr>
<tr>
<td>Hunt, S. D.</td>
<td>539</td>
</tr>
<tr>
<td>Hunter, J. E.</td>
<td>551</td>
</tr>
<tr>
<td>Hunter, L. W.</td>
<td>547</td>
</tr>
<tr>
<td>Huo, Y. J.</td>
<td>569</td>
</tr>
<tr>
<td>Hurd, Mark</td>
<td>392, 403</td>
</tr>
<tr>
<td>Hurst, C.</td>
<td>537</td>
</tr>
<tr>
<td>Huselid, M. A.</td>
<td>532</td>
</tr>
<tr>
<td>Huscaco, G. E.</td>
<td>563</td>
</tr>
<tr>
<td>Hutton, R.</td>
<td>573</td>
</tr>
<tr>
<td>Huxham, C.</td>
<td>587</td>
</tr>
<tr>
<td>Huy, Q. N.</td>
<td>580</td>
</tr>
<tr>
<td>Hyde, C. M.</td>
<td>546</td>
</tr>
<tr>
<td>Hyde, M.</td>
<td>575</td>
</tr>
<tr>
<td>Hymowitz, C.</td>
<td>534</td>
</tr>
<tr>
<td>Hyten, C.</td>
<td>564</td>
</tr>
<tr>
<td>Igbaria, M.</td>
<td>535</td>
</tr>
<tr>
<td>Iger, Robert</td>
<td>2</td>
</tr>
<tr>
<td>Ignatius, A.</td>
<td>532</td>
</tr>
<tr>
<td>Ilgen, D. R.</td>
<td>564</td>
</tr>
<tr>
<td>Ilies, R.</td>
<td>536, 576, 577, 579</td>
</tr>
<tr>
<td>Illegems, V.</td>
<td>535</td>
</tr>
<tr>
<td>Indvik, J.</td>
<td>577</td>
</tr>
<tr>
<td>Inglis, S.</td>
<td>583</td>
</tr>
<tr>
<td>Ingram, Harry</td>
<td>80</td>
</tr>
<tr>
<td>Inkson, K.</td>
<td>568</td>
</tr>
<tr>
<td>Intaglia, J.</td>
<td>576</td>
</tr>
<tr>
<td>Irmer, B. E.</td>
<td>565</td>
</tr>
<tr>
<td>Irving, P. G.</td>
<td>544, 575</td>
</tr>
<tr>
<td>Isaac, R. G.</td>
<td>575, 577</td>
</tr>
<tr>
<td>Ishiwatari, Mina</td>
<td>446</td>
</tr>
<tr>
<td>Itakura, H.</td>
<td>568</td>
</tr>
<tr>
<td>Ivancevich, J. M.</td>
<td>547</td>
</tr>
<tr>
<td>Ivecic, Z.</td>
<td>545</td>
</tr>
<tr>
<td>Ive, Jonathon</td>
<td>221</td>
</tr>
<tr>
<td>Iverson, Ken</td>
<td>391</td>
</tr>
<tr>
<td>Ivry, B.</td>
<td>570</td>
</tr>
<tr>
<td>Iyengar, S. S.</td>
<td>558</td>
</tr>
<tr>
<td>Iyer, B.</td>
<td>557</td>
</tr>
<tr>
<td>Jackson, J. W.</td>
<td>540</td>
</tr>
<tr>
<td>Jackson, M.</td>
<td>539, 567</td>
</tr>
<tr>
<td>Jacob, N.</td>
<td>538</td>
</tr>
<tr>
<td>Jacobs, R.</td>
<td>576</td>
</tr>
<tr>
<td>Jacobson, D.</td>
<td>561</td>
</tr>
<tr>
<td>Jago, A. G.</td>
<td>224, 560, 565</td>
</tr>
<tr>
<td>Jako, R. A.</td>
<td>541</td>
</tr>
<tr>
<td>Jakobson, L.</td>
<td>550</td>
</tr>
<tr>
<td>Jamal, M.</td>
<td>547–548</td>
</tr>
<tr>
<td>James, A.</td>
<td>570</td>
</tr>
<tr>
<td>James, T. A.</td>
<td>560</td>
</tr>
<tr>
<td>Jamrogi, J.</td>
<td>532</td>
</tr>
<tr>
<td>Jang, K. L.</td>
<td>536</td>
</tr>
<tr>
<td>Janis, I. L.</td>
<td>557, 565</td>
</tr>
<tr>
<td>Janoff, S.</td>
<td>588</td>
</tr>
<tr>
<td>Janssen, O.</td>
<td>562</td>
</tr>
<tr>
<td>Jarvenpaa, S. L.</td>
<td>564</td>
</tr>
<tr>
<td>Jasper, J. D.</td>
<td>558</td>
</tr>
<tr>
<td>Javidan, M. M.</td>
<td>534, 575, 579, 585</td>
</tr>
<tr>
<td>Jefferson, S.</td>
<td>557–558</td>
</tr>
<tr>
<td>Jeffrey, S. A.</td>
<td>560</td>
</tr>
<tr>
<td>Jehr, K. A.</td>
<td>564, 572, 573</td>
</tr>
<tr>
<td>Jenkins, R.</td>
<td>547</td>
</tr>
<tr>
<td>Jensen, M. A. C.</td>
<td>563</td>
</tr>
<tr>
<td>Jensen, O.</td>
<td>581</td>
</tr>
<tr>
<td>Jesuino, J. C.</td>
<td>579</td>
</tr>
<tr>
<td>Jetten, J.</td>
<td>540, 573</td>
</tr>
<tr>
<td>Jex, S. M.</td>
<td>556</td>
</tr>
<tr>
<td>Jiang, W.</td>
<td>558</td>
</tr>
<tr>
<td>Jimenez-Jimenez, D.</td>
<td>532, 543</td>
</tr>
<tr>
<td>Jinkerson, D. L.</td>
<td>557</td>
</tr>
<tr>
<td>Jobs, Steven</td>
<td>5, 312, 451</td>
</tr>
<tr>
<td>Name</td>
<td>Page Numbers</td>
</tr>
<tr>
<td>-------------------------------------------</td>
<td>--------------</td>
</tr>
<tr>
<td>Johannesen-Schmidt, M. C.</td>
<td>579</td>
</tr>
<tr>
<td>Johannessen, J. A.</td>
<td>532</td>
</tr>
<tr>
<td>Johannson, J.-E.</td>
<td>580</td>
</tr>
<tr>
<td>John, O. P.</td>
<td>536</td>
</tr>
<tr>
<td>John, M.</td>
<td>533</td>
</tr>
<tr>
<td>John, G.</td>
<td>535</td>
</tr>
<tr>
<td>Johnson, C.</td>
<td>565</td>
</tr>
<tr>
<td>Johnson, D.</td>
<td>528, 568</td>
</tr>
<tr>
<td>Johnson, D. E.</td>
<td>533</td>
</tr>
<tr>
<td>Johnson, D. W.</td>
<td>573</td>
</tr>
<tr>
<td>Johnson, E. C.</td>
<td>585</td>
</tr>
<tr>
<td>Johnson, F.</td>
<td>228</td>
</tr>
<tr>
<td>Johnson, J. A.</td>
<td>63, 162</td>
</tr>
<tr>
<td>Johnson, M. J.</td>
<td>549</td>
</tr>
<tr>
<td>Johnson, R.</td>
<td>545</td>
</tr>
<tr>
<td>Johnson, R. E.</td>
<td>537</td>
</tr>
<tr>
<td>Johnson, S. K.</td>
<td>567</td>
</tr>
<tr>
<td>Johnson, W. L.</td>
<td>536</td>
</tr>
<tr>
<td>Johnson-Cramer, M.</td>
<td>566</td>
</tr>
<tr>
<td>Johnson-Laird, P. N.</td>
<td>540</td>
</tr>
<tr>
<td>Joiner, T. A.</td>
<td>538</td>
</tr>
<tr>
<td>Joll, M.</td>
<td>570</td>
</tr>
<tr>
<td>Jones, B. F.</td>
<td>561</td>
</tr>
<tr>
<td>Jones, D.</td>
<td>576</td>
</tr>
<tr>
<td>Jones, D. A.</td>
<td>553</td>
</tr>
<tr>
<td>Jones, D. T.</td>
<td>532</td>
</tr>
<tr>
<td>Jones, Glyn</td>
<td>479</td>
</tr>
<tr>
<td>Jones, M. O.</td>
<td>583</td>
</tr>
<tr>
<td>Jones, T. J.</td>
<td>54, 539</td>
</tr>
<tr>
<td>Jonsson, P.</td>
<td>567</td>
</tr>
<tr>
<td>Joseph, J.</td>
<td>536</td>
</tr>
<tr>
<td>Jovic, E.</td>
<td>573</td>
</tr>
<tr>
<td>Joyce, A.</td>
<td>536</td>
</tr>
<tr>
<td>Judge, T. A.</td>
<td>536</td>
</tr>
<tr>
<td>Jung, Carl G.</td>
<td>41–42, 536</td>
</tr>
<tr>
<td>Jurado, M.</td>
<td>536</td>
</tr>
<tr>
<td>Jussim, L.</td>
<td>541</td>
</tr>
<tr>
<td>Justin, J. E.</td>
<td>577</td>
</tr>
<tr>
<td><strong>K</strong></td>
<td></td>
</tr>
<tr>
<td>Kabanoff, B.</td>
<td>582, 584</td>
</tr>
<tr>
<td>Kacmar, K. M.</td>
<td>571</td>
</tr>
<tr>
<td>Kadlec, Dan</td>
<td>326, 572</td>
</tr>
<tr>
<td>Kadue, D. D.</td>
<td>548</td>
</tr>
<tr>
<td>Kahn, R. L.</td>
<td>531</td>
</tr>
<tr>
<td>Kahneman, Daniel</td>
<td>205, 558</td>
</tr>
<tr>
<td>Kahwajy, J. L.</td>
<td>565, 572, 574</td>
</tr>
<tr>
<td>Kallith, T. J.</td>
<td>547</td>
</tr>
<tr>
<td>Kammeyer-Mueller, J. D.</td>
<td>586</td>
</tr>
<tr>
<td>Kane, K. F.</td>
<td>535</td>
</tr>
<tr>
<td>Kanfer, R.</td>
<td>543</td>
</tr>
<tr>
<td>Kang, J.</td>
<td>539</td>
</tr>
<tr>
<td>Kanigel, R.</td>
<td>531, 555</td>
</tr>
<tr>
<td>Kanter, R. M.</td>
<td>570</td>
</tr>
<tr>
<td>Kanungo, R. N.</td>
<td>538, 576</td>
</tr>
<tr>
<td>Kaplan, D.</td>
<td>570</td>
</tr>
<tr>
<td>Karambaya, R.</td>
<td>575</td>
</tr>
<tr>
<td>Karasek, R.</td>
<td>548</td>
</tr>
<tr>
<td>Karau, S. J.</td>
<td>562, 579</td>
</tr>
<tr>
<td>Karena, C.</td>
<td>567</td>
</tr>
<tr>
<td>Karraker, K.</td>
<td>536</td>
</tr>
<tr>
<td>Kasell, Brad</td>
<td>276</td>
</tr>
<tr>
<td>Kassam, A. F.</td>
<td>588</td>
</tr>
<tr>
<td>Kast, F. E.</td>
<td>531</td>
</tr>
<tr>
<td>Katz, D.</td>
<td>531</td>
</tr>
<tr>
<td>Katzenbach, J. R.</td>
<td>563</td>
</tr>
<tr>
<td>Katzenbach, Nicholas deB.</td>
<td>319</td>
</tr>
<tr>
<td>Kavajecz, Kurt</td>
<td>450</td>
</tr>
<tr>
<td>Kawakami, K.</td>
<td>540</td>
</tr>
<tr>
<td>Kay, I. T.</td>
<td>531, 554</td>
</tr>
<tr>
<td>Kayworth, T.</td>
<td>583</td>
</tr>
<tr>
<td>Kazi, Sumaya</td>
<td>255</td>
</tr>
<tr>
<td>Keenen, J. P.</td>
<td>548</td>
</tr>
<tr>
<td>Keil, M.</td>
<td>559</td>
</tr>
<tr>
<td>Keil, R. M. K.</td>
<td>547</td>
</tr>
<tr>
<td>Keis, K.</td>
<td>545</td>
</tr>
<tr>
<td>Kelleher, Herb</td>
<td>371, 423</td>
</tr>
<tr>
<td>Keller, M.</td>
<td>555</td>
</tr>
<tr>
<td>Keller, R. T.</td>
<td>577</td>
</tr>
<tr>
<td>Keller, T.</td>
<td>579</td>
</tr>
<tr>
<td>Kelley, A. E.</td>
<td>550</td>
</tr>
<tr>
<td>Kelley, H. H.</td>
<td>540</td>
</tr>
<tr>
<td>Kelley, J. G.</td>
<td>581</td>
</tr>
<tr>
<td>Kelley, J. R.</td>
<td>561</td>
</tr>
<tr>
<td>Kelley, T.</td>
<td>561, 566</td>
</tr>
<tr>
<td>Kelway, E. K.</td>
<td>578</td>
</tr>
<tr>
<td>Kelly, Gary</td>
<td>505</td>
</tr>
<tr>
<td>Kelly, J. R.</td>
<td>567</td>
</tr>
<tr>
<td>Kelly, Paul</td>
<td>339</td>
</tr>
<tr>
<td>Keltner, D.</td>
<td>570</td>
</tr>
<tr>
<td>Kemmelmeyer, M.</td>
<td>51, 538</td>
</tr>
<tr>
<td>Kemmerer, B.</td>
<td>544</td>
</tr>
<tr>
<td>Kemp, C.</td>
<td>576</td>
</tr>
<tr>
<td>Kennedy, A. A.</td>
<td>584</td>
</tr>
<tr>
<td>Kennedy, D. A.</td>
<td>536</td>
</tr>
<tr>
<td>Kennedy, E.</td>
<td>559</td>
</tr>
<tr>
<td>Kennedy, F. A.</td>
<td>532</td>
</tr>
<tr>
<td>Kennedy, J. K.</td>
<td>579</td>
</tr>
<tr>
<td>Kennedy, R. B.</td>
<td>536</td>
</tr>
<tr>
<td>Kenny, D. A.</td>
<td>542</td>
</tr>
<tr>
<td>Keown-Gerrard, J. L.</td>
<td>549</td>
</tr>
<tr>
<td>Kerlinger, F. N.</td>
<td>513</td>
</tr>
<tr>
<td>Kerr, J.</td>
<td>585</td>
</tr>
<tr>
<td>Kerr, N. L.</td>
<td>562</td>
</tr>
<tr>
<td>Kerr, S.</td>
<td>555, 576, 577</td>
</tr>
<tr>
<td>Kessler, M.</td>
<td>582</td>
</tr>
<tr>
<td>Kessler, R. C.</td>
<td>547</td>
</tr>
<tr>
<td>Ketcham, J. D.</td>
<td>554</td>
</tr>
<tr>
<td>Keyes, R.</td>
<td>543</td>
</tr>
<tr>
<td>Khanna, V.</td>
<td>557</td>
</tr>
<tr>
<td>Khurana, Rakesh</td>
<td>505, 578</td>
</tr>
<tr>
<td>Kiger, P. J.</td>
<td>576</td>
</tr>
<tr>
<td>Kilduff, M.</td>
<td>570</td>
</tr>
<tr>
<td>Kiley, D.</td>
<td>352</td>
</tr>
<tr>
<td>Kilmann, R. H.</td>
<td>582</td>
</tr>
<tr>
<td>Kim, M. U.</td>
<td>565</td>
</tr>
<tr>
<td>Kim, N. H.</td>
<td>575</td>
</tr>
<tr>
<td>Kimball-Stanley, A.</td>
<td>561</td>
</tr>
<tr>
<td>Kincade, D. H.</td>
<td>580</td>
</tr>
<tr>
<td>King, C. L.</td>
<td>567</td>
</tr>
<tr>
<td>King, N.</td>
<td>555</td>
</tr>
<tr>
<td>King, R.</td>
<td>28</td>
</tr>
<tr>
<td>King, R. C.</td>
<td>567</td>
</tr>
<tr>
<td>Kipnis, D.</td>
<td>570</td>
</tr>
<tr>
<td>Kirkcaldy, B. D.</td>
<td>554</td>
</tr>
<tr>
<td>Kirkpatrick, D.</td>
<td>566</td>
</tr>
<tr>
<td>Kirkpatrick, S. A.</td>
<td>576, 578</td>
</tr>
<tr>
<td>Kirsch, D. A.</td>
<td>581</td>
</tr>
<tr>
<td>Kirsch, I.</td>
<td>542</td>
</tr>
<tr>
<td>Kivimaki, M.</td>
<td>547</td>
</tr>
<tr>
<td>Klawitter, N.</td>
<td>579</td>
</tr>
<tr>
<td>Clayman, N.</td>
<td>559</td>
</tr>
<tr>
<td>Klehe, U.-C.</td>
<td>562</td>
</tr>
<tr>
<td>Klein, A.</td>
<td>584</td>
</tr>
<tr>
<td>Klein, G.</td>
<td>559</td>
</tr>
<tr>
<td>Klein, K. J.</td>
<td>563</td>
</tr>
<tr>
<td>Kleinfeld, Klaus</td>
<td>532</td>
</tr>
<tr>
<td>Kleineke, C. L.</td>
<td>541</td>
</tr>
<tr>
<td>Klimoski, R. J.</td>
<td>533, 543, 564</td>
</tr>
<tr>
<td>Kline, T.</td>
<td>549</td>
</tr>
<tr>
<td>Klocke, U.</td>
<td>572</td>
</tr>
<tr>
<td>Kluger, A. N.</td>
<td>552, 559</td>
</tr>
<tr>
<td>Kluyver, E. S.</td>
<td>336, 357</td>
</tr>
<tr>
<td>Knight, D. J.</td>
<td>588</td>
</tr>
<tr>
<td>Knoch, D. D.</td>
<td>550</td>
</tr>
<tr>
<td>Knudsen, E. I.</td>
<td>539</td>
</tr>
<tr>
<td>Koberg, C. S.</td>
<td>556</td>
</tr>
<tr>
<td>Kochan, T.</td>
<td>534, 573</td>
</tr>
<tr>
<td>Kock, N.</td>
<td>567</td>
</tr>
<tr>
<td>Koerling, Gary</td>
<td>276</td>
</tr>
<tr>
<td>Koenig, R. J., Jr.</td>
<td>580</td>
</tr>
<tr>
<td>Kohli, A. K.</td>
<td>581</td>
</tr>
<tr>
<td>Kohn, A.</td>
<td>555</td>
</tr>
<tr>
<td>Kolb, D. A.</td>
<td>542</td>
</tr>
<tr>
<td>Kollias, P.</td>
<td>556</td>
</tr>
<tr>
<td>Komaki, J.</td>
<td>542</td>
</tr>
</tbody>
</table>
| Konradt, U.                               | 562, 565, 566,
<p>| 566, 582                                 |              |
| Koopman, P. L.                            | 382          |
| Koppell, T.                               | 560          |
| Koput, K. W.                              | 559          |</p>
<table>
<thead>
<tr>
<th>Name</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korman, A. K.</td>
<td>576</td>
</tr>
<tr>
<td>Koski, T.</td>
<td>568</td>
</tr>
<tr>
<td>Koslowski, S. W. J.</td>
<td>586</td>
</tr>
<tr>
<td>Kotha, S.</td>
<td>531</td>
</tr>
<tr>
<td>Kotropoulos, C.</td>
<td>551</td>
</tr>
<tr>
<td>Kotter, J. P.</td>
<td>452, 584, 587</td>
</tr>
<tr>
<td>Kouzes, J. M.</td>
<td>538, 542, 564, 576, 584</td>
</tr>
<tr>
<td>Kowske, B.</td>
<td>559, 576</td>
</tr>
<tr>
<td>Koys, D. J.</td>
<td>546</td>
</tr>
<tr>
<td>Kozak, B.</td>
<td>536</td>
</tr>
<tr>
<td>Kozlowski, W. J.</td>
<td>564, 565</td>
</tr>
<tr>
<td>Krackhardt, D.</td>
<td>569, 570</td>
</tr>
<tr>
<td>Kraft, Norbert</td>
<td>470</td>
</tr>
<tr>
<td>Krause, A.</td>
<td>565</td>
</tr>
<tr>
<td>Krauss, R. M.</td>
<td>568</td>
</tr>
<tr>
<td>Krautman, A. C.</td>
<td>553</td>
</tr>
<tr>
<td>Kray, L.</td>
<td>541</td>
</tr>
<tr>
<td>Kreitner, R.</td>
<td>83, 542</td>
</tr>
<tr>
<td>Krill, P.</td>
<td>567</td>
</tr>
<tr>
<td>Krishnan, A.</td>
<td>584</td>
</tr>
<tr>
<td>Kriska, S. D.</td>
<td>570</td>
</tr>
<tr>
<td>Kristensen, T.</td>
<td>560</td>
</tr>
<tr>
<td>Kristof, A. L.</td>
<td>538</td>
</tr>
<tr>
<td>Kristof-Brown, A. L.</td>
<td>585</td>
</tr>
<tr>
<td>Krohne, H. W.</td>
<td>557</td>
</tr>
<tr>
<td>Kropko, M. R.</td>
<td>560</td>
</tr>
<tr>
<td>Krueger, D. W.</td>
<td>553</td>
</tr>
<tr>
<td>Krueger, J.</td>
<td>541</td>
</tr>
<tr>
<td>Krueger, J. I.</td>
<td>588</td>
</tr>
<tr>
<td>Krug, Dan</td>
<td>303</td>
</tr>
<tr>
<td>Kruger, J.</td>
<td>566, 568</td>
</tr>
<tr>
<td>Kruglanski, A. W.</td>
<td>540</td>
</tr>
<tr>
<td>Krull, D. S.</td>
<td>541</td>
</tr>
<tr>
<td>Krummert, B.</td>
<td>585</td>
</tr>
<tr>
<td>Keshanika, A.</td>
<td>559, 576</td>
</tr>
<tr>
<td>Kudisch, J. D.</td>
<td>569</td>
</tr>
<tr>
<td>Kuiper, N. A.</td>
<td>549</td>
</tr>
<tr>
<td>Kulik, C. T.</td>
<td>541, 553</td>
</tr>
<tr>
<td>Kumar, N.</td>
<td>546</td>
</tr>
<tr>
<td>Kumaraswamy, A.</td>
<td>543</td>
</tr>
<tr>
<td>Kunda, Z.</td>
<td>540</td>
</tr>
<tr>
<td>Kurland, N. B.</td>
<td>535</td>
</tr>
<tr>
<td>Kwon, S.</td>
<td>575</td>
</tr>
<tr>
<td>Kwon, S.W.</td>
<td>570</td>
</tr>
<tr>
<td>Kwun, S. K.</td>
<td>556</td>
</tr>
</tbody>
</table>

**L**

<table>
<thead>
<tr>
<th>Name</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>LaBarre, P.</td>
<td>531</td>
</tr>
<tr>
<td>Labash, M.</td>
<td>543</td>
</tr>
<tr>
<td>Labrador, J. R.</td>
<td>537</td>
</tr>
<tr>
<td>Lachnit, C.</td>
<td>550</td>
</tr>
<tr>
<td>Ladkin, D.</td>
<td>569</td>
</tr>
<tr>
<td>Lafley, Alan George</td>
<td>371, 372, 373, 430</td>
</tr>
<tr>
<td>Laghi, B.</td>
<td>570</td>
</tr>
<tr>
<td>Laibson, D.</td>
<td>558</td>
</tr>
<tr>
<td>Laliberté, Guy</td>
<td>421</td>
</tr>
<tr>
<td>Lam, A.</td>
<td>581</td>
</tr>
<tr>
<td>Lam, S. S. K.</td>
<td>562</td>
</tr>
<tr>
<td>Lancaster, C. M.</td>
<td>587</td>
</tr>
<tr>
<td>Landler, M.</td>
<td>573</td>
</tr>
<tr>
<td>Lane, F. C.</td>
<td>555</td>
</tr>
<tr>
<td>Lane, H. W.</td>
<td>579, 584</td>
</tr>
<tr>
<td>Lane, K. A.</td>
<td>539</td>
</tr>
<tr>
<td>Langan-Fox, J.</td>
<td>533, 563</td>
</tr>
<tr>
<td>Langfred, C.</td>
<td>564</td>
</tr>
<tr>
<td>Langlois, R.</td>
<td>535</td>
</tr>
<tr>
<td>Lao-tzu</td>
<td>469-470</td>
</tr>
<tr>
<td>LaPlante, M. D.</td>
<td>124</td>
</tr>
<tr>
<td>Larson, J.</td>
<td>99</td>
</tr>
<tr>
<td>Larson, J. R., Jr.</td>
<td>59</td>
</tr>
<tr>
<td>Larson, L. L.</td>
<td>577</td>
</tr>
<tr>
<td>Larson, R. J.</td>
<td>543</td>
</tr>
<tr>
<td>Laschinger, H. K. S.</td>
<td>556</td>
</tr>
<tr>
<td>Lashinsky, A.</td>
<td>580</td>
</tr>
<tr>
<td>Lasher, John</td>
<td>2</td>
</tr>
<tr>
<td>Lath, S.</td>
<td>537</td>
</tr>
<tr>
<td>Latham, G. P.</td>
<td>535, 542, 551, 552, 557</td>
</tr>
<tr>
<td>Latour, A.</td>
<td>319</td>
</tr>
<tr>
<td>Lau, C.-M.</td>
<td>588</td>
</tr>
<tr>
<td>Lau, D. C.</td>
<td>563</td>
</tr>
<tr>
<td>Lau, R. J.</td>
<td>571</td>
</tr>
<tr>
<td>Laurin, K. R.</td>
<td>546</td>
</tr>
<tr>
<td>Lavie, N.</td>
<td>539</td>
</tr>
<tr>
<td>Lavoie, Paul</td>
<td>394, 581</td>
</tr>
<tr>
<td>Lawler, Edward E., III</td>
<td>532, 533, 551, 554, 555, 562, 564, 580, 581, 586, 587</td>
</tr>
<tr>
<td>Lawrence, M.</td>
<td>577</td>
</tr>
<tr>
<td>Lawrence, Paul R.</td>
<td>140, 141, 452, 531, 551, 561, 582</td>
</tr>
<tr>
<td>Lazarsfeld, P.</td>
<td>513</td>
</tr>
<tr>
<td>Le, H.</td>
<td>536, 579</td>
</tr>
<tr>
<td>Lea, S. E. G.</td>
<td>553</td>
</tr>
<tr>
<td>Leaman, A.</td>
<td>568</td>
</tr>
<tr>
<td>Leary, M. R.</td>
<td>537, 550, 551, 552, 562</td>
</tr>
<tr>
<td>Leavitt, H. J.</td>
<td>580</td>
</tr>
<tr>
<td>Lebeter, David</td>
<td>500, 501</td>
</tr>
<tr>
<td>Leblanc, P.</td>
<td>554</td>
</tr>
<tr>
<td>Ledford, G.</td>
<td>554</td>
</tr>
<tr>
<td>Ledford, G. E., Jr.</td>
<td>532</td>
</tr>
<tr>
<td>LeDoux, J. E.</td>
<td>544, 551</td>
</tr>
<tr>
<td>Lee, C.</td>
<td>547</td>
</tr>
<tr>
<td>Lee, D. Y.</td>
<td>569</td>
</tr>
<tr>
<td>Lee, F.</td>
<td>541</td>
</tr>
<tr>
<td>Lee, H.</td>
<td>566</td>
</tr>
<tr>
<td>Lee, Joyce</td>
<td>367</td>
</tr>
<tr>
<td>Lee, K.</td>
<td>533</td>
</tr>
<tr>
<td>Lee, L.</td>
<td>582</td>
</tr>
<tr>
<td>Lee, T. W.</td>
<td>546</td>
</tr>
<tr>
<td>Lee, W. B.</td>
<td>563</td>
</tr>
<tr>
<td>Lee, W. L.</td>
<td>550</td>
</tr>
<tr>
<td>Legge, Dave</td>
<td>107</td>
</tr>
<tr>
<td>Lehrer, P. M.</td>
<td>547</td>
</tr>
<tr>
<td>Leidner, D. E.</td>
<td>564, 583</td>
</tr>
<tr>
<td>Leifer, John</td>
<td>66</td>
</tr>
<tr>
<td>Leifer, M. P.</td>
<td>548</td>
</tr>
<tr>
<td>Leith, S.</td>
<td>531</td>
</tr>
<tr>
<td>Lengel, R. H.</td>
<td>279, 567</td>
</tr>
<tr>
<td>Lensvelt-Mulders, G.</td>
<td>536</td>
</tr>
<tr>
<td>Lent, R. M.</td>
<td>588</td>
</tr>
<tr>
<td>Leonard, S.</td>
<td>543, 544</td>
</tr>
<tr>
<td>LePine, J. A.</td>
<td>533</td>
</tr>
<tr>
<td>LePine, D. S.</td>
<td>549, 561</td>
</tr>
<tr>
<td>Levinthal, D.</td>
<td>532</td>
</tr>
<tr>
<td>Levy, O.</td>
<td>539</td>
</tr>
<tr>
<td>Levy, P. E.</td>
<td>537</td>
</tr>
<tr>
<td>Levy, S.</td>
<td>587</td>
</tr>
<tr>
<td>Lewandowsky, S.</td>
<td>539</td>
</tr>
<tr>
<td>Lewicki, R. J.</td>
<td>574, 575</td>
</tr>
<tr>
<td>Lewin, Kurt</td>
<td>444–445, 449, 455, 456, 461, 462, 574, 586</td>
</tr>
<tr>
<td>Lewis, Jim</td>
<td>39</td>
</tr>
<tr>
<td>Lewis, M., Jr.</td>
<td>560</td>
</tr>
<tr>
<td>Lewis, Ron</td>
<td>311</td>
</tr>
<tr>
<td>Li, A.</td>
<td>547, 552</td>
</tr>
<tr>
<td>Li, F.</td>
<td>538</td>
</tr>
<tr>
<td>Li, H.</td>
<td>570</td>
</tr>
<tr>
<td>Li, T. C.</td>
<td>543</td>
</tr>
<tr>
<td>Libby, T.</td>
<td>553</td>
</tr>
<tr>
<td>Liden, R. C.</td>
<td>562</td>
</tr>
<tr>
<td>Lieberman, M. D.</td>
<td>543, 559</td>
</tr>
<tr>
<td>Liedtke, M.</td>
<td>532</td>
</tr>
<tr>
<td>Lighton, J.</td>
<td>582</td>
</tr>
<tr>
<td>Likert, J. K.</td>
<td>532</td>
</tr>
<tr>
<td>Likert, R.</td>
<td>560</td>
</tr>
<tr>
<td>Lim, B. C.</td>
<td>563</td>
</tr>
<tr>
<td>Lim, M.</td>
<td>544</td>
</tr>
<tr>
<td>Lim, V. K. G.</td>
<td>554</td>
</tr>
<tr>
<td>Limberg, Ann M.</td>
<td>22</td>
</tr>
<tr>
<td>Name</td>
<td>Page Numbers</td>
</tr>
<tr>
<td>----------</td>
<td>--------------</td>
</tr>
<tr>
<td>Lin, N.</td>
<td>549</td>
</tr>
<tr>
<td>Lind, E. A.</td>
<td>541, 552, 553</td>
</tr>
<tr>
<td>Lindemann, T. F.</td>
<td>539</td>
</tr>
<tr>
<td>Lindemann, B.</td>
<td>548</td>
</tr>
<tr>
<td>Lindsay, R. M.</td>
<td>553</td>
</tr>
<tr>
<td>Lindstrom, K.</td>
<td>581</td>
</tr>
<tr>
<td>Linehan, M.</td>
<td>572</td>
</tr>
<tr>
<td>Linn, A.</td>
<td>573</td>
</tr>
<tr>
<td>Linn, V. D. D.</td>
<td>554</td>
</tr>
<tr>
<td>Linzmayer, O. W.</td>
<td>558</td>
</tr>
<tr>
<td>Lipnack, J.</td>
<td>565</td>
</tr>
<tr>
<td>Lipshitz, R.</td>
<td>559</td>
</tr>
<tr>
<td>Liska, L. Z.</td>
<td>577</td>
</tr>
<tr>
<td>Litt, S.</td>
<td>560</td>
</tr>
<tr>
<td>Litterer, J. A.</td>
<td>572</td>
</tr>
<tr>
<td>Littlejohn, J. R.</td>
<td>575</td>
</tr>
<tr>
<td>Littler, C. R.</td>
<td>580</td>
</tr>
<tr>
<td>Lituchy, T. R.</td>
<td>548</td>
</tr>
<tr>
<td>Liu, Y.</td>
<td>532</td>
</tr>
<tr>
<td>Livesley, W. J.</td>
<td>536</td>
</tr>
<tr>
<td>Lo, Raymond</td>
<td>423</td>
</tr>
<tr>
<td>Loan-Clarke, J.</td>
<td>546</td>
</tr>
<tr>
<td>Lochhead, Christopher</td>
<td>116–117</td>
</tr>
<tr>
<td>Locke, E. A.</td>
<td>541, 544, 545, 551, 552, 562, 576, 578</td>
</tr>
<tr>
<td>Locke, L. A.</td>
<td>532</td>
</tr>
<tr>
<td>Locke, W.</td>
<td>584</td>
</tr>
<tr>
<td>Lodewijkx, H. F. M.</td>
<td>565</td>
</tr>
<tr>
<td>Loehlin, J.</td>
<td>536</td>
</tr>
<tr>
<td>Loewenstein, G.</td>
<td>543, 550, 551, 558</td>
</tr>
<tr>
<td>Loh, Raymond</td>
<td>423</td>
</tr>
<tr>
<td>Loughridge, Ken</td>
<td>308</td>
</tr>
<tr>
<td>Loughry, M. L.</td>
<td>244, 563, 577</td>
</tr>
<tr>
<td>Louis, M. R.</td>
<td>584, 586</td>
</tr>
<tr>
<td>Lovás, B.</td>
<td>561, 566</td>
</tr>
<tr>
<td>Low, D. R.</td>
<td>560</td>
</tr>
<tr>
<td>Lowry, T.</td>
<td>293</td>
</tr>
<tr>
<td>Lowy, Frank</td>
<td>344</td>
</tr>
<tr>
<td>Lubart, T. I.</td>
<td>560</td>
</tr>
<tr>
<td>Lubinski, D.</td>
<td>538</td>
</tr>
<tr>
<td>Lucas, R. E.</td>
<td>99, 543</td>
</tr>
<tr>
<td>Lucas, W.</td>
<td>566</td>
</tr>
<tr>
<td>Luchak, A. A.</td>
<td>546–547</td>
</tr>
<tr>
<td>Lucy, M.</td>
<td>554</td>
</tr>
<tr>
<td>Luft, Joseph, S.</td>
<td>542</td>
</tr>
<tr>
<td>Luthans, F. F.</td>
<td>83, 542, 548, 550, 551, 557, 558</td>
</tr>
<tr>
<td>Luthar, S. S.</td>
<td>548</td>
</tr>
<tr>
<td>Lyne, S. R.</td>
<td>540</td>
</tr>
<tr>
<td>Lynn, B. E.</td>
<td>581</td>
</tr>
<tr>
<td>Lynn, G. S.</td>
<td>532</td>
</tr>
<tr>
<td>Lynn, R.</td>
<td>554</td>
</tr>
<tr>
<td>Lyons, M.</td>
<td>559</td>
</tr>
<tr>
<td>Lyle, A. L.</td>
<td>573</td>
</tr>
<tr>
<td>Macauley, Fraser</td>
<td>298</td>
</tr>
<tr>
<td>MacBride-King, J.</td>
<td>548</td>
</tr>
<tr>
<td>MacCharles, T.</td>
<td>569</td>
</tr>
<tr>
<td>MacDermid, G.</td>
<td>549</td>
</tr>
<tr>
<td>MacDonald, D.</td>
<td>531</td>
</tr>
<tr>
<td>MacDougall, M. P.</td>
<td>557</td>
</tr>
<tr>
<td>Macey, W. H.</td>
<td>549</td>
</tr>
<tr>
<td>Machiavelli, Niccolò</td>
<td>316</td>
</tr>
<tr>
<td>Mack, A.</td>
<td>539</td>
</tr>
<tr>
<td>Mackenzie, S. B.</td>
<td>577</td>
</tr>
<tr>
<td>Mackey, A.</td>
<td>533</td>
</tr>
<tr>
<td>Mackey, J.</td>
<td>561, 564</td>
</tr>
<tr>
<td>Mackey, John</td>
<td>232, 254</td>
</tr>
<tr>
<td>Mackey, T. B.</td>
<td>533</td>
</tr>
<tr>
<td>MackIzer, Mark</td>
<td>70</td>
</tr>
<tr>
<td>Macrae, C. N.</td>
<td>539, 540</td>
</tr>
<tr>
<td>Macwirther, I.</td>
<td>559</td>
</tr>
<tr>
<td>Madell, R.</td>
<td>570</td>
</tr>
<tr>
<td>Madon, S.</td>
<td>541</td>
</tr>
<tr>
<td>Madrian, B.</td>
<td>558</td>
</tr>
<tr>
<td>Madsen, S. R.</td>
<td>549</td>
</tr>
<tr>
<td>Mael, F.</td>
<td>537, 584</td>
</tr>
<tr>
<td>Maertz, C. P.</td>
<td>546</td>
</tr>
<tr>
<td>Maggs, A. J.</td>
<td>554</td>
</tr>
<tr>
<td>Mahmud, A.</td>
<td>539</td>
</tr>
<tr>
<td>Maier, N. R. F.</td>
<td>535</td>
</tr>
<tr>
<td>Maier, Mark, A.</td>
<td>539</td>
</tr>
<tr>
<td>Mainemelis, C.</td>
<td>542</td>
</tr>
<tr>
<td>Maio, G. R.</td>
<td>538, 544</td>
</tr>
<tr>
<td>Maitland, A.</td>
<td>584</td>
</tr>
<tr>
<td>Maitlis, S.</td>
<td>557, 570</td>
</tr>
<tr>
<td>Majchrzak, A.</td>
<td>567</td>
</tr>
<tr>
<td>Makhijani, M. G.</td>
<td>579</td>
</tr>
<tr>
<td>Maki, A.</td>
<td>574</td>
</tr>
<tr>
<td>Malekazedeh, A. R.</td>
<td>428, 584</td>
</tr>
<tr>
<td>Malhotra, D.</td>
<td>564, 575</td>
</tr>
<tr>
<td>Mallott, M.</td>
<td>541</td>
</tr>
<tr>
<td>Malmendier, U.</td>
<td>537</td>
</tr>
<tr>
<td>Malone, P. S.</td>
<td>540</td>
</tr>
<tr>
<td>Man, D. C.</td>
<td>562</td>
</tr>
<tr>
<td>Manfield, L.</td>
<td>578</td>
</tr>
<tr>
<td>Manikonda, P.</td>
<td>549</td>
</tr>
<tr>
<td>Mannion, P.</td>
<td>556</td>
</tr>
<tr>
<td>Mannix, E.</td>
<td>560, 563</td>
</tr>
<tr>
<td>Mannix, E. A.</td>
<td>571</td>
</tr>
<tr>
<td>Manz, C. C.</td>
<td>556–557, 565, 577</td>
</tr>
<tr>
<td>March, J. G.</td>
<td>557</td>
</tr>
<tr>
<td>Marchington, M.</td>
<td>587</td>
</tr>
<tr>
<td>Marcum, T. M.</td>
<td>575</td>
</tr>
<tr>
<td>Margo, J.</td>
<td>574</td>
</tr>
<tr>
<td>Markel, K. S.</td>
<td>553</td>
</tr>
<tr>
<td>Markman, A. B.</td>
<td>540</td>
</tr>
<tr>
<td>Marks, M. A.</td>
<td>562</td>
</tr>
<tr>
<td>Marks, M. L.</td>
<td>584</td>
</tr>
<tr>
<td>Marling, S.</td>
<td>581</td>
</tr>
<tr>
<td>Marshall, J.</td>
<td>588</td>
</tr>
<tr>
<td>Marshall, Bill</td>
<td>172</td>
</tr>
<tr>
<td>Marshall, V.</td>
<td>560</td>
</tr>
<tr>
<td>Marsick, V. J.</td>
<td>587</td>
</tr>
<tr>
<td>Martin, G. E.</td>
<td>573</td>
</tr>
<tr>
<td>Martin, G. L.</td>
<td>557</td>
</tr>
<tr>
<td>Martin, H. J.</td>
<td>162</td>
</tr>
<tr>
<td>Martin, J.</td>
<td>583, 584, 585</td>
</tr>
<tr>
<td>Martin, R.</td>
<td>579</td>
</tr>
<tr>
<td>Martin, S.</td>
<td>470</td>
</tr>
<tr>
<td>Martins, L. L.</td>
<td>565</td>
</tr>
<tr>
<td>Martinussen, M.</td>
<td>548–549</td>
</tr>
<tr>
<td>Martocchio, J. J.</td>
<td>534</td>
</tr>
<tr>
<td>Masada, G.</td>
<td>581</td>
</tr>
<tr>
<td>Masisak, C.</td>
<td>574</td>
</tr>
<tr>
<td>Maslach, C.</td>
<td>548</td>
</tr>
<tr>
<td>Maslow, Abraham H.</td>
<td>132, 135–136, 138, 156, 550</td>
</tr>
<tr>
<td>Maslowsky, R.</td>
<td>584</td>
</tr>
<tr>
<td>Mason, C. M.</td>
<td>534</td>
</tr>
<tr>
<td>Mason, J.</td>
<td>513</td>
</tr>
<tr>
<td>Massey, D. S.</td>
<td>543, 544</td>
</tr>
<tr>
<td>Massoud, M. F.</td>
<td>584</td>
</tr>
<tr>
<td>Matheson, D.</td>
<td>544</td>
</tr>
<tr>
<td>Mathieu, J. E.</td>
<td>562, 563</td>
</tr>
<tr>
<td>Mathis, K. B.</td>
<td>544</td>
</tr>
<tr>
<td>Matsui, T.</td>
<td>551</td>
</tr>
<tr>
<td>Matthews, G.</td>
<td>545</td>
</tr>
<tr>
<td>Matthiesen, S.</td>
<td>549</td>
</tr>
<tr>
<td>Matzek, MaryBeth</td>
<td>293</td>
</tr>
<tr>
<td>Maurer, R.</td>
<td>586</td>
</tr>
<tr>
<td>Mausner, B.</td>
<td>555</td>
</tr>
<tr>
<td>Max, S.</td>
<td>264</td>
</tr>
<tr>
<td>Maxham, J. G.</td>
<td>538</td>
</tr>
<tr>
<td>Maxwell, J. C.</td>
<td>578</td>
</tr>
<tr>
<td>May, D. R.</td>
<td>539, 549</td>
</tr>
<tr>
<td>May, K.</td>
<td>569</td>
</tr>
<tr>
<td>Mayeda, A.</td>
<td>570</td>
</tr>
<tr>
<td>Mayer, J. D.</td>
<td>544–545</td>
</tr>
<tr>
<td>Name</td>
<td>Page(s)</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>---------</td>
</tr>
<tr>
<td>Mayfield, J.</td>
<td>574</td>
</tr>
<tr>
<td>Maynard, M. T.</td>
<td>565</td>
</tr>
<tr>
<td>Mayo, Elton</td>
<td>5</td>
</tr>
<tr>
<td>McAdams, D. P.</td>
<td>536</td>
</tr>
<tr>
<td>McAllister, D. J.</td>
<td>564</td>
</tr>
<tr>
<td>McCall, A.</td>
<td>549</td>
</tr>
<tr>
<td>McCann, J.</td>
<td>531</td>
</tr>
<tr>
<td>McCann, L.</td>
<td>580</td>
</tr>
<tr>
<td>McCarthy, M.</td>
<td>532</td>
</tr>
<tr>
<td>McCarthy, S.</td>
<td>535, 570</td>
</tr>
<tr>
<td>McClarty, K. L.</td>
<td>537</td>
</tr>
<tr>
<td>McCledand, C. L.</td>
<td>555</td>
</tr>
<tr>
<td>McCledand, David C.</td>
<td>132, 139, 156, 551</td>
</tr>
<tr>
<td>McClusky, J.</td>
<td>533</td>
</tr>
<tr>
<td>McConnell, R.</td>
<td>580</td>
</tr>
<tr>
<td>McCormick, M. T.</td>
<td>588</td>
</tr>
<tr>
<td>McCracken, D. M.</td>
<td>570</td>
</tr>
<tr>
<td>McCrae, R. R.</td>
<td>536, 537, 552</td>
</tr>
<tr>
<td>McCredie, M.</td>
<td>549</td>
</tr>
<tr>
<td>McDavid, Doug</td>
<td>268</td>
</tr>
<tr>
<td>McDevitt, Kelly</td>
<td>504</td>
</tr>
<tr>
<td>McDonald, Greg</td>
<td>208</td>
</tr>
<tr>
<td>McDonald, K. A.</td>
<td>538</td>
</tr>
<tr>
<td>McFarland, L. A.</td>
<td>570</td>
</tr>
<tr>
<td>McGaw, N.</td>
<td>539</td>
</tr>
<tr>
<td>McGill, M. E.</td>
<td>532</td>
</tr>
<tr>
<td>McGinn, D.</td>
<td>545</td>
</tr>
<tr>
<td>McGrath, J. E.</td>
<td>562</td>
</tr>
<tr>
<td>McGrath, Kevin</td>
<td>37</td>
</tr>
<tr>
<td>McGraw, P.</td>
<td>563</td>
</tr>
<tr>
<td>McGregor, D.</td>
<td>560</td>
</tr>
<tr>
<td>McGregor, J.</td>
<td>91, 293, 570</td>
</tr>
<tr>
<td>McHale, Brian</td>
<td>38</td>
</tr>
<tr>
<td>McHugh, M.</td>
<td>587</td>
</tr>
<tr>
<td>McKee, A.</td>
<td>105, 545, 568, 576</td>
</tr>
<tr>
<td>McKendall, M.</td>
<td>588</td>
</tr>
<tr>
<td>McKenzie, M.</td>
<td>536</td>
</tr>
<tr>
<td>McKersie, R. B.</td>
<td>574</td>
</tr>
<tr>
<td>McKey, John</td>
<td>436</td>
</tr>
<tr>
<td>McLean, B.</td>
<td>585</td>
</tr>
<tr>
<td>McMains, A.</td>
<td>570</td>
</tr>
<tr>
<td>McMullin, J. A.</td>
<td>573</td>
</tr>
<tr>
<td>McNabb, R.</td>
<td>554</td>
</tr>
<tr>
<td>McPherson, Stephen</td>
<td>358</td>
</tr>
<tr>
<td>McQuarrie, Fiona</td>
<td>473</td>
</tr>
<tr>
<td>McRae, B.</td>
<td>574</td>
</tr>
<tr>
<td>McShane, Steven L.</td>
<td>27, 158, 161, 188, 224, 225, 263, 266, 296, 297, 380, 413, 439, 441, 446, 465, 469, 471, 473, 484, 490, 492, 500, 501, 571, 578</td>
</tr>
<tr>
<td>Mealiea, L.</td>
<td>563</td>
</tr>
<tr>
<td>Meaney, M.</td>
<td>587</td>
</tr>
<tr>
<td>Means, S. P.</td>
<td>568</td>
</tr>
<tr>
<td>Medsker, G. J.</td>
<td>562</td>
</tr>
<tr>
<td>Medvec, V. H.</td>
<td>558</td>
</tr>
<tr>
<td>Meek, C. B.</td>
<td>548</td>
</tr>
<tr>
<td>Meglino, B. M.</td>
<td>533, 538, 582</td>
</tr>
<tr>
<td>Mehra, A.</td>
<td>570</td>
</tr>
<tr>
<td>Meindl, J. R.</td>
<td>579</td>
</tr>
<tr>
<td>Melhem, Y.</td>
<td>556</td>
</tr>
<tr>
<td>Melia, J. L.</td>
<td>569</td>
</tr>
<tr>
<td>Mellers, B. A.</td>
<td>551</td>
</tr>
<tr>
<td>Meloy, M. G.</td>
<td>558</td>
</tr>
<tr>
<td>Melton, T.</td>
<td>532</td>
</tr>
<tr>
<td>Menon, S. T.</td>
<td>556</td>
</tr>
<tr>
<td>Meso, R. J.</td>
<td>535</td>
</tr>
<tr>
<td>Meyer, A. D.</td>
<td>582</td>
</tr>
<tr>
<td>Meyer, J. C.</td>
<td>583</td>
</tr>
<tr>
<td>Meyer, J. P.</td>
<td>128, 546, 547, 575</td>
</tr>
<tr>
<td>Meyer, R. M.</td>
<td>580</td>
</tr>
<tr>
<td>Meznar, M. B.</td>
<td>587</td>
</tr>
<tr>
<td>Michael, J.</td>
<td>537</td>
</tr>
<tr>
<td>Michinov, E.</td>
<td>561</td>
</tr>
<tr>
<td>Michinov, N.</td>
<td>561</td>
</tr>
<tr>
<td>Mickel, A. E.</td>
<td>553</td>
</tr>
<tr>
<td>Micklethwait, J.</td>
<td>531</td>
</tr>
<tr>
<td>Milani, L.</td>
<td>568</td>
</tr>
<tr>
<td>Miles, J. N. V.</td>
<td>536</td>
</tr>
<tr>
<td>Miles, R. F.</td>
<td>582</td>
</tr>
<tr>
<td>Miles, S.</td>
<td>533</td>
</tr>
<tr>
<td>Milkovich, G. T.</td>
<td>553</td>
</tr>
<tr>
<td>Mill, John Stuart</td>
<td>167, 554</td>
</tr>
<tr>
<td>Millar, M.</td>
<td>550</td>
</tr>
<tr>
<td>Millefmann, M.</td>
<td>531, 588</td>
</tr>
<tr>
<td>Miller, C. C.</td>
<td>582</td>
</tr>
<tr>
<td>Miller, D.</td>
<td>565, 582</td>
</tr>
<tr>
<td>Miller, D. L.</td>
<td>563</td>
</tr>
<tr>
<td>Miller, D. T.</td>
<td>552–553</td>
</tr>
<tr>
<td>Miller, John</td>
<td>448</td>
</tr>
<tr>
<td>Miller, L. C.</td>
<td>542</td>
</tr>
<tr>
<td>Miller, M.</td>
<td>583</td>
</tr>
<tr>
<td>Miller, P. A.</td>
<td>556</td>
</tr>
<tr>
<td>Mills, A. J.</td>
<td>550, 584</td>
</tr>
<tr>
<td>Mills, Deborah</td>
<td>258</td>
</tr>
<tr>
<td>Mills, J.</td>
<td>564</td>
</tr>
<tr>
<td>Milne, A. B.</td>
<td>540</td>
</tr>
<tr>
<td>Milstein, M.</td>
<td>533</td>
</tr>
<tr>
<td>Mittenberger, R. G.</td>
<td>542</td>
</tr>
<tr>
<td>Miner, J. B.</td>
<td>513, 552, 576</td>
</tr>
<tr>
<td>Minette, K. A.</td>
<td>554</td>
</tr>
<tr>
<td>Ming, S.</td>
<td>557</td>
</tr>
<tr>
<td>Mintzberg, H.</td>
<td>387, 557, 569, 571, 580, 581, 582</td>
</tr>
<tr>
<td>Miron, D.</td>
<td>551</td>
</tr>
<tr>
<td>Mischel, W.</td>
<td>536</td>
</tr>
<tr>
<td>Mitchell, A.</td>
<td>532</td>
</tr>
<tr>
<td>Mitchell, P.</td>
<td>574</td>
</tr>
<tr>
<td>Mitchell, T. R.</td>
<td>59, 531, 535, 546, 553, 557, 577</td>
</tr>
<tr>
<td>Mitsuhashi, H.</td>
<td>581</td>
</tr>
<tr>
<td>Miyahara, K.</td>
<td>569</td>
</tr>
<tr>
<td>Moberg, D. J.</td>
<td>575</td>
</tr>
<tr>
<td>Mobley, W. H.</td>
<td>539</td>
</tr>
<tr>
<td>Mohr, B. J.</td>
<td>459, 588</td>
</tr>
<tr>
<td>Mohrman, A. M., Jr.</td>
<td>531, 561, 564</td>
</tr>
<tr>
<td>Mohrman, S. A.</td>
<td>531, 532, 561, 564</td>
</tr>
<tr>
<td>Moin, D.</td>
<td>411</td>
</tr>
<tr>
<td>Moldasch, M.</td>
<td>561, 565</td>
</tr>
<tr>
<td>Mollemare, E.</td>
<td>534, 565</td>
</tr>
<tr>
<td>Molloy, S.</td>
<td>580</td>
</tr>
<tr>
<td>Monden, Y.</td>
<td>580</td>
</tr>
<tr>
<td>Mone, E. M.</td>
<td>552</td>
</tr>
<tr>
<td>Monetta, D. J.</td>
<td>588</td>
</tr>
<tr>
<td>Monin, B.</td>
<td>550</td>
</tr>
<tr>
<td>Montague, Ty.</td>
<td>305</td>
</tr>
<tr>
<td>Montealegre, R.</td>
<td>559</td>
</tr>
<tr>
<td>Mooney, A. C.</td>
<td>572</td>
</tr>
<tr>
<td>Moore, Alf</td>
<td>107</td>
</tr>
<tr>
<td>Moore, C.</td>
<td>532–533, 535</td>
</tr>
<tr>
<td>Moore, D. A.</td>
<td>537, 574</td>
</tr>
<tr>
<td>Moore, D. O.</td>
<td>244, 563</td>
</tr>
<tr>
<td>Moore, O.</td>
<td>570</td>
</tr>
<tr>
<td>Moorey, Alison</td>
<td>105</td>
</tr>
<tr>
<td>Moorman, R.</td>
<td>553</td>
</tr>
<tr>
<td>Moran, A.</td>
<td>556</td>
</tr>
<tr>
<td>Moran, R.</td>
<td>568</td>
</tr>
<tr>
<td>Moreland, S.</td>
<td>549</td>
</tr>
<tr>
<td>Morgan, G.</td>
<td>568, 582</td>
</tr>
<tr>
<td>Morgan, Gill</td>
<td>10</td>
</tr>
<tr>
<td>Morgan, John Pierpoint</td>
<td>155</td>
</tr>
<tr>
<td>Morgan, R.</td>
<td>559</td>
</tr>
<tr>
<td>Morgeson, F. P.</td>
<td>537, 552, 555, 563</td>
</tr>
<tr>
<td>Morin, L.</td>
<td>557</td>
</tr>
<tr>
<td>Mrouney, Kim</td>
<td>412</td>
</tr>
<tr>
<td>Morrell, K.</td>
<td>546</td>
</tr>
<tr>
<td>Morrill, C.</td>
<td>583</td>
</tr>
<tr>
<td>Morris, A.</td>
<td>568</td>
</tr>
<tr>
<td>Morris, B.</td>
<td>580</td>
</tr>
<tr>
<td>Morris, F. C. J.</td>
<td>548</td>
</tr>
<tr>
<td>Morris, J.</td>
<td>580</td>
</tr>
<tr>
<td>Morris, J. A.</td>
<td>544</td>
</tr>
<tr>
<td>Morris, M. W.</td>
<td>574</td>
</tr>
<tr>
<td>Morrisson, E. W.</td>
<td>547</td>
</tr>
<tr>
<td>Mors, M. L.</td>
<td>561, 566</td>
</tr>
<tr>
<td>Mortensen, M.</td>
<td>573</td>
</tr>
<tr>
<td>Moss, D.</td>
<td>546</td>
</tr>
<tr>
<td>Mossholder, K. W.</td>
<td>572–573</td>
</tr>
</tbody>
</table>
Motowidlo, S. J., 533
Moultire, J., 561
Mount, I., 585
Mount, M. K., 536
Moutafi, J., 536
Mouton, J. S., 336, 356, 572
Mowday, R. T., 546, 549, 553
Moyes, Christopher, 171
Muetzel, M. R., 534
Mulac, A., 568
Mullen, B., 564, 565
Muller, D., 567
Mulvey, P. W., 551
Mumford, M. D., 560, 578
Mumford, T. V., 552
Murnighan, J. Keith, 563, 564
Murphy, B., 553
Murphy, K., 537
Murphy, K. M., 580
Murphy, K. R., 545
Murphy, S. E., 579
Murray, B., 561
Murray, G., 533
Murray, S. R., 566
Muse, Jo, 504
Myers, I. B., 536
Myers, M. S., 531
Myerson, J., 583
Nabatchi, T., 575
Naccarato, M. E., 93
Nadler, D. A., 387, 551, 561, 580, 582, 586, 587
Nahavandi, A., 428, 584
Namy, L. L., 568
Narayani, B., 578
Nardelli, Robert, 282, 431, 445, 454
Nasir, A. A. M., 581
Nauta, A., 336, 357
Neal, A., 535
Neale, M. A., 560, 563, 564, 566
Neale, Tim, 471, 473
Nefkens, J. P. M., 556–557, 577
Neill, J., 561
Neider, L. L., 577
Neil, D., 532
Neilson, G. L., 581, 586
Nelson, D. L., 547, 586
Nelson, Randy, 2
Nemeth, C. J., 565
Netemeyer, R. G., 548
Newman, D. A., 545, 546
Newman, K., 534
Newman, V., 587
Newstrom, J. W., 568
Ng, E., 534
Ng, T. W. H., 537
Ngo, H. Y., 584
Nguyen, H., 584
Nguyen, Trung, 432
Nichols, C. E., 579
Nicholson, N., 569, 577, 585
Nicholson-Crotty, S., 580
Nickerson, R. S., 539, 560
Nicolas, Peter, 255
Nicolini, D., 542, 587
Niehoff, B. J., 556
Nielson, J. S., 575
Njastad, B. A., 565
Nikolaou, I., 548
Nilekani, Nandan, 373, 578
Niles, F. S., 538
Nilsen, D., 559, 576
Nishihara, T., 568
Nisbett, R. E., 540–541, 557
Nobel, R., 582
Nohria, N., 561
Nohria, Nitin, 551
Nolen, S., 470
Nonaka, I., 542
Nookan, M., 569
Norrenzayan, A., 540–541
Norris, Ralph, 111
Northcraft, G. B., 552, 564, 573
Northouse, P. G., 576
Nosek, B. A., 541
Notarianni, R., 264
Nottingham, John, 217
Nougaim, K. E., 550
Ochi, K., 584
Oldham, G. R., 189, 192, 555, 556, 560, 561
O'Leary, N., 581
Oliver, D., 578
Oliver, F., 543
Oliver, J., 541
Oliviera, Patricia, 284
Olsen, B., 532
Olson, J. M., 538, 541
Olson-Buchanan, J. B., 553
O'Neil, J., 571
O'Neil, O. A., 583
Ones, D. S., 536
Orbell, S., 543
O'Reilly, C. A., 419, 564, 583, 584
Orem, Sara L., 125, 552
Organ, D. W., 513, 533
Ormond, W. E., 549
Orr, L. M., 553
Osborn, R. N., 577
Osborn, A. F., 565
O'Shaughnessy, J., 543
O'Shaughnessy, N. J., 543
Osland, J. S., 538
Osman, M. R., 580
Oson, E., 583
Osterman, M., 556
Ostroff, C., 532, 586
O'Toole, J., 563
Ott, B., 572
Ott, J. S., 583
Ouchi, W., 561, 569
Oudeh, N., 572
Overman, S., 542, 549
Owens, D. A., 566
Oyserman, D., 51, 538
Ozcelik, H., 557
P
Pai, H.-H., 554
Paik, Y., 575
Paine, L. S., 533
Palabrica, R. J., 554
Palanski, M. E., 576
Palmer, K., 560
Palmisano, Samuel J., 67, 268, 372, 399, 581
Pals, J. L., 536
Panchak, P., 564
Panipucci, D., 563
Panteli, N., 566
Papaioannou, A., 557
Papper, E. M., 562
Pappu, S., 575
Parise, S., 586
Park, W.-W., 565
Parker, C. P., 532, 554
Parker, K. E., 93
Parker, S. K., 535, 542, 555
Parker, V. L., 554
Parks, L., 555
Parloff, R., 548
Parmar, B., 533
Paroush, J., 560
Pasa, S. F., 570
Pascale, R. T., 531, 561, 588
Passyn, K., 550
Pasternack, B. A., 581, 586
Paton, N., 566
Patriquin, M., 540
Patten, R. M., 533
Patterson, Scott, 256
Pauli, K. P., 539
Paulson, Dawn, 120
Paulus, P. B., 566
Pawar, B. S., 578–579
Peach, E. B., 554
Peale, C., 580
Pearce, C. L., 575, 577
Pearce, D. S., 588
Pearson, C. M., 548
Peck, Deborah, 96
Pederson, J. S., 583
Peiperl, M. A., 552
Peiro, J. M., 569
Pellet, L. H., 572
Pelloni, O., 546
Pelton, L. E., 571
Pennington, R., 568
Pepper, M. B., 541
Periasamy, Yoganathan, 243
Perri, David F., 352, 356, 573
Perrow, C., 582
Perry, P. B., 566
Peters, R. S., 550
Peters, T., 569, 571
Petersen, L.-E., 579
Peterson, E., 575
Petmezas, D., 537
Petrie, C., 554
Pettigrew, A. M., 569
Pettigrew, T. F., 542, 574
Pettit, B., 549
Petty, R., 571
Petty, Bill, 105
Peyrefitte, J., 566
Pfaff, D. W., 550
Pfau, B. N., 531, 554
Pfau, M., 571
Pfeffer, J., 532, 533, 535, 550, 559, 569, 571, 579
Pfeffer, J., 532, 533, 535, 550, 559, 569, 571, 579
Phair, T., 588
Pham, M. T., 544, 558
Phan, Doan, 504
Pondel, E., 576
Ponds, L., 573
Poppay, M., 576
Porath, C. L., 548
Porras, D., 534
Porrás, I., 584
Porretto, J., 563
Porsche, Wolfgang, 334
Porter, C. O. L. H., 563
Porter, L. W., 535, 546, 572, 586
Posner, B. Z., 538, 542, 564, 576, 584
Postmes, T., 540, 573
Poteet, M. L., 569
Potter, R. E., 583
Pouder, R. W., 584
Poullin, D. M., 547
Poullin, G. N., 579
Poullin, L. A., 553
Pouley, E. H., 588
Poynter, K., 582
Prasad, S., 581
Pratt, M. G., 559
Pratt, M. K., 566
Prelec, A., 558
Premaux, S. E., 546
Prenzler, A., 532
Price, J. L., 531
Prisman, R., 571
Pritchard, R. D., 535
Prystay, C., 577
Przybys, J., 548
Pshoumas, D., 534
Pugh, D. S., 582
Pulliam, S., 319
Pullig, C., 548
Pung, C., 587
Putnam, L. L., 568, 575
Q
Quick, J. C., 547
Quinn, R. E., 556, 578, 583, 587, 588
R
Rabinovich-Einy, O., 575
Rabung, S., 567–568
Radford, A., 588
Rae, J., 224
<table>
<thead>
<tr>
<th>Name</th>
<th>Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raelin, J. A.</td>
<td>575, 576</td>
</tr>
<tr>
<td>Rafaeli, A.</td>
<td>544</td>
</tr>
<tr>
<td>Rafferty, A. E.</td>
<td>578</td>
</tr>
<tr>
<td>Ragavan C.</td>
<td>587</td>
</tr>
<tr>
<td>Ragburam, S.</td>
<td>535</td>
</tr>
<tr>
<td>Ragins, B. R.</td>
<td>570</td>
</tr>
<tr>
<td>Rahim, M. A.</td>
<td>336, 572, 573</td>
</tr>
<tr>
<td>Rai, A.</td>
<td>559</td>
</tr>
<tr>
<td>Raiborn, C. A.</td>
<td>584</td>
</tr>
<tr>
<td>Rain, J. S.</td>
<td>541</td>
</tr>
<tr>
<td>Raines, C.</td>
<td>534</td>
</tr>
<tr>
<td>Raisinghani, D.</td>
<td>557</td>
</tr>
<tr>
<td>Ramstad, E.</td>
<td>58</td>
</tr>
<tr>
<td>Randolph, A.</td>
<td>577</td>
</tr>
<tr>
<td>Randolph, W. A.</td>
<td>556, 581</td>
</tr>
<tr>
<td>Ranson, S.</td>
<td>580</td>
</tr>
<tr>
<td>Rao, A.</td>
<td>570</td>
</tr>
<tr>
<td>Rao, H.</td>
<td>531, 545, 583</td>
</tr>
<tr>
<td>Rapson, R. L.</td>
<td>567</td>
</tr>
<tr>
<td>Rauch, M.</td>
<td>567</td>
</tr>
<tr>
<td>Rauschenberger, J.</td>
<td>551</td>
</tr>
<tr>
<td>Raven, B. H.</td>
<td>569</td>
</tr>
<tr>
<td>Ravlin, E. C.</td>
<td>533, 538, 582</td>
</tr>
<tr>
<td>Raynor, M. E.</td>
<td>535</td>
</tr>
<tr>
<td>Raz, A. E.</td>
<td>544</td>
</tr>
<tr>
<td>Razak, Datuk Nazir</td>
<td>86</td>
</tr>
<tr>
<td>Read, D. A.</td>
<td>576</td>
</tr>
<tr>
<td>Reason, P.</td>
<td>587</td>
</tr>
<tr>
<td>Reed, E. S.</td>
<td>540</td>
</tr>
<tr>
<td>Reed, S.</td>
<td>322, 555</td>
</tr>
<tr>
<td>Regan, C.</td>
<td>580</td>
</tr>
<tr>
<td>Reicher, S.</td>
<td>566</td>
</tr>
<tr>
<td>Reichheld, P. F.</td>
<td>555</td>
</tr>
<tr>
<td>Reid, D. A.</td>
<td>535</td>
</tr>
<tr>
<td>Reider, M. H.</td>
<td>563</td>
</tr>
<tr>
<td>Reilly, R. R.</td>
<td>552</td>
</tr>
<tr>
<td>Reingold, J.</td>
<td>570</td>
</tr>
<tr>
<td>Reinsch, N. L., Jr.</td>
<td>567</td>
</tr>
<tr>
<td>Reio, T. G., Jr.</td>
<td>551</td>
</tr>
<tr>
<td>Reis, D. L.</td>
<td>545</td>
</tr>
<tr>
<td>Remington, N. A.</td>
<td>543</td>
</tr>
<tr>
<td>Rempel, M.</td>
<td>564</td>
</tr>
<tr>
<td>Ren, Y.</td>
<td>566</td>
</tr>
<tr>
<td>Renn, R. W.</td>
<td>557</td>
</tr>
<tr>
<td>Rentsrow, P. J.</td>
<td>537</td>
</tr>
<tr>
<td>Rentch, J. R.</td>
<td>547</td>
</tr>
<tr>
<td>Repetti, R. L.</td>
<td>547</td>
</tr>
<tr>
<td>Resick, C. J.</td>
<td>585</td>
</tr>
<tr>
<td>Ressler, Calii</td>
<td>504, 587</td>
</tr>
<tr>
<td>Revine, Denise</td>
<td>298</td>
</tr>
<tr>
<td>Reyes, George</td>
<td>11</td>
</tr>
<tr>
<td>Reynolds, B.</td>
<td>536</td>
</tr>
<tr>
<td>Reynolds, K. J.</td>
<td>537</td>
</tr>
<tr>
<td>Rhee, K. S.</td>
<td>545</td>
</tr>
<tr>
<td>Rhodes, N.</td>
<td>571</td>
</tr>
<tr>
<td>Riccomini, B.</td>
<td>569</td>
</tr>
<tr>
<td>Rice, R. E.</td>
<td>567</td>
</tr>
<tr>
<td>Richard, O. C.</td>
<td>534</td>
</tr>
<tr>
<td>Richardson, A. M.</td>
<td>548–549</td>
</tr>
<tr>
<td>Richardson, H. A.</td>
<td>581</td>
</tr>
<tr>
<td>Riche, M. E.</td>
<td>534</td>
</tr>
<tr>
<td>Richtel, M.</td>
<td>567, 571</td>
</tr>
<tr>
<td>Rico, R.</td>
<td>563</td>
</tr>
<tr>
<td>Riddlerstrale, J.</td>
<td>582</td>
</tr>
<tr>
<td>Ridnour, R.</td>
<td>568</td>
</tr>
<tr>
<td>Riggio, R. E.</td>
<td>577, 584</td>
</tr>
<tr>
<td>Riketta, M.</td>
<td>546</td>
</tr>
<tr>
<td>Rimmer, M.</td>
<td>539</td>
</tr>
<tr>
<td>Rindova, V. P.</td>
<td>531, 579</td>
</tr>
<tr>
<td>Ringer, R. C.</td>
<td>324, 571</td>
</tr>
<tr>
<td>Ring, F.</td>
<td>564</td>
</tr>
<tr>
<td>Risberg, A.</td>
<td>573</td>
</tr>
<tr>
<td>Ritov, I.</td>
<td>558</td>
</tr>
<tr>
<td>Robbins, A. S.</td>
<td>548</td>
</tr>
<tr>
<td>Roberson, L.</td>
<td>541</td>
</tr>
<tr>
<td>Robey, L. P.</td>
<td>567</td>
</tr>
<tr>
<td>Roberto, M. A.</td>
<td>587</td>
</tr>
<tr>
<td>Roberts, B. W.</td>
<td>536</td>
</tr>
<tr>
<td>Roberts, J. A.</td>
<td>194</td>
</tr>
<tr>
<td>Roberts, K.</td>
<td>553</td>
</tr>
<tr>
<td>Roberts, P.</td>
<td>584</td>
</tr>
<tr>
<td>Roberts, R. D.</td>
<td>545</td>
</tr>
<tr>
<td>Roberts, Stephen</td>
<td>51</td>
</tr>
<tr>
<td>Robey, D.</td>
<td>559</td>
</tr>
<tr>
<td>Robinson, A. G.</td>
<td>560</td>
</tr>
<tr>
<td>Robinson, S. L.</td>
<td>547, 564, 586</td>
</tr>
<tr>
<td>Rode, J. C.</td>
<td>545</td>
</tr>
<tr>
<td>Rodwell, R.</td>
<td>569</td>
</tr>
<tr>
<td>Roe, R. A.</td>
<td>578</td>
</tr>
<tr>
<td>Roese, N. J.</td>
<td>541</td>
</tr>
<tr>
<td>Roethlisberger, Fritz J.</td>
<td>531</td>
</tr>
<tr>
<td>Rogers, C. B., Jr.</td>
<td>319</td>
</tr>
<tr>
<td>Rogers, E. M.</td>
<td>587</td>
</tr>
<tr>
<td>Rogers, M.</td>
<td>532</td>
</tr>
<tr>
<td>Rogerson, L. J.</td>
<td>557</td>
</tr>
<tr>
<td>Romeach, Milton</td>
<td>48, 558</td>
</tr>
<tr>
<td>Rollins, K.</td>
<td>584</td>
</tr>
<tr>
<td>Rollins, Kevin</td>
<td>414, 425, 426</td>
</tr>
<tr>
<td>Romero, E. J.</td>
<td>549</td>
</tr>
<tr>
<td>Romero, S.</td>
<td>571</td>
</tr>
<tr>
<td>Rondreau, K. V.</td>
<td>550</td>
</tr>
<tr>
<td>Roome, N.</td>
<td>533</td>
</tr>
<tr>
<td>Rose, G. M.</td>
<td>553</td>
</tr>
<tr>
<td>Rosen, C. C.</td>
<td>537</td>
</tr>
<tr>
<td>Rosen, H.</td>
<td>574</td>
</tr>
<tr>
<td>Rosen, R.</td>
<td>61</td>
</tr>
<tr>
<td>Rosenberg, E.</td>
<td>567</td>
</tr>
<tr>
<td>Rosenbush, S.</td>
<td>319</td>
</tr>
<tr>
<td>Rosengren, A.</td>
<td>547</td>
</tr>
<tr>
<td>Rosenenthal, R.</td>
<td>540</td>
</tr>
<tr>
<td>Rosenweig, J. E.</td>
<td>531</td>
</tr>
<tr>
<td>Roszenzweig, P.</td>
<td>541</td>
</tr>
<tr>
<td>Rosnow, R. L.</td>
<td>569</td>
</tr>
<tr>
<td>Ross, E.</td>
<td>536</td>
</tr>
<tr>
<td>Ross, Richard</td>
<td>358</td>
</tr>
<tr>
<td>Ross, W. H.</td>
<td>575</td>
</tr>
<tr>
<td>Rosselli, M.</td>
<td>536</td>
</tr>
<tr>
<td>Rossmo, D. K.</td>
<td>539</td>
</tr>
<tr>
<td>Roth, D.</td>
<td>583</td>
</tr>
<tr>
<td>Roth, P. L.</td>
<td>545, 546</td>
</tr>
<tr>
<td>Rothbard, N. P.</td>
<td>549</td>
</tr>
<tr>
<td>Rothenberg, R.</td>
<td>558</td>
</tr>
<tr>
<td>Rothermund, K.</td>
<td>533</td>
</tr>
<tr>
<td>Rou, S.</td>
<td>569</td>
</tr>
<tr>
<td>Rousseau, D. M. H.</td>
<td>535, 547, 564, 586</td>
</tr>
<tr>
<td>Rousseau, V.</td>
<td>244, 563</td>
</tr>
<tr>
<td>Rouse, B.</td>
<td>580</td>
</tr>
<tr>
<td>Rouse, B. E.</td>
<td>535</td>
</tr>
<tr>
<td>Roy, B.</td>
<td>572</td>
</tr>
<tr>
<td>Ruben, J. Z.</td>
<td>574, 575</td>
</tr>
<tr>
<td>Rubin, M.</td>
<td>540, 573</td>
</tr>
<tr>
<td>Rubini, M.</td>
<td>568</td>
</tr>
<tr>
<td>Ruble, T. L.</td>
<td>336, 573</td>
</tr>
<tr>
<td>Runc, M. A.</td>
<td>560</td>
</tr>
<tr>
<td>Runingen, Christy</td>
<td>120</td>
</tr>
<tr>
<td>Russell, J. A.</td>
<td>99, 543</td>
</tr>
<tr>
<td>Russell, S.</td>
<td>581</td>
</tr>
<tr>
<td>Russo, F.</td>
<td>568</td>
</tr>
<tr>
<td>Russo, J. E.</td>
<td>558</td>
</tr>
<tr>
<td>Ryan, A. M.</td>
<td>570</td>
</tr>
<tr>
<td>Rynes, S.</td>
<td>555</td>
</tr>
<tr>
<td>Rynes, S. L.</td>
<td>531, 554</td>
</tr>
</tbody>
</table>

**S**

Saari, L. | 546 |
Saaavedra, R. | 556 |
Sabatini, P. | 571 |
Saccomando, John | 247 |
Sackett, P. | 533 |
Sage, A. | 540 |
Sagie, G. | 48 |
Ste-Croix, Gilles | 421 |
Saint-Onge, H. | 532 |
Salacuse, J. W. | 574 |
Salancik, G. R. | 533, 544, 550 |
Salas, E. | 565 |
Salaysay, Nick | 117 |
Salovey, P. | 544–545, 568 |
Salter, S. B. | 559 |
Name Index

Saltzmann, M., 580
Sanchez, Eduardo, 453
Sánchez-Manzanares, M., 563
Sandahl, D., 558
Santora, Joseph C., 319, 321
Santos, T., 581
Sapienza, H. J., 573
Sapeuan, S. M., 580
Saranow, J., 549
Sarr, R. A., 578
Sarwono, S. S., 538
Sassenberg, K., 567–568
Sasser, W. E., 546
Sauerteig, D., 568
Sauleya, K. S., 553, 572
Saunders, C. S., 570
Saunders, Craig, 217
Savoie, A., 244, 563
Savoie, Patrick, 103
Savoye, C., 538, 576
Scarbrough, H., 580
Schachaf, P., 566
Schachter, H., 567
Schacter, S., 561
Schaper, D., 567
Schaubroeck, J., 544
Schmidt, D. B., 538
Schmidt, Eric, 196
Schmidt, Herb, 18
Schmidt, S. M., 570, 573
Schminkle, W. H., 568
Schminkle, M., 552, 553
Schmitt, N., 532, 551
Schnake, M. E., 542
Schnau, C., 459
Schneider, B., 549, 585
Schnitzer, Ken, 432
Schoorman, F. D., 559
Schorg, C. A., 584
Schriesheim, C. A., 324, 542, 569, 577
Schroeder, D. M., 560
Schulman, Amy, 117
Schumann, P. L., 539
Schuster, J. R., 554
Schwab, Charles, 386
Schwalm, Cynthia, 49
Schwartz, N. D., 573
Schwartz, Shalom H., 48, 533, 538
Schwarz, John, 340
Schwarze, T. S., 560
Schyns, B., 579
Schiller, M. F., 536
Schein, E. H., 582, 583, 584, 585
Schepman, S., 542
Schettler, J., 538, 576
Schick, A. G., 531, 568
Schick, A. G., 531
Schmid, B., 531
Schmid, Herbert, 18
Schmid, S. M., 570, 573
Schmidt, W. H., 577
Schminkle, M., 552, 553
Schmitt, N., 532, 551
Schne, M. E., 542
Schnau, C., 459
Schneider, B., 549, 585
Schnitzer, Ken, 432
Schoorman, F. D., 559
Schorg, C. A., 584
Schriesheim, C. A., 324, 542, 569, 577
Schroeder, D. M., 560
Schulman, Amy, 117
Schumann, P. L., 539
Schuster, J. R., 554
Schwab, Charles, 386
Schwalm, Cynthia, 49
Schwartz, N. D., 573
Schwartz, Shalom H., 48, 533, 538
Schwarz, John, 340
Schwarze, T. S., 560
Schyns, B., 579
Schiller, M. F., 536
Schein, E. H., 582, 583, 584, 585
Schepman, S., 542
Schettler, J., 538, 576
Schick, A. G., 531, 568
Schne, M. E., 542
Schnau, C., 459
Schneider, B., 549, 585
Schnitzer, Ken, 432
Schoorman, F. D., 559
Schorg, C. A., 584
Shani, A. B., 588
Shannon, C. E., 566
Shapiro, B. T., 534, 550
Shapiro, D. L., 549, 573, 574
Shapley, T., 588
Sharma, R. R., 586
Sharp, D. J., 559
Sharpe, R., 579
Shaw, George Bernard, 281
Shaw, J. D., 554
Shaw, M. E., 561
Shea, G. P., 562
Sheehan, M., 559
Shelton, R., 565
Shepard, H. A., 336, 572
Shepherd, C. D., 568
Sheppard, B. H., 575
Sherif, M., 574
Sherman, J. W., 540
Shermer, M., 539
Sherwood, J. J., 563
Shi, J., 548
Shields, M., 547
Shimizu, K., 586
Shimizu, N., 583
Shin, A., 551
Shiner, R. L., 536
Shipton, H., 532, 543
Shirodkar, Vikas, 44
Shrinat, S., 583
Shrine, Logan, 331
Shull, F. A., Jr., 557
Siegal, M., 549
Siehl, C., 583, 584
Siekmann, P. M., 555, 582
Sigall, H., 568
Silver, H., 583
Silverman, Fred, 358
Simon, D., 534
Simmons, B. L., 547, 564
Simon, E., 586
Simon, Herbert A., 203, 557, 558, 559
Simon, Serge, 74
Simons, D. J., 539
Simons, T., 538, 564, 578
Simonson, L., 559
Simpson, B., 570
Sims, H. J., 577
Sinclair, A., 583
Sinclair, G., Jr., 470
Sinclair, L., 540
Sine, W. D., 581
Singh, Jim, 155
<table>
<thead>
<tr>
<th>Name</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Singer, J. A.</td>
<td>538</td>
</tr>
<tr>
<td>Singer, M.</td>
<td>61, 582</td>
</tr>
<tr>
<td>Singh, R. P.</td>
<td>531</td>
</tr>
<tr>
<td>Sinha, J. B. P.</td>
<td>538</td>
</tr>
<tr>
<td>Sinha, K. K.</td>
<td>582</td>
</tr>
<tr>
<td>Sink, D. S.</td>
<td>588</td>
</tr>
<tr>
<td>Sinkula, J. M.</td>
<td>543, 584</td>
</tr>
<tr>
<td>Sitkin, S. B.</td>
<td>535</td>
</tr>
<tr>
<td>Sjöberg, L.</td>
<td>559</td>
</tr>
<tr>
<td>Skarlicki, D. P.</td>
<td>553</td>
</tr>
<tr>
<td>Skinner, B. F.</td>
<td>542</td>
</tr>
<tr>
<td>Skinner, C.</td>
<td>576</td>
</tr>
<tr>
<td>Slocum, J. W., Jr.</td>
<td>532, 535</td>
</tr>
<tr>
<td>Sluss, D. M.</td>
<td>585</td>
</tr>
<tr>
<td>Small, D. A.</td>
<td>538</td>
</tr>
<tr>
<td>Small, K.</td>
<td>546</td>
</tr>
<tr>
<td>Smallwood, N.</td>
<td>576</td>
</tr>
<tr>
<td>Smelter, Phil</td>
<td>85</td>
</tr>
<tr>
<td>Smith, A. E.</td>
<td>541</td>
</tr>
<tr>
<td>Smith, Adam</td>
<td>5, 176, 555</td>
</tr>
<tr>
<td>Smith, C. A.</td>
<td>128</td>
</tr>
<tr>
<td>Smith, C. L.</td>
<td>566</td>
</tr>
<tr>
<td>Smith, D. K.</td>
<td>563</td>
</tr>
<tr>
<td>Smith, E. R.</td>
<td>540</td>
</tr>
<tr>
<td>Smith, J.</td>
<td>564, 587</td>
</tr>
<tr>
<td>Smith, J. H.</td>
<td>531</td>
</tr>
<tr>
<td>Smith, K. W.</td>
<td>428, 584–585</td>
</tr>
<tr>
<td>Smith, M.</td>
<td>560</td>
</tr>
<tr>
<td>Smith, Mark</td>
<td>254</td>
</tr>
<tr>
<td>Smith, Nina</td>
<td>308</td>
</tr>
<tr>
<td>Smith, R. J.</td>
<td>558</td>
</tr>
<tr>
<td>Smith, R. S.</td>
<td>554</td>
</tr>
<tr>
<td>Smith, T. W.</td>
<td>545</td>
</tr>
<tr>
<td>Smither, J. W.</td>
<td>552</td>
</tr>
<tr>
<td>Smith-Holladay, Jennifer</td>
<td>80</td>
</tr>
<tr>
<td>Smyrlis, L.</td>
<td>534</td>
</tr>
<tr>
<td>Snell, R. S.</td>
<td>571</td>
</tr>
<tr>
<td>Snir, R.</td>
<td>548</td>
</tr>
<tr>
<td>Snow, C. C.</td>
<td>582</td>
</tr>
<tr>
<td>Snyder, N. T.</td>
<td>564, 583</td>
</tr>
<tr>
<td>Snyderman, B. B.</td>
<td>555</td>
</tr>
<tr>
<td>Soelberg, P. O.</td>
<td>558</td>
</tr>
<tr>
<td>Sohn, D. W.</td>
<td>575</td>
</tr>
<tr>
<td>Somech, A.</td>
<td>562, 570</td>
</tr>
<tr>
<td>Sommer, S. M.</td>
<td>551</td>
</tr>
<tr>
<td>Song, S.</td>
<td>587</td>
</tr>
<tr>
<td>Song, X. M.</td>
<td>573</td>
</tr>
<tr>
<td>Sonnby-Borgstrom, M.</td>
<td>567</td>
</tr>
<tr>
<td>Sorensen, J. S.</td>
<td>583</td>
</tr>
<tr>
<td>Sorensen, K. L.</td>
<td>537</td>
</tr>
<tr>
<td>Sorensen, P. F.</td>
<td>588</td>
</tr>
<tr>
<td>Southard, Katie</td>
<td>111</td>
</tr>
<tr>
<td>Sowa, J. E.</td>
<td>531</td>
</tr>
<tr>
<td>Sparks, J. R.</td>
<td>539</td>
</tr>
<tr>
<td>Spears, L. C.</td>
<td>577</td>
</tr>
<tr>
<td>Spears, R.</td>
<td>540, 566, 573</td>
</tr>
<tr>
<td>Spector, B.</td>
<td>584, 587</td>
</tr>
<tr>
<td>Spector, M.</td>
<td>574</td>
</tr>
<tr>
<td>Spector, P. E.</td>
<td>537, 553, 556</td>
</tr>
<tr>
<td>Spence, J. T.</td>
<td>548</td>
</tr>
<tr>
<td>Spencer, L. M.</td>
<td>535</td>
</tr>
<tr>
<td>Spencer, S. M.</td>
<td>535</td>
</tr>
<tr>
<td>Spies, L.</td>
<td>554</td>
</tr>
<tr>
<td>Spini, D.</td>
<td>538</td>
</tr>
<tr>
<td>Spirk, John</td>
<td>217</td>
</tr>
<tr>
<td>Spiros, R. R.</td>
<td>555</td>
</tr>
<tr>
<td>Spoor, J. R.</td>
<td>561</td>
</tr>
<tr>
<td>Spors, K. K.</td>
<td>544, 554</td>
</tr>
<tr>
<td>Spreitzer, G. M.</td>
<td>556</td>
</tr>
<tr>
<td>Springer, Jim</td>
<td>39</td>
</tr>
<tr>
<td>Spurgeon, P.</td>
<td>576</td>
</tr>
<tr>
<td>Srinivas, Singu</td>
<td>274</td>
</tr>
<tr>
<td>Srisavastava, A.</td>
<td>544</td>
</tr>
<tr>
<td>Srisavastava, S.</td>
<td>536</td>
</tr>
<tr>
<td>Staelin, R.</td>
<td>559</td>
</tr>
<tr>
<td>Stagner, R.</td>
<td>574</td>
</tr>
<tr>
<td>Stahl, G. K.</td>
<td>584</td>
</tr>
<tr>
<td>Stalker, G.</td>
<td>581, 582</td>
</tr>
<tr>
<td>Stamps, J.</td>
<td>565</td>
</tr>
<tr>
<td>Starbuck, William</td>
<td>495</td>
</tr>
<tr>
<td>Starke, M.</td>
<td>586</td>
</tr>
<tr>
<td>Stasser, G.</td>
<td>563</td>
</tr>
<tr>
<td>Staubus, M.</td>
<td>554</td>
</tr>
<tr>
<td>Staw, B. M.</td>
<td>559</td>
</tr>
<tr>
<td>Steel, P.</td>
<td>572</td>
</tr>
<tr>
<td>Steene, G. V.</td>
<td>557</td>
</tr>
<tr>
<td>Steensma, H. K.</td>
<td>582</td>
</tr>
<tr>
<td>Steers, R. M.</td>
<td>546, 549</td>
</tr>
<tr>
<td>Stein, E. W.</td>
<td>567</td>
</tr>
<tr>
<td>Stein, M. B.</td>
<td>548</td>
</tr>
<tr>
<td>Steiner, D. D.</td>
<td>541</td>
</tr>
<tr>
<td>Steiner, I. D.</td>
<td>562</td>
</tr>
<tr>
<td>Stelter, N. Z.</td>
<td>579</td>
</tr>
<tr>
<td>Stephen, W. G.</td>
<td>542</td>
</tr>
<tr>
<td>Stephenson, J., Jr.</td>
<td>580</td>
</tr>
<tr>
<td>Stern, C.</td>
<td>319</td>
</tr>
<tr>
<td>Stern, L. W.</td>
<td>546, 574</td>
</tr>
<tr>
<td>Stern, R. N.</td>
<td>531</td>
</tr>
<tr>
<td>Sternberg, R. J.</td>
<td>560, 576</td>
</tr>
<tr>
<td>Stevens, M.</td>
<td>585</td>
</tr>
<tr>
<td>Stewart, G. L.</td>
<td>556, 563, 565</td>
</tr>
<tr>
<td>Stewart, John</td>
<td>430, 431</td>
</tr>
<tr>
<td>Stewart, T. A.</td>
<td>532</td>
</tr>
<tr>
<td>Stogdill, R. M.</td>
<td>576</td>
</tr>
<tr>
<td>Stone, J.</td>
<td>544</td>
</tr>
<tr>
<td>Stoneman, B.</td>
<td>539</td>
</tr>
<tr>
<td>Strange, J. M.</td>
<td>578</td>
</tr>
<tr>
<td>Strauss, A.</td>
<td>513</td>
</tr>
<tr>
<td>Strauss, W.</td>
<td>534</td>
</tr>
<tr>
<td>Strebel, P.</td>
<td>586–587</td>
</tr>
<tr>
<td>Strelau, J.</td>
<td>536</td>
</tr>
<tr>
<td>Strickland, O. J.</td>
<td>556</td>
</tr>
<tr>
<td>Stroebe, W.</td>
<td>565</td>
</tr>
<tr>
<td>Strube, M. J.</td>
<td>547</td>
</tr>
<tr>
<td>Stutton, D.</td>
<td>571</td>
</tr>
<tr>
<td>Stuermer, Christoph</td>
<td>334</td>
</tr>
<tr>
<td>Stuhlmacher, A. F.</td>
<td>574</td>
</tr>
<tr>
<td>Su, H. C.</td>
<td>585</td>
</tr>
<tr>
<td>Sujan, M.</td>
<td>550</td>
</tr>
<tr>
<td>Suleman, Razor</td>
<td>280</td>
</tr>
<tr>
<td>Summers, T. P.</td>
<td>553</td>
</tr>
<tr>
<td>Sundstrom, E.</td>
<td>553, 561, 562, 570</td>
</tr>
<tr>
<td>Sunstein, C. R.</td>
<td>560</td>
</tr>
<tr>
<td>Surface, E. A.</td>
<td>554</td>
</tr>
<tr>
<td>Sussman, N. M.</td>
<td>568</td>
</tr>
<tr>
<td>Sutton, Robert L.</td>
<td>535, 531, 535, 543, 599, 560, 561, 565–566</td>
</tr>
<tr>
<td>Svensson, O.</td>
<td>567</td>
</tr>
<tr>
<td>Swailes, S.</td>
<td>563</td>
</tr>
<tr>
<td>Swann, W. B., Jr.</td>
<td>537</td>
</tr>
<tr>
<td>Swanson, L.</td>
<td>559</td>
</tr>
<tr>
<td>Swap, W.</td>
<td>583</td>
</tr>
<tr>
<td>Sweeney, Anne</td>
<td>358, 360, 367, 371, 374</td>
</tr>
<tr>
<td>Sy, T.</td>
<td>582</td>
</tr>
<tr>
<td>Sya, L. S.</td>
<td>569</td>
</tr>
<tr>
<td>Sylvain, L.</td>
<td>581</td>
</tr>
<tr>
<td>Sytch, M.</td>
<td>569</td>
</tr>
<tr>
<td>Szabo, E. A.</td>
<td>571, 579</td>
</tr>
<tr>
<td>T</td>
<td></td>
</tr>
<tr>
<td>Taggar, S.</td>
<td>560, 564</td>
</tr>
<tr>
<td>Taillieu, T. C. B.</td>
<td>578</td>
</tr>
<tr>
<td>Tajfel, H.</td>
<td>537</td>
</tr>
<tr>
<td>Takala, T.</td>
<td>531</td>
</tr>
<tr>
<td>Takeda, H.</td>
<td>543</td>
</tr>
<tr>
<td>Takeuchi, H.</td>
<td>542, 583</td>
</tr>
<tr>
<td>Tan, D.</td>
<td>571</td>
</tr>
<tr>
<td>Tan, N. T.</td>
<td>587</td>
</tr>
<tr>
<td>Tan, T.</td>
<td>561</td>
</tr>
<tr>
<td>Tang, T.</td>
<td>553–554</td>
</tr>
<tr>
<td>Tang, T. L. P.</td>
<td>554</td>
</tr>
<tr>
<td>Tanguay, Ray</td>
<td>418</td>
</tr>
<tr>
<td>Tannen, D.</td>
<td>568</td>
</tr>
<tr>
<td>Tannenbaum, R.</td>
<td>577</td>
</tr>
<tr>
<td>Tanner, J., Jr.</td>
<td>571</td>
</tr>
<tr>
<td>Tapias, M. P.</td>
<td>562</td>
</tr>
<tr>
<td>Taras, D.</td>
<td>572</td>
</tr>
</tbody>
</table>
Name Index

Tarrant, D., 577
Tasa, K., 565
Tata, J., 581
Tate, G., 537
Taxel, L., 560
Taylor, C. R., 549
Taylor, Frederick Winslow, 5, 176, 555
Taylor, R. N., 559
Taylor, S. E., 547, 549
Taylor, T., 548
Taylor, W. C., 531
Tece, D. J., 582
Teeikangas, S., 584
Tellier, Paul, 345
Templer, D., 194
Teng, B. S., 557
Tepper, B. J., 586
Terai, T., 551
Teresko, J., 562
Terracciano, A., 536, 552
Terry, D. J., 537, 571
Tetrick, L. E., 555
Tett, R. P., 537
Tews, M. J., 544
Tharenou, P., 532–533, 535
Thatcher, S. M. B., 547
Theobald, N. A., 580
Theorell, T., 548
Théorét, A., 557
Theresianto, N., 577
Thieme, R. J., 573
Thom, R., 581
Thomas, D., 569
Thomas, D. A., 534, 560
Thomas, D. C., 546, 568
Thomas, G., 542, 546
Thomas, G. F., 567
Thomas, H. D. C., 586
Thomas, J. L., 551
Thomas, K., 336, 573
Thomas, K. W., 573
Thomas, R. J., 534
Thompson, J., 587
Thompson, John, 446–447
Thompson, Kris, 435
Thompson, L., 541, 574, 575
Thompson, L. L., 574
Thompson, M. M., 93
Thompson, T., 548
Thomson, J., 545
Thornburgh, Dick, 319
Thornton, E., 381
Thornton, John, 331
Thottam, J., 587
Throckmorton, Robin, 326, 572
Thurstone, L. L., 535
Tiedens, L. Z., 541, 567
Tiegs, R. B., 555
Tien-Hsieh, A., 580
Tindale, S. R., 562
Tinsley, C. H., 567, 574
Tishler, A., 584
Tjosvold, D., 572
Točzek-Capelle, M.-C., 561
Todorova, G., 532
Todorovic, William, 478
Toffler, Alvin, 206, 558
Toh, E., 549
Toomey, S., 548
Tozzini, Fabio, 130
Tosio, H. L., 535
Tourigny, L., 548
Tourish, D., 583
Trachtman, R., 553
Tracy, J., 470
Trotter, G., 560
Tredoux, C., 542
Tribble, Guy (“Bad”), 312
Trinch, H., 538
Trompenaars, F., 544
Tropp, L. R., 542
Trost, R., 588
Trost, A. M., 588
Trotter, K. T., 541
Troy, L. O., 541
Tsai, W. C., 546
Tsang, E. W. K., 541
Tsaousis, I., 548
Tseng, S.-F., 560
Tsui, A. B. M., 568
Tsui, A. S., 582, 585
Tuckman, B. W., 563
Tugade, M. M., 548
Tung, R. L., 575
Tunley, W. H., 571
Tversky, Amos, 205, 558
Tyche, J., 578
Tyler, K., 539
Tyson, D. H., 568
U
Uchino, B. N., 566
Uggerslev, K. L., 585
Ulrich, E., 565
Ullman, Myron “Mike,” 133
Ulrich, D., 576
Unsworth, K. L., 562
Urban, K. K., 560
Urry, L., 572
Useem, J., 584
Uzzi, B., 561
V
Vaananen, A., 534
Vaas, L., 573
Vaill, P. B., 531
Valenze, D., 553
Vamos, Steve, 365
Van Aken, E. M., 562, 588
Van Alphen, T., 580
Vancouver, J. B., 542
Vandenbergh, R. J., 566
Vander Doelen, C., 564, 583
van der Mark, I. L., 542
Van der Vegt, G. S., 562, 573
Van de Ven, A. H., 566, 580, 582
Van de Ven, F., 537
Van de Vliet, E., 562, 573
van Diggelen, A., 565
Van-Dijk, D., 552
Van Doorn, J. R., 578
van Dyne, L., 546
van Engen, M. L., 579
Van Fleet, D. D., 580
Vangen, S., 587
Vanhonacker, W. R., 571
van Knippenberg, D., 534, 563, 564
Van Lee, R., 539
Van Maanen, J., 585, 586
van Marrewijk, M., 533
van Mierlo, H., 565
van Muijen, J. J., 382, 583
Van Nuys, K. E., 586
Van Patten, J., 588
Van Vianen, A. E. M., 574, 585
Van Vugt, M., 561
<table>
<thead>
<tr>
<th>Name</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vassileva, Vesselka</td>
<td>107</td>
</tr>
<tr>
<td>Vatcha, N.</td>
<td>583</td>
</tr>
<tr>
<td>Vavra, B.</td>
<td>564</td>
</tr>
<tr>
<td>Vecchio, R. P.</td>
<td>577</td>
</tr>
<tr>
<td>Velasquez, M. G.</td>
<td>539</td>
</tr>
<tr>
<td>Velayutham, Thivagar</td>
<td>488</td>
</tr>
<tr>
<td>Verbeke, A.</td>
<td>535</td>
</tr>
<tr>
<td>Verbeke, W.</td>
<td>548, 561</td>
</tr>
<tr>
<td>Verdon, J.</td>
<td>544</td>
</tr>
<tr>
<td>Velvet, W.</td>
<td>535</td>
</tr>
<tr>
<td>Verbeke, W.</td>
<td>548</td>
</tr>
<tr>
<td>Verbeke, W.</td>
<td>544</td>
</tr>
<tr>
<td>Verna, B.</td>
<td>564</td>
</tr>
<tr>
<td>Vegas, R. P.</td>
<td>577</td>
</tr>
<tr>
<td>Velasquez, M. G.</td>
<td>539</td>
</tr>
<tr>
<td>Verbeke, W.</td>
<td>548</td>
</tr>
<tr>
<td>Verplanken, B.</td>
<td>538, 551</td>
</tr>
<tr>
<td>Verquer, M. L.</td>
<td>538</td>
</tr>
<tr>
<td>Ververidis, D.</td>
<td>551</td>
</tr>
<tr>
<td>Verry, P.</td>
<td>584</td>
</tr>
<tr>
<td>Vextommen, H.</td>
<td>557</td>
</tr>
<tr>
<td>Vickers, M.</td>
<td>532</td>
</tr>
<tr>
<td>Vidale, D.</td>
<td>540</td>
</tr>
<tr>
<td>Vignola, E.</td>
<td>571</td>
</tr>
<tr>
<td>Villa, J. R.</td>
<td>577</td>
</tr>
<tr>
<td>Visser, P. S.</td>
<td>543</td>
</tr>
<tr>
<td>Viswesvaran, C.</td>
<td>536</td>
</tr>
<tr>
<td>Vohs, K. D.</td>
<td>558, 569</td>
</tr>
<tr>
<td>Voight, J.</td>
<td>570</td>
</tr>
<tr>
<td>Voigt, A.</td>
<td>584</td>
</tr>
<tr>
<td>Vonderhorst, J.</td>
<td>537, 549</td>
</tr>
<tr>
<td>Von Glinow, M. A.</td>
<td>573, 574</td>
</tr>
<tr>
<td>Vonk, R.</td>
<td>571</td>
</tr>
<tr>
<td>Voronov, M.</td>
<td>538</td>
</tr>
<tr>
<td>Voss, A.</td>
<td>557</td>
</tr>
<tr>
<td>Voss, K.</td>
<td>565</td>
</tr>
<tr>
<td>Vranica, S.</td>
<td>581</td>
</tr>
<tr>
<td>Vredenburgh, D.</td>
<td>551</td>
</tr>
<tr>
<td>Vreeke, G. J.</td>
<td>542</td>
</tr>
<tr>
<td>Vroman, H.</td>
<td>484, 488</td>
</tr>
<tr>
<td>Vroom, V. H.</td>
<td>224, 535, 551, 560, 565</td>
</tr>
</tbody>
</table>

**W**

<table>
<thead>
<tr>
<th>Name</th>
<th>Page Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wagar, T. H.</td>
<td>550</td>
</tr>
<tr>
<td>Wageman, R.</td>
<td>562, 573</td>
</tr>
<tr>
<td>Wagner, C.</td>
<td>567</td>
</tr>
<tr>
<td>Wagner, S. H.</td>
<td>532, 538, 554</td>
</tr>
<tr>
<td>Wahba, M. A.</td>
<td>550</td>
</tr>
<tr>
<td>Walker, C. J.</td>
<td>569</td>
</tr>
<tr>
<td>Walker, C. R.</td>
<td>555</td>
</tr>
<tr>
<td>Wall, J. A.</td>
<td>572, 575</td>
</tr>
<tr>
<td>Wall, T. D.</td>
<td>555, 556, 580</td>
</tr>
<tr>
<td>Wallace, D.</td>
<td>532</td>
</tr>
<tr>
<td>Wallace, J.</td>
<td>570</td>
</tr>
<tr>
<td>Wallace, R.</td>
<td>545</td>
</tr>
<tr>
<td>Wallander, Jan</td>
<td>164</td>
</tr>
<tr>
<td>Wallas, Graham</td>
<td>216, 560</td>
</tr>
<tr>
<td>Wals, M.</td>
<td>548</td>
</tr>
<tr>
<td>Walsh, J. P.</td>
<td>531, 560</td>
</tr>
<tr>
<td>Walsh, K.</td>
<td>580</td>
</tr>
<tr>
<td>Walsh, T.</td>
<td>568</td>
</tr>
<tr>
<td>Walter, G. A.</td>
<td>588</td>
</tr>
<tr>
<td>Walters, M.</td>
<td>582</td>
</tr>
<tr>
<td>Walther, J. B.</td>
<td>566</td>
</tr>
<tr>
<td>Walton, R. E.</td>
<td>573, 574, 587</td>
</tr>
<tr>
<td>Walton, Sam</td>
<td>422</td>
</tr>
<tr>
<td>Wanberg, C. R.</td>
<td>586</td>
</tr>
<tr>
<td>Wang, Tony</td>
<td>185</td>
</tr>
<tr>
<td>Wanous, J. P.</td>
<td>551, 586</td>
</tr>
<tr>
<td>Ward, B.</td>
<td>549</td>
</tr>
<tr>
<td>Warner, M.</td>
<td>531</td>
</tr>
<tr>
<td>Warner, S.</td>
<td>582</td>
</tr>
<tr>
<td>Warren, M.</td>
<td>470</td>
</tr>
<tr>
<td>Wartzman, R.</td>
<td>533</td>
</tr>
<tr>
<td>Waterman, R.</td>
<td>569</td>
</tr>
<tr>
<td>Watkins, J. M.</td>
<td>459, 588</td>
</tr>
<tr>
<td>Watkins, K.</td>
<td>587</td>
</tr>
<tr>
<td>Watkins, M.</td>
<td>582</td>
</tr>
<tr>
<td>Watson, Jonathan</td>
<td>182</td>
</tr>
<tr>
<td>Watson, R.</td>
<td>553</td>
</tr>
<tr>
<td>Watson-Manheim, M. B.</td>
<td>567</td>
</tr>
<tr>
<td>Watt, J. D.</td>
<td>546</td>
</tr>
<tr>
<td>Watts, L. A.</td>
<td>566</td>
</tr>
<tr>
<td>Waung, M.</td>
<td>549</td>
</tr>
<tr>
<td>Waymon, L.</td>
<td>586</td>
</tr>
<tr>
<td>Weatherbee, T. G.</td>
<td>550</td>
</tr>
<tr>
<td>Weaver, W.</td>
<td>566</td>
</tr>
<tr>
<td>Webb, M.</td>
<td>578</td>
</tr>
<tr>
<td>Webber, S. S.</td>
<td>564</td>
</tr>
<tr>
<td>Weber, Max</td>
<td>5</td>
</tr>
<tr>
<td>Weber, R.</td>
<td>579</td>
</tr>
<tr>
<td>Weber, T.</td>
<td>578</td>
</tr>
<tr>
<td>Weber, W.</td>
<td>561, 565</td>
</tr>
<tr>
<td>Weber, W. G.</td>
<td>565</td>
</tr>
<tr>
<td>Weberg, B.</td>
<td>554</td>
</tr>
<tr>
<td>Webley, P.</td>
<td>553</td>
</tr>
<tr>
<td>Webster, J.</td>
<td>567</td>
</tr>
<tr>
<td>Wescler, H.</td>
<td>542</td>
</tr>
<tr>
<td>Wedley, W. C.</td>
<td>557</td>
</tr>
<tr>
<td>Weel, B.</td>
<td>580</td>
</tr>
<tr>
<td>Wegge, J.</td>
<td>543, 552</td>
</tr>
<tr>
<td>Wei, L.</td>
<td>577</td>
</tr>
<tr>
<td>Weick, K. E.</td>
<td>532, 587</td>
</tr>
<tr>
<td>Weigand, R. A.</td>
<td>534</td>
</tr>
<tr>
<td>Weil, N.</td>
<td>572</td>
</tr>
<tr>
<td>Weiner, B.</td>
<td>540</td>
</tr>
<tr>
<td>Weingart, L. R.</td>
<td>565, 572, 575</td>
</tr>
<tr>
<td>Weinstein, M.</td>
<td>536, 540</td>
</tr>
<tr>
<td>Weintraub, A.</td>
<td>440</td>
</tr>
<tr>
<td>Weisberg, R. W.</td>
<td>560</td>
</tr>
<tr>
<td>Weisbord, M.</td>
<td>588</td>
</tr>
<tr>
<td>Weiss, H. M.</td>
<td>543, 544, 545</td>
</tr>
<tr>
<td>Weitzel, J. R.</td>
<td>577</td>
</tr>
<tr>
<td>Welbourne, T. M.</td>
<td>554</td>
</tr>
<tr>
<td>Welch, D.</td>
<td>568, 583</td>
</tr>
<tr>
<td>Welch, L.</td>
<td>568</td>
</tr>
<tr>
<td>Weldon, E.</td>
<td>539, 574</td>
</tr>
<tr>
<td>Weldon, William</td>
<td>407</td>
</tr>
<tr>
<td>Wells, J.</td>
<td>585</td>
</tr>
<tr>
<td>Wells, Mark</td>
<td>120</td>
</tr>
<tr>
<td>Welsh, D. H. B.</td>
<td>551</td>
</tr>
<tr>
<td>Wernimont, P. F.</td>
<td>553</td>
</tr>
<tr>
<td>Weseman, Randy</td>
<td>460</td>
</tr>
<tr>
<td>West, M. A.</td>
<td>561, 562</td>
</tr>
<tr>
<td>Westen, D.</td>
<td>539</td>
</tr>
<tr>
<td>Westerman, J. W.</td>
<td>538, 547</td>
</tr>
<tr>
<td>Westhead, R.</td>
<td>574</td>
</tr>
<tr>
<td>Westin, David</td>
<td>358</td>
</tr>
<tr>
<td>Weston, Graham</td>
<td>130</td>
</tr>
<tr>
<td>Westwood, R.</td>
<td>531, 560</td>
</tr>
<tr>
<td>Welldor, S.</td>
<td>581</td>
</tr>
<tr>
<td>Wetzel, M. G. M.</td>
<td>568</td>
</tr>
<tr>
<td>Waxler, M. N.</td>
<td>532</td>
</tr>
<tr>
<td>Wheeler, J. V.</td>
<td>564</td>
</tr>
<tr>
<td>Whetten, D. A.</td>
<td>538</td>
</tr>
<tr>
<td>Whipp, G.</td>
<td>568</td>
</tr>
<tr>
<td>White, Donald D.</td>
<td>484, 488</td>
</tr>
<tr>
<td>White, E.</td>
<td>552</td>
</tr>
<tr>
<td>White, K. M.</td>
<td>571</td>
</tr>
<tr>
<td>White, M. C.</td>
<td>264</td>
</tr>
<tr>
<td>White, R.</td>
<td>552, 561</td>
</tr>
<tr>
<td>White, Ray</td>
<td>149</td>
</tr>
<tr>
<td>White, S. S.</td>
<td>541</td>
</tr>
<tr>
<td>Whitener, E. M.</td>
<td>564</td>
</tr>
<tr>
<td>Whitfield, K.</td>
<td>554</td>
</tr>
<tr>
<td>Whiford, D.</td>
<td>555</td>
</tr>
<tr>
<td>Whitman, W.</td>
<td>527</td>
</tr>
<tr>
<td>Whitney, D.</td>
<td>459, 588</td>
</tr>
<tr>
<td>Whitney, K.</td>
<td>539</td>
</tr>
<tr>
<td>Whittington, J. L.</td>
<td>557</td>
</tr>
<tr>
<td>Whittworth, B.</td>
<td>569</td>
</tr>
<tr>
<td>Whyte, G.</td>
<td>559, 565</td>
</tr>
<tr>
<td>Wicks, A. C.</td>
<td>533</td>
</tr>
<tr>
<td>Widener, S. K.</td>
<td>532</td>
</tr>
<tr>
<td>Wiebeking, Wendelin</td>
<td>333, 334</td>
</tr>
<tr>
<td>Wiedeking, Wendelin</td>
<td>333, 334</td>
</tr>
<tr>
<td>Wiesfeld, B.</td>
<td>535</td>
</tr>
<tr>
<td>Wiesner, R.</td>
<td>580</td>
</tr>
<tr>
<td>Wiggins, S.</td>
<td>549</td>
</tr>
<tr>
<td>Wijen, F.</td>
<td>533</td>
</tr>
<tr>
<td>Wilkins, A. L.</td>
<td>583</td>
</tr>
<tr>
<td>Wilkinson, A.</td>
<td>546</td>
</tr>
<tr>
<td>Wilkinson, I.</td>
<td>570</td>
</tr>
<tr>
<td>Willem, A.</td>
<td>580</td>
</tr>
<tr>
<td>Willemsen, T. M.</td>
<td>579</td>
</tr>
<tr>
<td>Willer, D.</td>
<td>569</td>
</tr>
<tr>
<td>Name</td>
<td>Page(s)</td>
</tr>
<tr>
<td>---------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>Williams, A.</td>
<td>582</td>
</tr>
<tr>
<td>Williams, B. A.</td>
<td>542</td>
</tr>
<tr>
<td>Williams, J. R.</td>
<td>552</td>
</tr>
<tr>
<td>Williams, K. D.</td>
<td>562</td>
</tr>
<tr>
<td>Williams, Lisa V.</td>
<td>482</td>
</tr>
<tr>
<td>Williams, M.</td>
<td>564</td>
</tr>
<tr>
<td>Williams, Mona</td>
<td>502</td>
</tr>
<tr>
<td>Williams, S.</td>
<td>557, 566, 567</td>
</tr>
<tr>
<td>Williamson, O. E.</td>
<td>564</td>
</tr>
<tr>
<td>Willis, H.</td>
<td>540, 573</td>
</tr>
<tr>
<td>Wilson, Dennis J.</td>
<td>431</td>
</tr>
<tr>
<td>Wilson, E. V.</td>
<td>567</td>
</tr>
<tr>
<td>Winkielman, P.</td>
<td>544, 551, 557, 558, 567</td>
</tr>
<tr>
<td>Wirtz, P. W.</td>
<td>579</td>
</tr>
<tr>
<td>Wirtz, R. A.</td>
<td>554</td>
</tr>
<tr>
<td>Wise, P.</td>
<td>563</td>
</tr>
<tr>
<td>Wiseman, R. M.</td>
<td>554</td>
</tr>
<tr>
<td>Withey, M. J.</td>
<td>545, 546</td>
</tr>
<tr>
<td>Witt, A.</td>
<td>536</td>
</tr>
<tr>
<td>Witt, L. A.</td>
<td>571</td>
</tr>
<tr>
<td>Witte, E.</td>
<td>558</td>
</tr>
<tr>
<td>Wixom, B. H.</td>
<td>566</td>
</tr>
<tr>
<td>Wofford, J. C.</td>
<td>577</td>
</tr>
<tr>
<td>Wojcik, J.</td>
<td>549</td>
</tr>
<tr>
<td>Wolf, M.</td>
<td>534</td>
</tr>
<tr>
<td>Womack, J. P.</td>
<td>532</td>
</tr>
<tr>
<td>Wong, C.-S.</td>
<td>545</td>
</tr>
<tr>
<td>Wood, G.</td>
<td>539</td>
</tr>
<tr>
<td>Wood, W.</td>
<td>571</td>
</tr>
<tr>
<td>Wooden, M.</td>
<td>548</td>
</tr>
<tr>
<td>Woodman, R. W.</td>
<td>563</td>
</tr>
<tr>
<td>Woodruff, D.</td>
<td>568</td>
</tr>
<tr>
<td>Woodward, S.</td>
<td>586</td>
</tr>
<tr>
<td>Wooldridge, A.</td>
<td>531</td>
</tr>
<tr>
<td>Woollfolk, R. L.</td>
<td>547</td>
</tr>
<tr>
<td>Workman, J. P. Jr.</td>
<td>581</td>
</tr>
<tr>
<td>Wren, D. A.</td>
<td>554, 580</td>
</tr>
<tr>
<td>Wright, G.</td>
<td>559</td>
</tr>
<tr>
<td>Wright, P. L.</td>
<td>569</td>
</tr>
<tr>
<td>Wright, P. M.</td>
<td>552</td>
</tr>
<tr>
<td>Wrezsniewski, A.</td>
<td>556</td>
</tr>
<tr>
<td>Wuchi, S.</td>
<td>561</td>
</tr>
<tr>
<td>Wu, Y.</td>
<td>561</td>
</tr>
<tr>
<td>X</td>
<td></td>
</tr>
<tr>
<td>Xile, J.</td>
<td>573</td>
</tr>
<tr>
<td>Xin, K. R.</td>
<td>572</td>
</tr>
<tr>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Yaeger, T. F.</td>
<td>588</td>
</tr>
<tr>
<td>Yamada, H.</td>
<td>568</td>
</tr>
<tr>
<td>Yamauchi, K.</td>
<td>194</td>
</tr>
<tr>
<td>Yammarino, F. J.</td>
<td>576, 577</td>
</tr>
<tr>
<td>Yang, J.</td>
<td>572–573</td>
</tr>
<tr>
<td>Yang, J. L.</td>
<td>573</td>
</tr>
<tr>
<td>Yankelovich, D.</td>
<td>531</td>
</tr>
<tr>
<td>Yantis, S.</td>
<td>539</td>
</tr>
<tr>
<td>Yapra, A.</td>
<td>543, 584</td>
</tr>
<tr>
<td>Ybarra, O.</td>
<td>541</td>
</tr>
<tr>
<td>Yeatts, D. E.</td>
<td>564</td>
</tr>
<tr>
<td>Yoho, S. K.</td>
<td>557, 577</td>
</tr>
<tr>
<td>Yokoyama, John</td>
<td>503</td>
</tr>
<tr>
<td>Yoon, J.</td>
<td>556</td>
</tr>
<tr>
<td>York, G.</td>
<td>470</td>
</tr>
<tr>
<td>You, N.</td>
<td>548</td>
</tr>
<tr>
<td>Young, S.</td>
<td>546</td>
</tr>
<tr>
<td>Young, S. M.</td>
<td>532</td>
</tr>
<tr>
<td>Youssef, Yasmeen</td>
<td>32</td>
</tr>
<tr>
<td>Yrizarry, Magda</td>
<td>20–21</td>
</tr>
<tr>
<td>Yukl, G. A.</td>
<td>569, 571, 576, 577, 578</td>
</tr>
<tr>
<td>Yun, Jong-Yong</td>
<td>219</td>
</tr>
<tr>
<td>Z</td>
<td></td>
</tr>
<tr>
<td>Zaccardelli, Giuliano</td>
<td>298</td>
</tr>
<tr>
<td>Zaccaro, S. J.</td>
<td>562, 576</td>
</tr>
<tr>
<td>Zacharatos, A.</td>
<td>588</td>
</tr>
<tr>
<td>Zadek, S.</td>
<td>533</td>
</tr>
<tr>
<td>Zagelemyer, S.</td>
<td>587</td>
</tr>
<tr>
<td>Zajonc, R. B.</td>
<td>543</td>
</tr>
<tr>
<td>Zald, M. N.</td>
<td>535, 583</td>
</tr>
<tr>
<td>Zaleznik, A.</td>
<td>578</td>
</tr>
<tr>
<td>Zalkind, S. S.</td>
<td>541–542</td>
</tr>
<tr>
<td>Zapf, D.</td>
<td>544</td>
</tr>
<tr>
<td>Zawacki, R. A.</td>
<td>494, 495</td>
</tr>
<tr>
<td>Zeelenberg, M.</td>
<td>551</td>
</tr>
<tr>
<td>Zehr, D.</td>
<td>582</td>
</tr>
<tr>
<td>Zeldiver, M.</td>
<td>545</td>
</tr>
<tr>
<td>Zelado, P. D.</td>
<td>543</td>
</tr>
<tr>
<td>Zeller, S.</td>
<td>551</td>
</tr>
<tr>
<td>Zemke, J.</td>
<td>534</td>
</tr>
<tr>
<td>Zemke, R.</td>
<td>534, 550, 583</td>
</tr>
<tr>
<td>Zerbe, W. J.</td>
<td>543, 544, 550, 575, 577</td>
</tr>
<tr>
<td>Zeschauk, Greg</td>
<td>384, 401, 402, 580</td>
</tr>
<tr>
<td>Zetik, D. C.</td>
<td>574</td>
</tr>
<tr>
<td>Zhang, L.</td>
<td>569</td>
</tr>
<tr>
<td>Zhao, J. J.</td>
<td>375</td>
</tr>
<tr>
<td>Zhongtuo, W.</td>
<td>537</td>
</tr>
<tr>
<td>Zhou, J.</td>
<td>546, 560, 561</td>
</tr>
<tr>
<td>Zimbalist, K.</td>
<td>561</td>
</tr>
<tr>
<td>Zimmerman, R. D.</td>
<td>585</td>
</tr>
<tr>
<td>Zingheim, P. K.</td>
<td>554</td>
</tr>
<tr>
<td>Zmud, R. W.</td>
<td>566, 567</td>
</tr>
<tr>
<td>Zollinger, Cindy</td>
<td>390–391</td>
</tr>
<tr>
<td>Zwany, A. A.</td>
<td>551</td>
</tr>
</tbody>
</table>
subject index

A

Ability(ies), 35–36, 105, 369
Ability to communicate, 279
Absenteeism, 19
Absenteeism reduction plans, 84
Absorption, 305
Absorptive capacity, 11
Accountability, 402–403
Achievement motivation courses, 139–140
Achievement-nurturing orientation, 52
Achievement-oriented leadership style, 366
Acquisition drive, 140, 142
Action research approach, 456–458, 462
Action scripts, 209
Active listening, 286–287, 291
Adaptive cultures, 425–426, 437, 584
Adjourning stage, 246–247
Adjustment, 433
ADR (alternative dispute resolution), 347–348
Advisory teams, 235
Affective commitment, 112, 113
Aggressive culture, 419
Agreement, 40, 41
Alarm reaction, 115, 140, 156
All-channels structure, 304
Alternative dispute resolution (ADR), 347–348
Alternatives, 200, 203–209, 221
employee involvement and, 213–214
Evaluation opportunities, 206–207
goals and, 203
information processing in, 204–206
intuition and, 208–209
problems with maximization, 206
role of emotions in, 207–208
See also Choice(s)
Ambiguity, 202, 212, 335
Analyzability, 408
Anchoring and adjustment heuristic, 205
Anchors of knowledge, 23–25
Antecedents, 83
Applied performance practices, 164–187
empowerment practices, 182–183
financial reward practices (See Financial reward practices)
job design, 175–181
meaning of money and, 166–167
self-leadership practices, 183–187
Appreciative coaching, 148–149
Appreciative inquiry approach, 458–459, 462
Aptitudes, ability and, 35
Artifacts, 420–423, 437
aligning, in changing culture, 430–431
cultural values and, 424
organizational language, 422
physical structures and symbols, 422–423
ritual and ceremonies, 421–422
stories and legends, 420–421
Art training, 70
ASA (attraction-selection-attrition) theory, 431–432, 437
Assertiveness, 310–311
Assimilation, 427–428
Associative play, 219–220
Assumptions, 69–70, 416, 419
Attention, 68–70, 208
Attitude object, 100
Attitudes, 122
cognitive components of, 100–101
effects of job specialization on, 176–177
influence of emotions on, 100, 101–102
job satisfaction, 108–112
organizational commitment, 112–113
toward money, 166–167
Attraction-selection-attrition (ASA) theory, 431–432, 437
Attribution errors, 76, 540
Attribution theory, 75–76, 88
Audience characteristics, 344
Authentic leadership, 80, 362
Authority
dereference to, 310
hierarchical, 259
upward appeal to, 311–312
“vocal authority,” 310–311
Autonomy
empowerment and, 183
job autonomy, 13, 178
of self-directed teams, 253–254, 255
self-leadership and, 187
Availability heuristic, 205
Avoiding style, 337, 338
Avoiding uncertainty, 52

B

Baby boomers, 21
Balance
in fulfillment of drives, 142
work-life balance, 22, 23, 119, 418
Balanced scorecard (BSC), 147
Bargaining-zone model, 343
Barriers to communication, 291
information overload and, 275, 282–283
kinds of, 271, 281–282
Barriers to entry, 250
“Bathroom effect,” 287–288
Beehive Web site, 275
Behavior(s), 16–19, 25, 33–56
communication preferences, 278
cross-cultural values and, 50–52
effect of emotions on, 102
ethics and (See Ethics)
healthy, reinforcement of, 84, 85
MARS model of (See MARS model of individual behavior)
organizational (See Organizational behavior)
organizational citizenship, 17–18
parallel behavior, 277
personality in organizations, 38–43
reinforcement of, in diffusion of change, 455
self-concept, 43–47
self-leadership behaviors, 186
self-serving, 316
of test subjects, 512
understanding, 36
values and, 47–50
work behaviors, 18–19, 109–111
Behavioral intentions, 100, 101
Subject Index

Behavioral norms
  absenteeism and, 19
  cultural display rules, 103–104, 122
  social norms, 134–135, 279
  team norms, 249–250
Behavioral perspective of leadership, 364–365
Behavior modeling, 85–86, 145, 374, 458
Behavior modification, 82–85, 88
  ABC’s of, 83
  contingencies of reinforcement, 83–84
  in practice, 84–85
Beliefs, attitudes and, 100
Belongingness, 135, 136
Benefits conflict, 572
“Benevolents,” 154
Bias
  confirmation bias, 69
  correspondence bias, 540
  in decision heuristics, 205–206
  in judging, 47
  perceptual, 68, 79, 513
  problem identification biases, 201–202
  in sampling, 509–510
  self-serving bias, 76
  See also Stereotyping
Bicultural audit, 427
“Big Five” personality dimensions, 39–41, 56, 362
“Blackberry addiction,” 117
“Black Friday,” 535
Blog(s), 288
BlogCentral, 288
Bonding drive, 140, 142, 277, 290
Bonuses, 109, 171, 174, 232
Bootlegging, 235
Bounded rationality, 203
Brainstorming
  in diverging sessions, 217
  electronic, 259–260
  nominal group technique, 260
  in team decision making, 258–259
Broadbanding, 169
Brooks’ Law, 237–238
BSC (balanced scorecard), 147
“Buddy system,” 436
Buffering, 283, 341, 451
Bullying, 116
Burning-platform strategy, 451
Business knowledge, 362, 363
C
Calculus-based trust, 252
Cannes Lions International Advertising Festival, 305
“CANOE,” 40
Categorical thinking, 70, 72
Categorization, 72
Causation
  establishing in field surveys, 512–513
  research methods and, 510–511
Cellular manufacturing model, 239, 240
Centrality, power and, 306
Centralization, 393, 408–409
Ceremonies, 422
Chain of command, 396
Challenging goals, 147
Change agents, 447, 457
  in organizational change, 455, 456
  transformational leaders as, 371
Changing organizational culture, 429–432
  aligning artifacts in, 430–431
  attraction-selection-attrition theory, 431–432, 437
  person-organization value congruence, 432
  rewards and, 431
Charisma, 372
Charismatic leadership, 372–373
Charismatic visionaries, 377
Child care support, 119
Choice(s)
  choosing effectively, 200, 209
  implementation of, 200, 209–210
  intuition and, 208–209
  rational choice paradigm, 198–200, 203, 204, 221
  role of emotions in, 207–208
  too many alternatives and, 206, 207
  See also Alternatives; Decision making
Circumplex models, 48–49, 99
Clarity, in self-concept, 43
Client-consultant relationships, 457
Client consultant relationships, 457
Client divisional structure, 398
Client feedback, 217
Client relationships, 181
Closed systems, 8
“Closing costs,” 212
Clustering illusion, 205–206
Coalition formation, 310, 311
“Codebooks,” 272
Codes of conduct, 55
Coercion, 452, 454
Coercive power, 303, 317
Cognition, 98, 100–101
Cognitive appraisal perspective, 114
Cognitive closure, need for, 70, 72, 202
Cognitive dissonance, 102
Cognitive-emotional attitude process, 101–102
Cognitive intelligence, 362, 363
Collective purpose of organizations, 4–5
Collectivism, 50–51, 339–340, 341
Columbia disaster, 201, 259
Comforting, 244
Commissions, 170
Commitment
  of employee to decision, 214
  escalation of, 210–212, 221
  goal commitment, 147
  influence tactics and, 314, 315
  organizational, 112–113, 375
to strategic vision, 374
Communication, 268–291
  barriers to (noise), 271, 275, 281–283, 291
  computer-mediated, 273–276
  in conflict management, 341
  creativity and, 219
  cross-cultural, 283–285
  empathy in, 284, 285–286
  face-to-face (See Face-to-face communication)
  gender differences in, 285, 291
  importance of, 270–271
  improving, 285–289, 341
  informal, 387, 388–389, 396
  information technologies and (See Information technologies)
  interpersonal, 285–287
  media richness and, 279
  model of, 271–272
  multicommunication, 279
  in negotiation, 345
  nonverbal (See Nonverbal communication)
  open, equity theory and, 154
  opportunity for, 335
  organizational, 287–289
  in problem identification, 203
  problems with, conflict and, 335–336
Communication—Cont.
in reducing restraining forces, 452–453
of strategic vision, 373–374
by team members, 244
team structure and, 241
through “grapevine,” 289–290
verbal, 272–273, 290
virtual meetings, 268
workforce diversity and, 21
written, 281
Communication channels, 272–281
computer-mediated communication, 273–276
media richness and, 278–280
nonverbal communication, 276–277
persuasion and, 278, 290–291
social acceptance and, 278

Communication skills, 335
Communication systems, 239
Communities of practice, 235
Comparison other, 152, 153
Competencies, 13
ability and, 35
core competencies, 404
development of, in teams, 247–248
of effective leaders, 362–363
empowerment and, 182
Competency-based rewards, 168, 169
Competency perspective of leadership, 361–364, 378
competencies of effective leaders, 361–363
limitations of, 363–364
Competitive advantage, 112
Complex environments, 406, 407
Complexity, in self-concept, 43
Complex work, 237, 240–241, 389
Compliance, 310–311, 314, 315
Composite cultures, 428
Compromising style, 337, 338, 340
Computer-mediated communication, 273–276
e-mail problems, 273–275
social networking, 275–276
Concessions, in negotiation, 345–346
Concurrent engineering, 388
Condorcet’s jury theorem, 214
“Conduit” metaphor, 271
Confirmation bias, 69
Conflict, 328, 349
ambiguous rules and, 335
conflict process model, 331–332, 349
constructive, 258, 329–331, 349, 447
increased in matrix structure, 402
perspectives of, 328–331
produced by antagonism, 450
relationship conflict, 329–331, 341, 349
structural sources of, 332–336
styles of handling (See Conflict management)
types of, 372
workforce diversity and, 21
Conflict episodes, 331–332
Conflict management, 336–340, 349
choosing best style, 337–339
cultural and gender differences in, 339–340
structural approaches to, 340–342
styles of, 336–337
through negotiation, 342–346
Conflict process model, 331–332, 349
Conflict resolution, 244, 346–348
Conformity, 258
Conscientiousness, 40, 41, 186, 362
Consensus, 75–76
Consequences of behavior, 83, 86
of change, employee concerns about, 447
of distress, physical, 115, 121
of influence tactics, 314, 315
of performance-based rewards, 174–175
of power, 309
of procedural injustice, 155, 156
of stress, controlling, 121
of team cohesion, 251
of workforce diversity, 21–22
Consequential principles of ethics, 53
Conservation, 48, 49
Consistency, 38, 43, 75–76, 431
Construct(s), 508
Constructive conflict, 258, 330, 331, 349, 447
Constructive thought patterns, 185
Contact hypothesis, 81, 341
Contingencies of employee involvement, 214–215
of influence tactics, 314, 315
of organizational design (See Organizational design)
of path-goal leadership theory, 367–368
of reinforcement, 83–84
of self-fulfilling prophecy, 77–78
of self-leadership practices, 186–187
technological, 407–408
Contingencies of power, 305–309, 317
centrality, 306
discretion, 306
influence tactics, 314
social networking, 307–309
substitutability, 305–306
visibility, 307
Contingency anchor of OB, 23, 24
Contingency theories of leadership, 365–371, 378
Fiedler’s contingency model, 369–370, 378
leadership substitutes, 370–371
leader’s natural style and, 370
path-goal theory, 365–368
situational leadership theory, 369
Continuance commitment, 112
Continuous reinforcement, 84
Control
corporate culture as system
for, 424
information control, 298, 304, 310, 311, 448
of knowledge, 23–25
locus of control, 45, 390–393
of resources, 306
in scientific method, 509, 511–512
situational control, 369
span of control, 390–393, 408
task control, 117, 316
Converging sessions, 217
Cooperation by team members, 243
Coordination of work activities, 387–390
formal hierarchy, 389
informal communication, 387, 388–389
standardization, 389–390
by team members, 244
Coping strategies, 118, 304–305
Core affect, 99
Core competencies, 404
Corporate culture. See Organizational culture
Subject Index

Corporate Service Corps program (IBM), 65–66
Corporate social responsibility (CSR), 16, 65–66
Correspondence bias, 540
Countercultures, 419–420
Counterproductive work behaviors (CWBs), 18
Countervailing power, 301
Creativity, 196, 215–221
in brainstorming, 259
characteristics of creative people, 216, 218
cross-pollination of, 220–221
culture of, 418, 421
example of, 217
organizational conditions and, 218–219
rejection of, mental models and, 201–202
role of incubation in, 215–216
supportive work environment and, 218–221
See also Decision making
Credible feedback, 148
Critical investigation, 509
Cross-cultural communication,
283–285, 291
nonverbal cues in, 284–285
voice intonation, 283–284
Cross-cultural values, 48, 50–52, 56
achievement-nurturing orientation, 52
conflict-handling styles, 339–340
emotional display rules, 103–104, 122
ideas about leadership, 375, 376–377, 378
individualism vs. collectivism, 50–51
organizational change and, 461, 463
power distance, 51–52, 302, 314
rewards and, 173
toward money, 167
uncertainty avoidance, 52
Cross-functional teams, 234, 340
Cross-pollination, 220–221
CSR (corporate social responsibility), 16, 65–66
Cultlike cultures, 423, 424, 425
Cultural content, 418–419, 436
Culturally consistent rewards, 431
“Culture carriers,” 431
Culture change, 437
Culture clashes, 427, 437
Culture of conflict, 331
Customer-driven change, 451
Customer satisfaction, 111, 112, 179, 451
CWBs (counterproductive work behaviors), 18
Cynicism, in job burnout, 115–116
D
Dashboard feedback, 150
Data collection, 345, 508–509
Deadlines, 344
Decentralization
complex environments and, 406, 407
dependent, 418
of organizational structure, 393
in team-based structure, 400
Decision commitment, 214
Decision heuristics, 205–206
Decision making, 196, 198, 221
alternatives evaluation
(See Alternatives)
communication and, 270
creativity integral to
(See Creativity)
emotion in decision evaluation,
207–208, 221
employee involvement in,
213–215, 366
evaluating outcomes of, 210–212
identifying problems and opportunities in, 200–203
implementation of choice, 200, 209–210
optimal conflict levels and, 329
organizational strategy and, 408
programmed and nonprogrammed, 199–200
rational choice paradigm, 198–200
self-enhancement and, 44–45, 48, 49
in teams, 256–260, 261
Decision structure, 214
Decisive leadership, 202
Decategorization strategy, 428
Deductive process, 508–509
Deep acting, 105, 106
Deep-level diversity, 21, 245
Defense drive, 140, 142
deferecence to authority, 310
deficiency needs, 136
“Delaying,” 392–393
Delivering stage, 459
Deming Prize, 213
Departmentalization, 395–405, 409
divisional structure, 397–400
functional structure, 396–397
matrix structure, 401–403
network structure, 403–405
simple structure, 396
team-based structure, 400–401
Departmental teams, 235
Dependence, 300, 301
Dependent variables, 510–511, 512
Depersonalization, 115–116
Description, 286
Designing stage, 459
Desire for harmony, 257
Differentiation
conflict and, 333
differential rewards, 418
reducing, in conflict management, 340, 341
in social perception, 72
Diffusion of change, 455–456
Digital media, 305
Direct confrontation, 446
Direct costs, 448
Direction, in motivation, 34–35
Directive leadership style
path-goal theory and, 366–368
personality and, 370
supportive style compared, 508
Disclosure, 81
Discovery stage, 459
Discretion, power and, 306
Display rules, 103–104, 122
Distinctiveness, 75–76
Distress, 114
job burnout and, 115–116
physical consequences of, 115, 121
Distributive justice, 53, 151–152
Divergent thinking, 216
Diverging sessions, 217
Diverse environments, 406
Diversity. See Workforce diversity
Divisional structure, 397–400, 409
evaluation of, 399–400
globally integrated enterprise, 399
kinds of, 397–399
Division of labor, 386–387
Dominant culture, 419
Dreaming stage, 459
Drive(s)
defined, 134
in effective leaders, 362–363
influence on motivation, 141
Maslow’s needs list as, 136
needs contrasted, 134, 138
See also Four-drive theory; Needs
Driving forces, 444, 450, 462
Dynamic environments, 406

E
EAPs (employee assistance programs), 121
Early adopters, 305
EEOC (Equal Employment Opportunity Commission), 116
Effectiveness
efficiency contrasted, 9
in problem identification, 202–203
of self-leadership practices, 186
strength of culture and, 424–426
undermined by power, 309
See also Organizational effectiveness; Team effectiveness
Efficiency, 9
Effort-to-performance (E-to-P) expectancy, 143–145, 147
EI. See Emotional intelligence
Electronic brainstorming, 258–259
E-mail, 273–275
Emerging values, 420
Emoticons (smileys), 273
Emotion(s), 98–102, 122
attitudes and, 100–102
“catching,” 277
circumplex model of, 99
cultural display norms, 103–104, 122
decision evaluation process and, 207–208, 221
early preferences formed by, 200, 207
e-mail as poor communicator, 273
emotional attachment to opportunities, 206–207
emotional dissonance, 104–105
escalation of commitment and, 211
as information, 208
managing in workplace, 103–105
moods contrasted, 98
produced by stories, 421
rational choice paradigm and, 200
relationship conflict and, 330
role in employee motivation, 135
stress as emotional experience, 114
types of, 99
Emotional contagion, 277
Emotional dissonance, 104–105
Emotional exhaustion, 115
Emotional intelligence (EI), 105–108, 122
dimensions of, 105–107
in effective leaders, 362, 363
improving, 107–108
relationship conflict and, 330
role in motivation, 142
Emotional labor, 103, 122
Emotional markers, 69, 207
Emotional stability, 40–41
“Emotion detection” software, 146
Empathy, 81, 82
in communication, 284, 285–286, 291
in emotional intelligence, 106
power and, 309
Employee(s)
baby boomers, 21
commitment to decisions, 214
diverse (See Workforce diversity)
generation-X/-Y, 21, 169, 326, 328
job satisfaction of (See Job satisfaction)
liaison roles in coordination of work, 388
psychological contract with, 435
resistance to change, 445–449
success of, self-leadership and, 183–184
trust in leader, 363, 374
voice of, 110, 155, 447
Employee assistance programs (EAPs), 121
Employee dispute resolution, 347–348
Employee engagement, 132–133
Employee involvement, 13, 221
in decision making, 213–215
organizational commitment and, 113
in reducing restraining forces, 452, 453–454
Employee motivation. See Motivation
Employee recognition, 137
Employee stock ownership plans (ESOPs), 171–172
Employment relationships, 2, 22–23
Empowerment, 182, 187, 309, 372
Empowerment practices, 164–165, 182–183
Enacted values, 417
Encounter stage, 434
“Entitleds,” 154
Entitlements, 53
Entry barriers, 250
Equal Employment Opportunity Commission (EEOC), 116
Equality principle, 152
Equity principle, 152
Equity sensitivity, 154
Equity theory, 152–155
evaluation of, 154–155
individual differences, 152–154
inequity and motivation, 152–154
ERG theory, 138, 156
Escalation of commitment, 210–212, 221
ESOPs (employee stock ownership plans), 171–172
Espoused-enacted value congruence, 50
Espoused values, 416–417
Esteem needs, 135, 136
Ethics, 52–55
business ethics, 14, 426
moral intensity and, 53
organizational culture and, 426
situation influences on, 54
stakeholder perspective and, 15–16
supporting ethical behavior, 54–55
three principles of, 53
unethical business practices, 14
utilitarianism, 53, 198
of workforce diversity, 21–22
E-to-P expectancy, 143–145, 147
Eustress, 114
Evaluation
in action research, 457
in active listening, 287
of alternatives (See Alternatives)
outcomes evaluation, 210–212
self-evaluation, 45–46, 56, 537
Evaluation apprehension, 257, 259
Evalutive self-talk, 185
Evidence-based management, 24
EVLN (exit-voice-loyalty-neglect) model of job dissatisfaction, 109–110
Exchange as influence tactic, 310, 313–314
Executive compensation, 109
Exhaustion stage, 115
Exit, job satisfaction and, 109–110
Exit-voice-loyalty-neglect (EVLN) model, 109–110
Expectancy theory, 143–145, 156
components of, 143–144
path-goal theory and, 365
in practice, 144–145
Experience, 100, 110
creativity undermined by, 218
directive leadership and, 367
openness to, 40, 41, 218
Experienced meaningfulness, 178–179
Experienced responsibility, 179
Experiential learning, 86, 88
Explicit knowledge, 82
External attributions, 75–76
External challenge, 251
External environment(s)
alignment of culture with, 425
challenges to organizational effectiveness, 19–23, 25
compatibility with demands of, 8–9
formalization and, 393
globalization, 20
mechanistic vs. organic structures and, 395
organizational design and, 406, 409
situational factors in, 37
uncertainty in, 304–305
Extinction, 84
Extranets, 404
Extroversion, 40, 41, 186, 362
E-zines, 288

F
Facebook Web site, 275, 289, 305
Face saving, 341, 344, 449
“Face time,” 23
Face-to-face communication, 256
coordination of work and, 388
multicommunication, 279
persuasion and, 312
Feedback, 81
from client, 217
in communication, 271
effective, characteristics of, 148–149
emotional contagion, 277
evaluating, 151
good setting and (See Goal setting)
as job characteristic, 178
multisource (360-degree), 149–151, 257, 303
nonsocial vs. social, 150–151
persuasion and, 281
sources of, 149–151
supportive, 145
Feelings, 41, 100
FFM (five-factor model) of personality, 39–41, 56, 362
Fiedler’s contingency model of leadership, 369–370, 378
Field experiments, 511
Field surveys, 512–513
Filtering, 282, 310
Financial performance, 375
Financial reward practices, 167–173, 187
competency-based rewards, 169
improving reward effectiveness, 172–175, 187
job design and, 175–181
job status-based rewards, 168–169
membership- and seniority-based rewards, 167–168
performance-based rewards, 170–172
Financial success, role of OB in, 6
Five-category model, 335–336
Five-factor model (FFM), 39–41, 56, 362
Five-stage model of team development, 246–247
“Flaming” e-mails, 274
Flat structures, 391–393
Flexible workforce, 168, 169, 180
Flexible work hours, 119
“Flypaper” approach, 434
Focus groups, 217
Force field analysis model, 444–449, 462
driving forces, 444
restraining forces, 444, 445–449
Forcing style, 337, 338, 339, 340
Forecasting, 304
Formal hierarchy, 259, 389, 392–393
Formalization, 393–394, 400, 409
Forming stage, 246
Fortune 500 companies, 55, 150
“Four-D” model of appreciative inquiry, 459
Four-drive theory, 140–142, 156
evaluation of, 142
influence of drives on motivation, 141
practical implications of, 142
“Four pillars,” 581
Functional structure, 396–397, 409
Fundamental attribution error, 76, 540
Future search, 460

G
Gainsharing plans, 170
GAS (general adaptation syndrome), 114–115
Gender differences in communication, 285, 291
in handling conflict, 340
in ideas about leadership, 377–378
General adaptation syndrome (GAS), 114–115
Generation-X/Y employees, 21, 169, 326, 328
Geographic divisional structure, 397, 398–399
Global issues cross-cultural communication, 283–285, 291
emotional intelligence, 107
employee engagement, 133
guanxi, 314
intentional discrimination, 74
job satisfaction, 108
lean management, 10
motivation, 136, 137
organizational conflict, 334
seniority-based rewards, 167
social network analysis, 308
stress, 114
team formation, 243
work overload, 116–117
Globalization, 20, 255–256
Globally integrated enterprises, 399
Global matrix structure, 401–403, 402
Global mindset, 68, 86
Goal(s)
  incompatible, 333
  relevant, 146–147
  shared, 81
  superordinate, 340
  task goals, 242
Goal commitment, 147
Goal feedback, 147
Goal incompatibility, 333
Goal participation, 147
Goal setting, 156
  balanced scorecard in, 147
  evaluating, 151
  feedback and (See Feedback) for negotiation, 345
  personal, in self-leadership, 184
  strategic vision, 373–374
“Golden handcuffs,” 168
Gourami Business Challenge, 243
Grapevine, 289–290, 291
Grounded theory, 509
Group(s)
  focus groups, 217
  informal (See Informal groups)
  nominal group technique, 260
  reference groups, 46–47
Group dynamics, 21
Groupthink, 257–258
Growth needs, 136, 180
Guolaosi (death from overwork), 117
H
Halo effect, 78
“Hard” influence tactics, 310–312, 314, 315, 337
Health and well-being
  communication and, 270–271
  physical consequences of distress, 115, 121
  reinforcement of healthy behaviors, 84, 85
  of team members, 238
  wellness programs, 121
Heroic leadership model, 360
Hierarchical authority, 259
“Higher purpose,” 373
High-performance teams, 239
High-performance work practices (HPWP), 12–13, 25, 172
High power distance cultures, 302, 314
Hiring and retention, 18
Homogenization, 72
Hostile environments, 406
Hostile work environment, 116
HPWP (high-performance work practices), 12–13, 25, 172
“Huddles,” 289
Human capital, 12–13
Hygienes, 177
Hypotheses
  constructs and, 508
  contact hypothesis, 81, 341
  testing, 508–509
I
IAT (Implicit Association Test), 80, 541
Identification-based trust, 252, 253
Illegal acts, 52–53, 174
Impact, empowerment and, 182
Implementation of decisions, 200, 209–210
Implicit Association Test (IAT), 80, 541
Implicit-favorite comparison, 204–205, 209
Implicit leadership theory, 375–376, 378
Impression management, 310, 313
Incremental change, 457
Incubation, 215–216
Independent variables, 510–511, 512
Individual behavior. See Behavior(s)
  Individual differences
    equity sensitivity, 154
    in equity theory, 152–154
    job design and, 179–180
    in needs, 134–135
    in stress, 118
  Individualistic cultures, 50–51, 340
  Individual level of analysis, 24
  Individual rewards, 170
  Individual rights, 53
  Inductive research, 508
  Inequity
    employee motivation and, 152–154
    overreward/underreward, 152, 153
Influence tactics, 309–314, 317
  assertiveness, 310–311
  coalition formation, 310, 311
  consequences and contingencies of, 314, 315
  exchange, 310, 313–314
  “hard” tactics, 310–312, 314, 315, 337
  information control, 310, 311
  ingratiation and impression management, 310, 312–313
  organizational politics and, 315–316
  persuasion, 310, 312
  silent authority, 310
  “soft” tactics, 310, 312–314, 315
  upward appeal, 310, 311–312
  See also Power
Informal communication, 387, 388–389, 396
Informal groups, 234–236, 260
  nature of, 253–256
  organizational outcomes and, 236
Informal roles, 248
Information
  in creating urgency for change, 451
  emotions as, 208
  encoding and decoding, 271–272
  and power, 304–305, 317
  as source of power, 304–305
Information control, 298, 310, 311, 448
Information-gathering, 345, 508–509
Information load, 283
Information overload, 275, 282–283
Information processing, 204–206
  biased decision heuristics, 205–206
  implicit-favorite comparison, 204–205, 209
  satisfying and, 206, 209
Information processing capacity, 283
Information sharing, 337
Information technologies
  communication and, 270, 289–290
  differentiation and, 333
digital media, 305
electronic brainstorming, 259–260
employment relationships and, 22–23
multicommunication and, 279
virtual teams and, 255–256
  See also Technology
Ingratiation, 310, 313
In-group favoritism, 80
Subject Index

Initial-offer point, 343

Injustice, 155, 156

Innovation, culture of, 418, 419

Inoculation effect, 312

Inquisition, 346, 347

Insight, 216

Insincerity, 313

Integrated environments, 406

Integration strategy, 419, 428

Integrator roles, 388

Integrity, in leaders, 362, 363

Intellectual capital, 11–12

Intelligence
cognitive, in effective leaders, 362, 363

of creative people, 216

emotional (See Emotional intelligence)

Intensity, 35

Intentional discrimination, 73

Interdependence, 301

conflict and, 334–335

kinds of, 241–242, 335

reducing, in conflict management, 341, 342

span of control and, 391

Intergenerational conflict, 326, 333

Internal attributions, 75, 76

Internal dispute resolution, 347–348

Internal subsystems, 8, 9

Internet World Asia Industry Awards, 313

Interpersonal communication, 285–287

active listening, 286–287

sender tasks in, 285–286

Interpersonal conflict-handling. See Conflict management

Interpretation, 70–71

Interpretivism, 507–508

Interventions, 457

Intrinsic motivation, 216, 218, 219

Introversion, 40

Intuition, 41, 208–209, 221

J

Jargon, 282

Job(s), 175

characteristics of, 177–179

person-job matching, 36, 387

realistic job preview, 435

Job autonomy, 13, 178

Job burnout, 115–116, 117

Job characteristics model, 177, 178

Job demands, 117

Job design, 175–181, 187

motivational strategies, 180–181

work efficiency and, 175–177

work motivation and, 177–181

Job enlargement, 180, 181

Job enrichment, 181

Job evaluation, 168–169

Job feedback, 178

Job resources, 117, 183, 219

Job rotation, 180

Job satisfaction, 108–112, 113, 122

customer satisfaction and, 111–112

effects of, 112

performance and, 110–111

of self-directed teams, 254

work behavior and, 109–111

Job sharing, 119

Job specialization, 175

division of labor and, 386–387

effects on attitudes, 176–177

increasing expense of, 387

Job status-based rewards, 168–169

Johari Window, 80–81

Judging, 41–42, 47

Judgments, 100

Jungian personality theory, 41–42

Justice
distributive, 53, 151–152

organizational, 113, 151–156

organizational commitment and, 113

procedural, 151, 155–156

resistance and, 447

Karoshi (death from overwork), 117, 503

Key performance indicators (KPIs), 146

Knowledge
business knowledge of leaders, 362, 363

competitive advantage and, 10–11

control of, 23–25

expert power and, 303

explicit, 82

“silos of knowledge,” 270

source of decision knowledge, 214

tacit, 82, 86, 208–209

Knowledge acquisition, 11, 87

Knowledge-based trust, 252

Knowledge management, 10–12

Knowledge of results, 179

Knowledge sharing, 11, 87

Knowledge storage, 11

Knowledge use, 11, 88

KPIs (key performance indicators), 146

L

Laboratory experiments, 511–512

Labor unions, 306

Language
differences in, 282, 283

organizational culture and, 422

See also Communication

Large-group interventions, 460–461, 462

Leader(s)
effective, competencies of, 361–363

employee trust in, 363, 374

espoused values and, 417

natural style of, 370

organizational culture shaped by, 429–430

personal characteristics of, 361

relationships of, 364

transactional, 371–372, 378

transformational, 371, 372

Leaderful organization, 360

Leader-member relations, 369

Leadership, 358–378

authentic leadership concept, 80, 362

behavioral perspective of, 364–365

capacity to alter team norms, 249

competency perspective of, 361–364

contingency perspective of, 365–371

cross-cultural and gender issues, 376–378

decisive, 202

directive or supportive, 366–368, 370, 508

implicit perspective of, 375–376

nature of, 360–361

path-goal theory, 365–368

people-oriented, 364–365, 366, 370

self-leadership (See Self-leadership practices)

situational leadership theory, 369, 378

transactional, 371–372, 378

transformational perspective of, 371–375, 378, 430

Knowledge acquisition, 11, 87
<table>
<thead>
<tr>
<th>Subject</th>
<th>Page(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership motivation,</td>
<td>362, 363</td>
</tr>
<tr>
<td>Leadership potential,</td>
<td>364</td>
</tr>
<tr>
<td>Leadership prototypes,</td>
<td>375</td>
</tr>
<tr>
<td>Leadership styles,</td>
<td>369</td>
</tr>
<tr>
<td>Leadership substitutes,</td>
<td>370–371</td>
</tr>
<tr>
<td>Leadership teams,</td>
<td>235</td>
</tr>
<tr>
<td>Lean management,</td>
<td>9, 10</td>
</tr>
<tr>
<td>Lean manufacturing principles,</td>
<td>253</td>
</tr>
<tr>
<td>Lean media</td>
<td>278, 279</td>
</tr>
<tr>
<td>Learned capabilities</td>
<td>35</td>
</tr>
<tr>
<td>Learned needs theory</td>
<td>138–140, 156</td>
</tr>
<tr>
<td>Learning</td>
<td></td>
</tr>
<tr>
<td>ability to learn emotional intelligence</td>
<td>107–108</td>
</tr>
<tr>
<td>behavior modification</td>
<td>82–85</td>
</tr>
<tr>
<td>experiential learning</td>
<td>86, 88</td>
</tr>
<tr>
<td>goal setting and,</td>
<td>151</td>
</tr>
<tr>
<td>of needs,</td>
<td>139–140</td>
</tr>
<tr>
<td>organizational</td>
<td>82–88, 270</td>
</tr>
<tr>
<td>organizational socialization</td>
<td>as, 433</td>
</tr>
<tr>
<td>parallel structures,</td>
<td>461, 462–463</td>
</tr>
<tr>
<td>in reducing restraining forces</td>
<td>452, 453</td>
</tr>
<tr>
<td>social learning theory</td>
<td>85–86, 88</td>
</tr>
<tr>
<td>through observation</td>
<td>85–86</td>
</tr>
<tr>
<td>unlearning</td>
<td>12</td>
</tr>
<tr>
<td>See also Perception</td>
<td></td>
</tr>
<tr>
<td>Learning drive,</td>
<td>140, 142</td>
</tr>
<tr>
<td>Learning opportunities</td>
<td>86, 87</td>
</tr>
<tr>
<td>Learning orientation</td>
<td></td>
</tr>
<tr>
<td>creativity supported by,</td>
<td>219</td>
</tr>
<tr>
<td>empowerment and,</td>
<td>183</td>
</tr>
<tr>
<td>of organizational culture,</td>
<td>86, 217, 360, 418</td>
</tr>
<tr>
<td>Legitimate power,</td>
<td>302</td>
</tr>
<tr>
<td>Lewin's model.</td>
<td></td>
</tr>
<tr>
<td>See Force field analysis model</td>
<td></td>
</tr>
<tr>
<td>Liability of newness</td>
<td>395</td>
</tr>
<tr>
<td>Liaison roles</td>
<td>388</td>
</tr>
<tr>
<td>Life-cycle theory of leadership</td>
<td>369</td>
</tr>
<tr>
<td>LinkedIn Web site,</td>
<td>275</td>
</tr>
<tr>
<td>Location, negotiation and,</td>
<td>344</td>
</tr>
<tr>
<td>Locus of control,</td>
<td>45, 367–368</td>
</tr>
<tr>
<td>Logical analysis</td>
<td>198, 207</td>
</tr>
<tr>
<td>Loyalty</td>
<td>110</td>
</tr>
<tr>
<td>M</td>
<td></td>
</tr>
<tr>
<td>Machiavellian values</td>
<td>316, 317</td>
</tr>
<tr>
<td>Management by walking around (MBWA)</td>
<td>289</td>
</tr>
<tr>
<td>Managerial functions</td>
<td>392</td>
</tr>
<tr>
<td>Market forces</td>
<td>405</td>
</tr>
<tr>
<td>MARS model of individual behavior</td>
<td>34–38, 56, 101, 535</td>
</tr>
<tr>
<td>ability, 35–36</td>
<td></td>
</tr>
<tr>
<td>diffusion of change and,</td>
<td>455</td>
</tr>
<tr>
<td>employee engagement and,</td>
<td>132</td>
</tr>
<tr>
<td>employee motivation,</td>
<td>34–35</td>
</tr>
<tr>
<td>role perceptions,</td>
<td>36</td>
</tr>
<tr>
<td>self-efficacy and,</td>
<td>45</td>
</tr>
<tr>
<td>situational factors,</td>
<td>37–38</td>
</tr>
<tr>
<td>Martingale strategy</td>
<td>559</td>
</tr>
<tr>
<td>Maslow's needs hierarchy theory</td>
<td>135–138, 156</td>
</tr>
<tr>
<td>Matrix structure,</td>
<td>401–403, 409</td>
</tr>
<tr>
<td>MBTI (Myers-Briggs Type Indicator)</td>
<td>41–42, 56, 208</td>
</tr>
<tr>
<td>MBWA (management by walking around)</td>
<td>289</td>
</tr>
<tr>
<td>MCEI (Merging Cultures Evaluation Index)</td>
<td>427</td>
</tr>
<tr>
<td>Meaning,</td>
<td>178–179, 182, 183, 277</td>
</tr>
<tr>
<td>Meaningful interaction</td>
<td>81–82, 181</td>
</tr>
<tr>
<td>Mechanistic structures</td>
<td>394–395, 409</td>
</tr>
<tr>
<td>Media choice</td>
<td>278</td>
</tr>
<tr>
<td>Media richness</td>
<td>291</td>
</tr>
<tr>
<td>of face-to-face communication</td>
<td>278, 280</td>
</tr>
<tr>
<td>hierarchy of, 278, 279</td>
<td></td>
</tr>
<tr>
<td>in negotiations,</td>
<td>344</td>
</tr>
<tr>
<td>problems with e-mail,</td>
<td>274–275</td>
</tr>
<tr>
<td>Media richness theory</td>
<td>279–280</td>
</tr>
<tr>
<td>Mediation</td>
<td>347, 348</td>
</tr>
<tr>
<td>Mediation</td>
<td>121</td>
</tr>
<tr>
<td>Membership-based rewards</td>
<td>167–168</td>
</tr>
<tr>
<td>Memory</td>
<td>205</td>
</tr>
<tr>
<td>Mental imagery</td>
<td>185</td>
</tr>
<tr>
<td>Mental models</td>
<td>201–202</td>
</tr>
<tr>
<td>creativity undermined by,</td>
<td>218</td>
</tr>
<tr>
<td>in departmentalization,</td>
<td>396</td>
</tr>
<tr>
<td>in perceptual process,</td>
<td>71</td>
</tr>
<tr>
<td>shared, in communication,</td>
<td>272</td>
</tr>
<tr>
<td>Mergers</td>
<td>333, 335, 427–429</td>
</tr>
<tr>
<td>Merging Cultures Evaluation Index (MCEI)</td>
<td>427</td>
</tr>
<tr>
<td>Metaphors</td>
<td>271, 374</td>
</tr>
<tr>
<td>Mimicry</td>
<td>277</td>
</tr>
<tr>
<td>Mistakes</td>
<td>86, 87</td>
</tr>
<tr>
<td>Models. See specific models</td>
<td></td>
</tr>
<tr>
<td>Money</td>
<td>166–167, 187</td>
</tr>
<tr>
<td>Mood</td>
<td>98</td>
</tr>
<tr>
<td>Moral intensity</td>
<td>53, 54</td>
</tr>
<tr>
<td>Morphological analysis</td>
<td>220</td>
</tr>
<tr>
<td>Motivation,</td>
<td>130–156</td>
</tr>
<tr>
<td>achievement motivation courses</td>
<td>139–140</td>
</tr>
<tr>
<td>direction in,</td>
<td>34–35</td>
</tr>
<tr>
<td>drives and (See Drive(s))</td>
<td></td>
</tr>
<tr>
<td>employee engagement and,</td>
<td>132–133</td>
</tr>
<tr>
<td>empowerment practices and,</td>
<td>164–165</td>
</tr>
<tr>
<td>equity theory and,</td>
<td>152–155</td>
</tr>
<tr>
<td>expectancy theory,</td>
<td>143–145</td>
</tr>
<tr>
<td>feedback and (See Feedback)</td>
<td></td>
</tr>
<tr>
<td>goal setting and (See Goal setting)</td>
<td></td>
</tr>
<tr>
<td>in high-cohesion teams,</td>
<td>251</td>
</tr>
<tr>
<td>intrinsic, of creative people,</td>
<td>216, 218, 219</td>
</tr>
<tr>
<td>leadership motivation,</td>
<td>362, 363</td>
</tr>
<tr>
<td>in MARS model,</td>
<td>34–35</td>
</tr>
<tr>
<td>needs and (See Needs)</td>
<td></td>
</tr>
<tr>
<td>organizational justice and,</td>
<td>151–156</td>
</tr>
<tr>
<td>resistance as,</td>
<td>447</td>
</tr>
<tr>
<td>work attendance and,</td>
<td>18–19</td>
</tr>
<tr>
<td>See also Work motivation</td>
<td></td>
</tr>
<tr>
<td>Motivator(s)</td>
<td>177</td>
</tr>
<tr>
<td>Motivator-hygiene theory</td>
<td>177</td>
</tr>
<tr>
<td>Muda (waste),</td>
<td>9</td>
</tr>
<tr>
<td>Multicommunication</td>
<td>279</td>
</tr>
<tr>
<td>Multiculturalism</td>
<td>52</td>
</tr>
<tr>
<td>Multidisciplinary anchor of OB</td>
<td>23–24</td>
</tr>
<tr>
<td>Multilevels of analysis,</td>
<td></td>
</tr>
<tr>
<td>in OB,</td>
<td>23, 24–25</td>
</tr>
<tr>
<td>Multiskilling</td>
<td>180</td>
</tr>
<tr>
<td>Multisource (360-degree) feedback</td>
<td>149–151, 257, 303</td>
</tr>
<tr>
<td>Munificent environments</td>
<td>406</td>
</tr>
<tr>
<td>Mutual understanding</td>
<td>80–81</td>
</tr>
<tr>
<td>Myers-Briggs Type Indicator (MBTI)</td>
<td>41–42, 56, 208</td>
</tr>
<tr>
<td>MySpace Web site</td>
<td>275</td>
</tr>
<tr>
<td>“Mythical man-month,”</td>
<td>237–238</td>
</tr>
</tbody>
</table>

**N**

nAch (need for achievement), 139
nAff (need for affiliation), 139, 218
Natural environment, 512–513
Natural grouping, 181
Naturalistic decision making, 559
Natural rewards, 185–186
Nature, 39
Nature vs. nurture debate, 39
### Subject Index

**Need(s)**
- drives contrasted, 134, 138
- esteem needs, 135, 136
- growth needs, 136, 180
- individual differences in, 134–135
- physiological, 135, 136
- safety needs, 135, 136
- self-concept and, 134
  
  *See also* Drive(s)
- Need for achievement (nAch), 139
- Need for affiliation (nAff), 139, 218
- Need for power (nPow), 139
- Need principle, 152

**Needs theories**
- ERG theory, 138
- four-drive theory, 140–142, 156
- learned needs theory, 138–140
- Maslow’s needs hierarchy theory, 135–138, 156
- problems with, 138
- Negative feedback, 149
- Negative reinforcement, 83–84
- Negative self-talk, 185
- Neglect, 110
- Negotiation, 342–346, 349
  - bargaining-zone model of, 343
  - in exchange, 314
  - negotiator skills, 345–346
  - in reducing restraining forces, 452, 454
  - situational influences on, 343–344
- Negotiator skills
  - communication, 345
  - concessions, 345–346
  - information gathering, 345
  - preparation and goal setting, 345
- Network structure, 403–405, 409
- Neuroticism, 40, 41
- Newsletters, 288
- Noise (barriers to communication), 271, 275, 281–283, 291
- Nominal group technique, 260
- Nonconformity, 218
- Nonprogrammed decisions, 199–200
- Nonsocial sources of feedback, 150–151
- Nonverbal communication, 273, 276–277, 290
  - emotional contagion and, 277
  - persuasion and, 281
  - resistance shown in, 445–447
- Nonverbal cues, 284–285
- Norming stage, 246
- Norm of reciprocity, 313–314

**Norms**
- behavioral (*See Behavioral norms*)
- cultural display norms, 103–104, 122
- media choice and, 278
- organizational, 277
- social norms, 134–135, 279
- team norms (*See Team norms*)
- nPow (need for power), 139
- Nurture, 39

**OB. *See* Organizational behavior**
- Obeja, 239–240
- Observational learning, 85–86
- Observational research, 513
- OCBs (organizational citizenship behaviors), 17–18
- Omitting, 283
- Openness to change, 48, 49, 425–426
- Openness to experience, 40, 41, 218
- Open-space technology, 460
- Open-systems perspective, 7–9, 14, 425
- Operant conditioning. *See* Behavior modification
- Opportunities, 199
  - effectiveness in identifying, 202–203
  - evaluating, 206–207
  - for learning, mistakes as, 86, 87
- Opportunity to communicate, 335
- Optimal-conflict perspective, 329
- Organic structures, 394–395, 408, 409
- Organization(s)
  - described, 4–5
  - personality in, 38–43
  - sources of power in, 301–305
  - stereotyping in, 72–73
- Organizational behavior (OB), 3–25
  - anchors of knowledge, 23–25
  - contemporary challenges in, 19–23
  - as field of study, 4–6
  - history of, 5
  - individual behavior and, 16–19
  - organizational effectiveness, 7–16
  - positive behavior, 77–78, 138, 458
  - rational choice paradigm and, 204
  - self-concept and, 47
  - *See also* Behavior(s)
- Organizational change, 442–463
  - action research approach to, 456–458, 462
  - appreciative inquiry approach to, 458–459
  - change agents, 455
  - cross-cultural issues, 461
  - diffusion of, 455–456
  - ethical issues, 461–462, 463
  - force field analysis of, 444–449
  - large-group interventions, 460–461
  - organizational politics and, 316
  - parallel learning structures, 461
  - strategic visions in, 455
  - unfreezing, changing, and refreezing, 449–454
- Organizational citizenship behaviors (OCBs), 17–18
- Organizational commitment, 112–113, 375
- Organizational comprehensiveness, 113
- Organizational culture, 2, 414–437
  - attraction-selection-attrition theory, 431–432
  - business ethics and, 426
  - changing and strengthening, 429–432
  - content of, 418–419, 436
  - due-diligence audits of, 426, 427
  - elements of, 416–420
  - importance of, 423–426
  - learning orientation as part of, 86, 217, 360, 418
  - merging cultures, 426–429
  - rewards consistent with, 431
  - role of artifacts in, 420–423, 424, 430–431
  - shared ethical values, 55
  - socialization to, 432–436, 437
  - strength of, effectiveness and, 424–426
  - subcultures, 419–420
- Organizational design, 405–408
  - external environment and, 406, 409
  - organizational size and, 407
  - organizational strategy, 408
  - technology and, 407–408
- Organizational diagnosis, 457
- Organizational effectiveness, 7–16, 25
  - external environment as challenge to, 19–23, 25
  - HPWP perspective, 12–13
  - open-systems perspective, 7–9
  - organizational learning perspective, 10–12
  - stakeholder perspective, 13–16
  - workforce diversity and, 20–22
Organizational efficiency, 9, 254, 371–372
Organizational goals, 203
Organizational hierarchy
communication throughout, 287–289
formal, 259, 389, 392–393
hierarchical authority, 259
Organizational justice, 113, 151–156
distributive justice, 151–152
equity theory, 152–155
procedural justice, 151, 155–156
Organizational learning, 82–88
aspects of, 87–88
behavior modification, 82–85
communication and, 270
social learning theory, 85–86
Organizational learning perspective, 10–12
Organizational level of analysis, 24–25
Organizational memory, 12
Organizational norms, 277
Organizational outcomes, 236
Organizational politics, 315–316, 317, 571
Organizational processes
culture, 414–437
organizational change, 442–463
structure, 384–409
Organizational purpose of
teams, 234, 235, 238
Organizational rewards, 170–172
Organizational size, 389, 407
Organizational socialization,
432–436, 437
ASA theory and, 431–432
improving process, 435–436
as learning process, 433
stages of, 433–435
Organizational strategy, 408
Organizational structure, 384–409
centralization and
decentralization, 393
contingencies of organizational
design, 405–408
coordinating work activities,
387–390
departmentalization, 395–405
division of labor, 386–387
elements of, 390–393
formalization, 393–394
mechanistic vs. organic, 394–395
team effectiveness and, 239
Organizational systems, 449
Organizational values, 47–48
Organizational-community value
congruence, 50
Orientation, 432–433
Outcome/input ratio, 152, 153
Outcomes evaluation, 210–212
Outcome valences, 143–145
Outputs, 390
Over-confidence, 258
Overloaded zone, 279
Overreward inequity, 152, 153
Oversimplified zone, 279
Parallel learning structures, 461, 462–463
Participative leadership style, 366–368
Participative management. See Employee involvement
Past experience, 110
Path-goal leadership theory,
365–368
contingencies of, 367–368
leader styles, 366–367
servant leadership, 365
Pay-performance linkage, 172
Peer pressure, 303
People-oriented leadership, 364–365, 366, 370
Perception(s), 66–82, 88
attribution theory, 75–76
changing stress perceptions, 121
conflict based upon, 328, 329, 331–332
in equity theory, 153
formation of preferences, 200, 207
global mindset, 68
improving perceptions, 79–82
improving self-awareness, 79–81
legitimate power and, 302
meaningful interaction and, 81–82
of organizational politics, 315
perceptual biases, 68, 79, 513
perceptual errors, 78–79
perceptual process, 41, 42, 45, 68–71
power and, 309
self-fulfilling prophecy, 76–78
social identity and stereotyping, 71–74
See also Learning
Perceptual biases, 68, 79, 513
Perceptual blinders, 212
Perceptual blindness, 69–70
Perceptual defense, 201
Perceptual errors, 78–79, 88
Perceptual grouping, 70
Perceptual process, 41, 42, 45, 68–71
mental models, 71
model of, 69
perceptual organization and interpretation, 70–71
selective attention, 68–70
Performance
bonuses and, 171
job satisfaction and, 110–111
key indicators of, 146
personality and, 43
rewards leading to, 169, 173
role of OB in, 6
social loafing, 238
task performance, 17
team cohesion and, 251
See also Applied performance practices
Performance-based rewards
evaluation of, 172
improving reward effectiveness, 172–175, 187
individual rewards, 170
as leadership substitute, 172
organizational rewards, 170–172
relevance of, 173
team rewards, 170, 173, 187
unintended consequences of, 174–175
value of, 173
Performance measurement
continuous, self-leadership
and, 187
goal setting and, 151
in increasing P-to-O
expectancies, 145
Performance-oriented culture,
418, 419
Performance-to-outcomes (P-to-O)
expectancy, 143–145, 172
Performing stage, 246
Persistence, in motivation, 35
Personal “brand,” 313
Personal goal setting, 184
Personal identity, 46
Personality, 56
- definition of, 536
- determinants of, 39
- of effective leaders, 362
- effect of emotions on, 102
- five-factor model of, 39–41, 56, 362
- influence on leadership style, 370
- inherited characteristics, 375
- Jungian theory and MBTI, 41–42
- in organizations, 38–43
- testing, problems with, 42–43
- "Personality clashes," 330
- Personality testing, 38
- caveats, 42–43
- MBTI, 41–42
- Personality traits, 38–39
- EI associated with, 107
- five-factor model of, 39–41
- Personalized power, 139, 363
- Personal leave, 119
- Personal values, 47, 167
- Person-job matching, 36, 387
- Person-organization value congruence, 49, 432
- Persuasion, 281, 310, 312
- Physical setting, 344, 422–423
- Physiological needs, 135, 136
- Piece rate, 170
- Pilot projects, 455–456
- Politeness, 273–274
- Pooled interdependence, 241, 335
- Position power, 369
- Positive organizational behavior, 77–78, 138, 458
- Positive reinforcement, 83, 84
- in increasing E-to-P expectancies, 145
- self-reinforcement, 86, 186
- Positive self-talk, 185
- Positivism, 507
- Postdecisional justification, 210, 221
- Power, 300, 317
- consequences of, 309
- contingencies of, 305–309, 314, 317
- improper uses of, 298
- information and, 304–305, 342
- meaning of, 300–301
- sources of, in organizations
  (See Sources of power)
- willingness to delegate, 360
- See also Influence
- Power distance, 51–52, 302, 314
- Practical intelligence, 362, 363
- "Prediction markets," 196, 214
- Preemployment socialization, 433–434
- Prejudice, 73
- Preparation, 215, 345
- Pressure to conform, 257
- Prevention, uncertainty and, 304
- Primacy effect, 78, 205
- The Prince (Machiavelli), 316
- Priorities, 36
- Privacy, protection of, 461, 511
- Problem identification, 199, 200–203
- decisive leadership and, 202
- effectiveness in, 202–203
- employee involvement and, 213
- mental models in, 201–202
- perceptual defense and, 201
- solution-focused problems, 202
- stakeholder framing and, 201
- Problem solving, 336–337, 338, 340
- Problem-solving style, 337, 342
- Procedural justice, 151, 155–156
- Processes, standardized, 389
- Process losses, 237
- Process of change, 447
- Product development, 388
- Production blocking, 257
- Production teams, 2, 235
- Productivity, 9, 254, 371–372
- Product/service divisional structure, 397–398, 399
- Professions, 306
- Proficiency in communication, 280
- Profitability, 133
- Profit-sharing plans, 172
- Programmed decisions, 199
- Project GLOBE, 20
- Project teams, 235
- Project Ulysses, 65
- Prospect theory, 211
- Prototypes, 201–202
- Psychological contract, 435
- Psychological harassment, 116
- P-to-O expectancy, 143–145, 172
- Punishment, 83, 84, 542

R
- Random sample selection, 509–510
- "Rapport talk," 285
- Rational choice paradigm, 198–200, 203, 204, 221
- Readiness, 369
- Realistic job preview (RJP), 435
- "Reality distortion field," 312
- Reality shock, 434
- Receivers, 271
- Recency effect, 78–79
- Reciprocal interdependence, 241
- Reduced personal accomplishment, 115–116
- Redundancy, 272
- Reference groups, 46–47
- Referent power, 303–304, 307, 317
- Refreezing, 444, 445, 457
- Reinforcement schedules, 84
- Reinforcement theory, 241
- Relationship(s)
  - in action research, 457
  - client relationships, 181
  - of effective leaders, 364
  - employment relationships, 2, 22–23
- Relationship capital, 12
- Relationship conflict, 330, 341, 349
- Relationship management, 106
- Relevant goals, 146–147
- Repetition, 286
- "Report talk," 285
- Representativeness heuristic, 205–206
- Representative sampling, 509–510
- Research design, 511–513
  - field surveys, 512–513
  - laboratory experiments, 511–512
  - observational research, 513
- Research methods, 507–513
  - action research approach, 456–458, 462
  - causation issue, 510–511
  - design strategies (See Research design)
    - ethical issues, 511
    - sampling, 509–510
    - scientific research by teams, 236
    - systematic research in OB, 23, 24
  - theory building and, 507–509
- Resilience, 118
- Resistance point, 343
Subject Index

Resistance stage, 115
Resistance to change, 462
by employees, 445–449
minimizing, 460
reducing through training, 453
restraining forces and, 447–449
subtle resistance, 445–447
Resistance to influence tactics, 314, 315

Resources
increasing, in conflict management, 341
job resources, 117, 183, 219
organizational politics and, 316
power over, 305–306
scarce, conflict and, 335
scarcity of, 335, 406

Respect, 273–274, 284, 419
Responding, 287
Responsibility, 255
Restraining forces, 445–449
reasons for resistance, 447–449
as resource for change, 447
strategies for reducing, 451–454

Results-only work environment (ROWE), 120, 449, 455, 504
Retaliation, 156
Retirement plans, 171
Return on quality (ROQ) measures, 442

Reward(s)
competency-based, 168, 169
culturally consistent, 431
differential, 418
effectiveness of, 172–175, 187
individual, 170
job satisfaction and, 111
job status-based, 168–169
linking to performance, 169, 173
membership-based, 167–168
natural, as self-leadership strategy, 185–186
organizational, 170–172
outcome valences and, 145
overreward/underreward inequity, 152, 153
performance-based, 170–175, 187
seniority-based, 167
team effectiveness and, 239
“Reward inflation,” 85
Reward power, 302–303, 317
Reward systems, 14–15, 174–175
Rich media, 279
Risk of conflict, 214–215
Risk tolerance, 217
Rituals, 421–422
RJP (realistic job preview), 435
Role(s)
employees in liaison roles, 388
informal, 248
role management, 435
separation of, in decision making, 212
team roles, 248
Role management, 435
Role perceptions, 36
“Romance of leadership” effect, 376
ROQ (return on quality) measures, 442
Routine, 449
ROWE (results-only work environment), 120, 449, 455, 504
“Rubber band” effect, 449
Rules and procedures, 335, 341–342, 394
Rumor, 289, 290
S
Sabbaticals, 120
Safety needs, 135, 136
Sampling, 509–510
Sarbanes-Oxley Act of 2002, 53
Satisficing, 206, 209, 221
Scenario planning, 209
Scientific management, 176
Scientific method, 509
SDTs. See Self-directed teams
Search conferences, 460
Second Life Web site, 268
Self-actualization, 135, 136, 138
Self-awareness, 79–81, 106
Self-concept, 32, 43–47, 56
self-enhancement, 44–45
self-esteem, 45
of creative people, 218
nonsocial sources of feedback and, 151
organizational change and, 462
Self-evaluation, 45–46, 53, 56
Self-fulfilling prophecy, 76–78, 88
achievement-oriented leadership and, 366
contingencies of, 77–78
training in awareness of, 79
Self-justification, 210–212
Self-leadership practices, 183–187
contingencies of, 186–187
effectiveness of, 186
employee success and, 183–184
leadership substitutes, 370
strategies, 184–186
Self-management, 106
Self-monitoring, 186
Self-reinforcement, 86, 186
Self-report scales, 42–43
Self-serving behavior, 316
Self-serving bias, 76
Self-talk, 185
Self-transcendence, 48, 49
Self-verification, 45
Sender(s)
barriers to communication and, 281–282
in conduit model, 271
encoding-decoding process and, 272
in interpersonal communication, 285–286
Seniority-based rewards, 167–168
Sense-making process, 424
Sensing, 41, 286
Separation of roles, 212
Separation strategy, 428–429
Sequential interdependence, 241
Servant leadership, 365
Service profit chain model, 111
Service teams, 235
Subject Index

Sexual harassment, 116
Shared assumptions, 416, 419
Shared goals, 81
Shared leadership, 360–361
Shared mental models, 272
Shared values, 14, 47
ethical values, 55
organizational commitment, and, 113
in organizational culture, 416
reward systems and, 14–15
“Shock events,” 109–110
Silence as communication, 284
Silent authority, 310
“Silos of knowledge,” 270
Similarity-attraction effect, 250
Similar-to-me effect, 79
Simple environments, 406
Simple structure, 396
Situational control, 369
Situational factors
in ethics, 54
in MARS model, 37–38
in negotiations, 343–344
in path-goal leadership theory, 367–368
Situational leadership theory (SLT), 369, 378
Situation favorableness, 369
Skills
for diffusion of change, 456
directive leadership and, 367
standardized, 390
Skill-based pay plans, 169
Skill variety, 177, 179, 180
Skunkworks teams, 234, 235
SLT (situational leadership theory), 369, 378
“SMART” goals, 146
“Smart manufacturing,” 253
Social acceptance, 278, 290–291
Social awareness, 106
Social capital, 236, 307
Social distractions, 280
“Social glue,” 424
Social identity, 46, 72–74, 311, 333
Social identity theory, 71–72, 88, 235
reference group in, 46–47
social perception and, 72
Social interaction
importance of EI to, 106–107
in rich communication channels, 280
Web 2.0 and, 275
Socialization
development of value system by, 47
organizational socialization, 432–436, 437
self-concept and, 134
Socialization agents, 436
Socialized power, 139, 363
Social learning theory, 85–86, 88
Social loafing, 238
Social network analysis tools, 307–308
Social networking, 2, 236
communication, 275–276
exchange in, 314
power and, 307–309, 317
Web sites for, 236, 238, 275
Social network media, 305
Social norms, 134–135, 279
Social perception, 72
Social presence, 273, 281
Social self, 46–47
Social sources of feedback, 149, 150–151
Social structures, 461
Social support, 121
“Soft” influence tactics, 310, 312–314, 315
Solution-focused problems, 202
Source of decision knowledge, 214
Sources of feedback. See Feedback
Sources of power, 301–305, 317
coercive power, 303, 317
expert power, 303
information as, 304–305, 342
legitimate power, 302
referent power, 303–304, 307
reward power, 302–303
Span of control, 390–393, 408
“Delaying,” 392–393
tall vs. flat structures, 391–393
Specific goals, 146
Stability, culture of, 419
Stabilization of change, 457
Stable environments, 406
Stakeholder(s), 13, 14
Stakeholder framing, 201
Stakeholder perspective, 13–16
Standardization of work, 389–390
Start-up companies, 395
Statistical measurement, 510, 511
Stereotyping, 72–74
bias reduced by e-mail, 73
lack of communication and, 335
in organizations, 72–73
power and, 309
problems with, 73, 74
representativeness heuristic and, 205
See also Bias
Stimulation values, 218
Stock options, 172
Stop-loss levels, 212
Stories, 374, 420–421, 430–431
Storming stage, 246
Strategic vision, 373–374, 455
Strength-based coaching, 148–149
Stress, 114–121, 122
causes of (See Stressors)
“Delaying” and, 392
distress, 114, 115–116, 121
emotional dissonance and, 105
eustress, 114
general adaptation syndrome, 114–115
HPWPs and, 13
individual differences in, 118
managing (See Stress management)
work-life balance and, 23
Stress index, 119
Stress management, 118–121
changing perceptions, 121
controlling consequences, 121
in reducing restraining forces, 452, 454
removing stressor, 118–119
social support, 121
withdrawing, 119–121
Stressors, 116–117
and incivility, 116
low task control, 117
removing, 118–119
work overload, 116–117
Stretch goals, 147
Strong cultures, 437
effectiveness and, 424–426
suppression of dissent, 425
weak cultures compared, 423–424
Structural approaches to conflict management, 340–342, 349
clarifying rules and procedures, 341–342
emphasizing superordinate goals, 340
improving communication, 341
increasing resources, 341
reducing differentiation, 340, 341
reducing interdependence, 341
Structural capital, 12
Structural sources of conflict, 332–336
ambiguous rules, 335
communication problems, 335–336
differentiation, 333
incompatible goals, 333
interdependence, 334–335
scarce resources, 335
Subcultures, 419–420, 425, 436–437
Subjective expected utility, 199
Substitutability, 305–306
Subtle resistance, 445–447
Success, 250, 256
Summarizing, 283
Superordinate goals, 340
Support, 113
Supportive leadership style, 366–368, 508
Surface acting, 105
Surface-level diversity, 21
Surveys of job satisfaction, 108
“Sweatbox” sessions, 2
Symbols, 307, 374
Systematic process, scientific method as, 509
Systematic research, in OB, 23, 24
Systemic discrimination, 73
Tacit knowledge, 82, 86, 208–209
Tall structures, 391–393
Target point, 343
Task(s), 36, 285–286
Task characteristics, 240–242
Task control, 117, 316
Task force teams, 235
Task goals, 242
Task identity, 177, 179
Task interdependence, 241–242
Task-oriented leadership, 364–365, 366, 370
Task performance, 17
Task significance, 177–178, 179
Task structure, 368, 369
Team(s), 260
advantages of, 236–237
advisory, 235
cross-functional, 234, 340
disadvantages of, 237–238
“fault lines” in, 245
high-performance, 239
organizational purpose of, 234, 235, 238
scientific research by, 236
skunkworks teams, 234, 235
social loafing in, 238
suited to complex work, 237, 240–241
workspace design for, 287–288
See also specific kinds of teams
Team-based structure, 400–401, 409
Team-building activities, 248–249, 504
Team cohesion, 261
consequences of, 251
influences on, 250–251
optimal conflict levels and, 329, 330–331
Team competence development, 247–248
Team composition, 242–245
development of norms and, 249
effective members, 242–244
Team decision making, 256–260, 261
constraints on, 256–258
structures for improvement of, 258–260
Team design
composition, 242–245
elements in, 240–245
size, 242
task characteristics, 240–242
Team development, 2, 245–249, 260
accelerating by team building, 248–249
global issues, 243
identity development, 247
process losses in, 237
roles, 248
stages in, 245–248
Team dynamics, 232–261
advantages and disadvantages, 236–238
decision making, 256–260
elements in team design, 240–245
incongruent, as source of resistance, 449
leadership style and, 368
model of effectiveness, 238–240
processes, 245–253
self-directed teams (See Self-directed teams)
teams and informal groups, 234–236
virtual teams, 255–256
Team effectiveness, 238–240, 260
characteristics of members, 242–244
environment and, 239–240
model of, 238–239
Team level of analysis, 24
Team members
effective, characteristics of, 242–244
influence on team cohesion, 250
success of virtual teams and, 256
well-being of, 238
Team norms, 260
development of, 249
dysfunctional, changing, 249–250
improving decision making, 258
social acceptance and, 277
supportive, conflict and, 331
Team-oriented culture, 410
Team processes, 245–253
cohesion, 250–251
communication, 268–291
conflict and negotiation, 326–349
development (See Team development)
leadership, 338–378
norms, 249–250
power and influence, 298–317
team dynamics, 232–261
trust, 251–253
Team rewards
alteration of team norms, 250
performance-based, 170, 173, 187
team effectiveness and, 239
Team roles, 248
Team size, 242, 250, 258, 260
Team trust, 251–253
dynamics of, 252–253
foundations of, 252
Technological contingencies, 407–408
Technology
“emotion detection” software, 146
face-to-face communication and, 273
network structures and, 405, 409
open-space technology, 460
organizational design and, 407–408
work overload and, 116–117
See also Information technologies
Telecommuting (telework), 22, 119
Templates, in intuition, 208–209
Subject Index

“Tend and befriend” response to stress, 121
Test subjects
  behavior of, 512
  ethical issues, 511
  participant observation, 513
  sampling issues, 509–510
Thailand Quality Class award, 213
Theory(ies), 507
  Theory building, 507–509
    grounded theory, 509
    positivism vs. interpretivism, 507–508
  scientific method used in, 509
  theory testing in, 507, 508–509
Thinking, 41
“Thin slice” studies of perception, 71
Third-party conflict resolution, 346–348, 349
  alternative dispute resolution, 347–348
  choice of method, 347
Third-variable effect, 511
Thought patterns, 185
360-Degree feedback, 149–151, 257, 303
Time constraints, 257
Timeliness of feedback, 148
Time management, 283
Time passage, 344
Time pressure, 344
Timing, in communication, 286
Tolerance for ambiguity, 202
Top management, 288–289
“Town hall meetings,” 289
Training and development
  achievement motivation courses, 139–140
  art training, 70
  ethics training, 55
  to minimize stereotyping, 73
  in reducing resistance, 453
Transactional leadership, 371–372, 378
Transformational leadership, 371–375, 378
  charismatic leadership compared, 372–373
  corporate culture and, 430
  evaluation of, 374–375
  strategic vision, 373–374
  transactional leadership compared, 371–372
Transformation processes, 9

Trendspotting, 305
Triple-bottom-line philosophy, 16
Trust
  of employee in leader, 363, 374
  empowerment and, 183
  in negotiation, 342
  organizational commitment and, 113
  organizational socialization and, 435
  power and, 301
  in teams, 251–253
Twin studies of personality, 39

U
Uncertainty avoidance, 52
Underreward inequity, 152, 153
Unethical business practices, 14
Unfreezing, changing, and refreezing, 444–445, 449–454, 462
  creating urgency for change, 450–451
  reducing restraining forces, 451–454
  refreezing, 454
Unintentional discrimination, 73
Unlearning, 12
Upward appeal, 310, 311–312
Urgency for change, 450–451
Utilitarianism, 53, 198

V
Vacations, 120
Valence, 144
Value congruence, 49–50
Value expression, 155
Values, 14–16, 32, 47, 56, 416
  across cultures (See Cross-cultural values)
  circular model of, 48–49
  core values, corporate culture and, 423
  emerging, subcultures and, 420
  enacted, 417
  espoused, 416–417
  individual behavior and, 47–50
  influence tactics and, 314
  integrity, 362, 363
  Machiavellian, 316, 317
  personal values, 47, 167
  person-organization value congruence, 432
  shared, 14–15, 47, 55, 113, 416
  types of, 48–49

Vocal authority,” 310–311
Voice
  job satisfaction and, 110
  in procedural justice, 155
  resistance as, 447
Voice intonation, 283–284
“Voice of the Customer” initiative, 179
Volunteering, 65–66, 81

W
Weak cultures, 424, 437
Web-based communication, 288
Web sites, 236, 268, 275, 288
Wellness programs, 121
Wheel formation, 304
Wiki(s), 275–276
Wikipedia, 275
Willfulness, 369
Win-lose orientation
  in conflict management, 337, 342
  in negotiations, 343, 344
Win-win orientation, 336–337
Withdrawal from stressors, 119–121
Women, 121, 308–309
Workaholics, 118
Work attendance, 18–19
Work behavior, 109–111
Work break, 186
Work efficiency, 175–177
  job specialization and, 176–177, 387
  scientific management, 176
  value congruence, 49–50
  in workplace, 47–50
Value system, 47, 56
Variability, 407–408
Variable ratio reinforcement schedule, 84, 85
Verbal communication, 272–273, 290
Verification, 216
Virtual meetings, 268
Virtual teams, 235, 261
  differentiation in, 333
  in globally integrated enterprises, 399
  information technologies and, 255–256
  success factors for, 256
Virtual work, 22
Visibility, 307
Visualization, 185
“Vocal authority,” 310–311
Volunteerism, 65–66, 81

X
Xenophobia, 49
Subject Index

Work environment
  hostile, 116
  results-only (ROWE), 120, 449, 455, 504
  self-leadership and, 187
  supportive of creativity, 218–221
  workspace arrangement, 220

Workforce diversity
  consequences of, 21–22
  employment relationships and, 22–23
  organizational effectiveness and, 20–22
  subcultures and, 425
  surface- vs. deep-level, 21, 245
  in team composition, 245

Workforce flexibility, 168, 169, 180

Work-life balance, 22, 23, 119, 418

Workload
  death from overwork, 117, 503
  “delayering” and, 392
  overload, 116–117

Work motivation
  core job characteristics, 177–178
  critical psychological states, 178–179
  individual differences in, 179–180
  job design and, 177–181

Workplace
  individual behavior in, 49
  managing emotions in, 103–105
  physical layout of, 239–240
  values in, 47–50

Work quality, 177

Workspace design, organizational communication and, 287–288, 291

Work stresses. See Stress

Written communication, 281

Y
  Yielding style, 337, 338–339

Z
  “Zero e-mail days,” 274, 275
  “Zone of indifference,” 302
url index

A
adweek.com/aw/national/article_display.jsp?vnu_content_id=1003628468, 570
americahurrah.com/Oakley/Entry.htm, 584

B
berlin.de/fifawm2006/stadt/imagekampagne/index.php, 544
beyond-the-book.com/leadership/leadership_030707.html, 552
blueshirtnation.com, 276

C
cnt.gouv.qc.ca, 548

D
daringfireball.net/2006/05/more_aperture_dirt, 562

e
ecn.gouv.qc.ca, 548
eWeek.com, 567
expeditions.com/Theater17.asp?Media=175, 586

F
fastcompany.com/magazine/10/brandyou.html, 571
folklore.org, 571

H
handelsbanken.co.uk, 556

I
ihaveanidea.org, 561, 584

J
jnje.com/connect/about-jnj/management-approach/, 582

M
mmhe.com/mcshane5e, 30, 65, 94, 129, 163, 195, 230, 267, 297, 325, 357, 413, 441, 467

N
nucor.com/indexinner.aspx?finpage=aboutus, 580

O
oakley.com, 584

P
pg.com/jobs/corporate_structure/four_pillars.html, 581
plato.stanford.edu/entries/kant-judgment, 557

S
search.ebscohost.com/login.aspx?direct=true&db=f5h&AN=27728242&site=ehost-live, 583
serviceuntitled.com/interview-david-bryce-part-3-of-3/2006/10/13/, 561
spiegel.de/international/0,1518,390118,00.html, 544
spiegel.de/international/business/0,1518,533852,00.html, 579
ssrn.com/paper=1086462, 558

U
usps.com/redress/, 575

W
watsonwyatt.com/asia-pacific/research/workasia/workmy_keyfindings.asp, 551